One of the world’s largest publicly listed utilities focused on transmission and distribution of electricity and gas in the United Kingdom and the United States. We play a vital role in connecting millions of people to the energy they use safely, reliably and efficiently.

Investment proposition
We aim to be a low risk business, focused on generating shareholder value through both dividends and asset growth by investing in essential assets under primarily regulated market conditions, to service long-term sustainable consumer-led demands.

High quality regulated assets
Total assets £37bn as at 31 March 2018

- A portfolio of high quality long-term assets at the heart of the energy system
- Targeting annual asset growth of 5-7%*
- Dividend policy underpinned by regulatory agreements
- Balance of activities with stable regulation and macro-economic protection
- Underpinned by a robust balance sheet and strong financial discipline
- Protection from generation and supply exposure/margins

*Including assumed long run UK RPI inflation of 3%

Strong and efficient balance sheet
Appropriate mix of debt and equity financing
- Appropriate level of debt funding for strong credit ratings
- Target retained cash flow (RCF) to net debt above 9%
- Strong single A credit rating for UK operating companies and majority of US operating companies; NG plc rated BBB+
- Scrip dividend provides flexibility for growth
- Access to global debt markets delivering financial benefits

Gearing and debt profile
as at 31 March 2018

- Equity ~36%
- Regulated Assets & Invested capital £37bn
- Debt ~64%
- RPI linked ~30%
- Fixed rate ~7%
- Net Debt £23bn
- Floating rate ~63%

- Total borrowings of £26bn
  - 73% US Dollar; 27% UK Sterling

Notes: Currency profile includes associated derivatives and excludes cash and investments. Currency and interest rate profiles shown post derivative financial instruments and excluding assets.
Continued strong UK operational and financial performance in 2017/18

UK combined returns
2017/18

<table>
<thead>
<tr>
<th></th>
<th>Base return</th>
<th>Totex incentive</th>
<th>Other incentives</th>
<th>Additional allowance</th>
<th>Operational return on equity</th>
<th>Regulated asset value</th>
<th>Adjusted operating profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK Electricity Trans</td>
<td>10.2%</td>
<td>180bps</td>
<td>40bps</td>
<td>70bps</td>
<td>13.1%</td>
<td>£13.0bn</td>
<td>£1.0bn</td>
</tr>
<tr>
<td>UK Gas Transmission</td>
<td>10.0%</td>
<td>(80)bps</td>
<td>120bps</td>
<td>(40)bps</td>
<td>10.0%</td>
<td>£6.0bn</td>
<td>£0.5bn</td>
</tr>
<tr>
<td>UK RoE Combined</td>
<td>12.1%</td>
<td>FY17 12.7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Excludes 100% of NGDGD performance in FY17 – classified as a discontinued operation on 31 March 2017 and excludes any gain on the sale of NGDGD

Strong performance in the UK
- Achieved outperformance of 200bps through innovation and efficiency
- Focus on customer savings; around £540m generated to date under RIIO
- Continued investment in maintaining the network

Regulation
- Single regulatory body - Ofgem
- RIIO price control provides regulatory clarity through to 2021
- Incentives to promote innovative and efficient capital investments benefitting customers and shareholders
- Cost allowances and revenues linked to RPI
- Remunerated in part through RPI asset indexation

National Grid Ventures & Other

<table>
<thead>
<tr>
<th>NG Ventures &amp; Other</th>
<th>Metering</th>
<th>Grain LNG</th>
<th>French Interconnector</th>
<th>Property</th>
<th>Adjusted operating profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post tax share</td>
<td>£155m</td>
<td>£76m</td>
<td>£65m</td>
<td>£84m</td>
<td>£231m</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Britned</th>
<th>Millennium</th>
<th>Cadent</th>
<th>Other</th>
<th>Post tax share</th>
</tr>
</thead>
<tbody>
<tr>
<td>£36m</td>
<td>£13m</td>
<td>£123m</td>
<td>(5)m</td>
<td>£167m</td>
</tr>
</tbody>
</table>

CAPITAL INVESTMENT £518m*

National Grid Ventures
- Long term assets with a low risk profile and stable cash flows
- 3GW of electricity interconnection between UK and Europe, with a further 3.4GW under construction

Other activities
- 295 sites of varying sizes and values owned by National Grid Property
- St. William joint venture partnership with Berkley Group to unlock land value and provide access to downstream profits
- Following the sale of a 61% stake in UK Gas Distribution, National Grid now owns a 39% share of Cadent
  - Option agreements in place for the sale of remaining 39%

*excludes £18m equity contribution to St William property joint venture
Improved US financial performance in 2017/18

US returns
Fiscal year 2017/18

<table>
<thead>
<tr>
<th>US Regulated Rate base</th>
<th>New York</th>
<th>Massachusetts</th>
<th>Rhode Island</th>
<th>FERC</th>
<th>Operational return on equity</th>
<th>Adjusted operating profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>US $bn</td>
<td>$11.5bn</td>
<td>$4.9bn</td>
<td>$1.5bn</td>
<td>$2.8bn</td>
<td>8.9%</td>
<td>£1.7bn</td>
</tr>
</tbody>
</table>

2017/18 RoE/Rate base ($bn)

