Cautionary statement

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 (the Company) financial condition, its results of operations and businesses, strategy, plans and objectives. Words such as ‘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, predict 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 those relating to the role of the UK electricity system operator; 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; 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 internal transformation and remediation plans; and customers and counterparties (including financial institutions) failing to perform their obligations to the Company. Other factors that could cause actual results to differ materially from those described in this presentation include fluctuations in exchange rates, interest rates and commodity price indices; restrictions and conditions (including filing requirements) in National Grid’s borrowing and debt arrangements, funding costs and access to financing; regulatory requirements for the Company to maintain financial resources in certain parts of its business and restrictions on some subsidiaries’ transactions such as paying dividends, lending or levying charges; inflation or deflation; the delayed timing of recoveries and payments in National Grid’s regulated businesses and whether aspects of its activities are contestable; the funding requirements and performance of National Grid’s pension schemes and other post-retirement benefit schemes; the failure to attract, train or retain employees with the necessary competencies, including leadership skills, and any significant disputes arising with the National Grid’s employees or the breach of laws or regulations by its employees; and the failure to respond to market developments, including competition for onshore transmission, the threats and opportunities presented by emerging technology, development activities relating to changes in the energy mix and the integration of distributed energy resources, and the need to grow the Company’s business to deliver its strategy, as well as incorrect or unforeseen assumptions or conclusions (including unanticipated costs and liabilities) relating to business development activity, including assumptions in connection with the Company’s sale of a majority interest in its UK Gas Distribution business and joint ventures. 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 180 to 183 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 2017 published on 9 November 2017. 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  Andrew Bonfield
Priorities and outlook  John Pettigrew
Highlights

JOHN PETTIGREW
CHIEF EXECUTIVE
HY 2017/18 financial performance

OPERATING PROFIT\(^1\)
Excluding Timing
£1.4bn
HY17 £1.3bn

EARNINGS PER SHARE
Excluding Timing
20.4p
HY17 22.2p\(^2\)

DIVIDEND PER SHARE
15.49p
HY17 15.17p

CAPITAL INVESTMENT\(^3\)
£2.0bn
HY17 £1.9bn

---

1 Adjusted results, excluding exceptional items and remeasurements
2 To aid comparability, prior period numbers have been re-presented to include an estimated equivalent contribution from a 39% stake in UK Gas Distribution (now Cadent) and associated return of capital
3 Capital investment includes investment in JVs, excluding equity contributions to St William property JV
Safety and reliability remain core

- On track to achieve world class performance
- Severe storms in our service areas
  - 400,000 customers affected
  - Strong response provided
- UK System Operator prepared for winter
  - Capacity market auction driving increased winter margins
  - 10.3% de-rated capacity margin forecast
US rate filings support growth and performance

- Niagara Mohawk (NIMO) in rate case settlement discussions
- NIMO represents over 50% of New York rate base
- New rates expected from April 2018
- 70% of US rate base will have new rates
- Rate cases contributing to improving US returns

**NIMO rate case progress**

<table>
<thead>
<tr>
<th>CY17</th>
<th>CY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate case filed</td>
<td></td>
</tr>
<tr>
<td>Update filing</td>
<td>Settlement discussion</td>
</tr>
<tr>
<td>PSC Staff and parties</td>
<td>ongoing</td>
</tr>
<tr>
<td>NIMO rebuttal</td>
<td>Order</td>
</tr>
<tr>
<td></td>
<td>New rates expected</td>
</tr>
<tr>
<td></td>
<td>April 2018</td>
</tr>
</tbody>
</table>

**New York Rate Base**
As at March 2017

- **$10.8bn**
  - NIMO Gas
    - Filed April 2017
  - KEDNY
    - New rates Jan 2017
  - KEDLI
    - New rates Jan 2017

---

2017/18 Half Year Results  November 2017
UK focus on efficiency and innovation

- Majority of UK GD sale proceeds returned
  - £3.2bn returned via special dividend
  - 60% of £0.8bn share buyback complete to date
- Innovation and efficiency driving savings for customers
  - £460m of savings generated under RIIIO
- System operator separation framework agreed

St Fergus
UK’s largest import terminal

- Innovative technique to deal with corrosion of pipework
- Projected savings of ~ £10m
NG Ventures progressing well

**Nemo Link**
Completed the first cable laying activities
- 1 GW, 140km link to Belgium
- Expect to commission in 2019

**North Sea Link**
Norwegian civil site works completed
- 1.4GW, 720km link to Norway
- Expect to commission in 2022

**IFA 2**
Design and permitting stage
- 1GW, 240km link to France
- Expect to commission in late 2020

**Shetland link**
Awarded preferred bid status for innovative new solution
- 60MW, 260 km link
- Expect to commission in 2021
Summary

- Good progress on key priorities
  - Continued delivery of US regulatory strategy
  - Efficiency and innovation in the UK
  - Progressing new developments in NG Ventures
Financial performance

ANDREW BONFIELD
FINANCE DIRECTOR
Financial highlights

**OPERATING PROFIT**¹

**£1.3bn**

HY17 **£1.4bn**

**OPERATING PROFIT**¹

Excluding Timing

**£1.4bn**

HY17 **£1.3bn**

**CAPITAL INVESTMENT**³

**£2.0bn**

HY17 **£1.9bn**

**EARNINGS PER SHARE**

**18.5p**

HY17 **25.0p²**

**EARNINGS PER SHARE**

Excluding Timing

**20.4p**

HY17 **22.2p²**

**DIVIDEND PER SHARE**

**15.49p**

HY17 **15.17p**

---

1 Adjusted results, excluding exceptional items and re-measurements

2 To aid comparability, prior period numbers have been re-presented to include an estimated equivalent contribution from a 39% stake in UK Gas Distribution (now Cadent) and associated return of capital

3 Capital investment includes investment in JVs, excluding equity contributions to St. William property JV

---

12 2017/18 