<table>
<thead>
<tr>
<th>FERC</th>
<th>KEDLI 10.1%</th>
<th>KEDNY 9.0%</th>
<th>Mass Elec 9.0%</th>
<th>NiMo Electric 8.8%</th>
<th>Narragansett Gas 8.4%</th>
<th>NiMo Gas 7.9%</th>
<th>Narragansett Electric 5.6%</th>
<th>Mass Gas 6.6%</th>
</tr>
</thead>
</table>

FY18 US Regulated Capital Investment $3.3bn FY17 $2.9bn

Jurisdictional split
Rhode Island
New York
Massachusetts

Regulation
Jurisdictional operating model aligned with regulatory bodies
- 80% of distribution rate base operating under updated rates
- ~50/50 debt-equity/capital structure assumed by regulator
- Nominal returns provide a faster cash return
- $2.7bn of assets outside of rate base, including capital work in progress

US investment drivers
- Electric investments for network resiliency and storm hardening and grid modernisation
- Mandated leak prone gas pipe replacement programmes
- Decarbonisation of energy

Timeline on regulatory filings

<table>
<thead>
<tr>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate cases filed for MECO, KEDNY &amp; KEDLI</td>
<td>New rates in effect for MECO</td>
<td>New rates in effect for KEDNY &amp; KEDLI</td>
<td>Rate cases filed for NiMo</td>
</tr>
<tr>
<td>Rate cases filed for Mass Gas &amp; RI</td>
<td>New rates in effect for NiMo</td>
<td>New rates in effect for Mass Gas &amp; RI</td>
<td>Possible rate case for MECO</td>
</tr>
</tbody>
</table>

Environmental performance and priorities

<table>
<thead>
<tr>
<th>Climate change</th>
<th>Responsible resource use</th>
<th>Caring for our environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>70% reduction in GHG emissions by 2030</td>
<td>Divert 100% of construction waste from landfill and send zero office waste to landfill by 2020</td>
<td>Recognize and enhance the value of our natural assets on at least 50 sites by 2020</td>
</tr>
<tr>
<td>80% reduction by 2050</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Strong track record of delivering growth and yield**

<table>
<thead>
<tr>
<th>Dividend policy is to grow DPS at least in line with RPI Inflation (p/share)</th>
<th>Targeting asset growth of 5.7% per annum assuming 3% inflation</th>
</tr>
</thead>
<tbody>
<tr>
<td>42.03p</td>
<td>£34.7bn</td>
</tr>
<tr>
<td>42.87p</td>
<td>£36.6bn</td>
</tr>
<tr>
<td>43.34p</td>
<td>£37.0bn</td>
</tr>
<tr>
<td>44.27p*</td>
<td>16/17</td>
</tr>
<tr>
<td>45.93p</td>
<td>17/18</td>
</tr>
</tbody>
</table>

*Excludes 84.37p special dividend related to sale of UK Gas Distribution (NGD) assets

<table>
<thead>
<tr>
<th>At constant currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>13/14</td>
</tr>
<tr>
<td>14/15</td>
</tr>
<tr>
<td>15/16</td>
</tr>
<tr>
<td>16/17</td>
</tr>
<tr>
<td>17/18</td>
</tr>
</tbody>
</table>

**High-quality organic growth drives shareholder value**

**FY19-FY21 forecast capital investment by segment**

- **US Regulated**
  - Increased capital investment funded through rate agreements, forecast over £3bn p.a. to 2021
  - Expect over 7% organic growth rate in the near term

- **UK Regulated**
  - UK regulated business forecast ~£1.3bn p.a. to 2021
  - ET spend driven by non-load related investments
  - GT investment in support of asset health work

<table>
<thead>
<tr>
<th>~£13bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>20% Asset growth</td>
</tr>
<tr>
<td>FY18</td>
</tr>
<tr>
<td>FY21</td>
</tr>
</tbody>
</table>

**Key measures to deliver shareholder value**

**Total Group 17/18 performance**

<table>
<thead>
<tr>
<th>Operating Profit</th>
<th>£3.5bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS</td>
<td>60.4p</td>
</tr>
<tr>
<td>Group Return on equity</td>
<td>12.3%</td>
</tr>
</tbody>
</table>

**Value added (at constant currency)**

- Captures total return per share created on an operational basis

<table>
<thead>
<tr>
<th>2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>£2,330m + £1,494m2 = £1,820m2 = £2,004m</td>
</tr>
</tbody>
</table>

57.9p/share

1. Underlying results excluding exceptional items, remeasurements, timing and major storms
2. Excludes £3bn relating to UK Gas Distribution return of capital

**Group return on equity (RoE)**

<table>
<thead>
<tr>
<th>13/14</th>
<th>14/15</th>
<th>15/16</th>
<th>16/17</th>
<th>17/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.4%</td>
<td>11.8%</td>
<td>12.3%</td>
<td>11.7%</td>
<td>12.3%</td>
</tr>
</tbody>
</table>

**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 21A 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,” “estimated,” “target,” “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 a full understanding of the results and status 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 Strategic Report section and the “Risk Factors” section on pages 161 to 166 of National Grid’s Annual Report and Accounts as updated by National Grid’s unaudited half-year financial information for the six months ended 30 September 2017 published on 9 November 2017. Copies of the most recent Annual Report and Accounts and full-year financial information are available online at www.nationalgrid.com or from Link Asset Services. Except as may be required by law or regulation, National Grid undertakes no obligation to update any of these forward-looking statements, which speak only as of the date of the document. The content of any website referenced herein does not form part of this document.

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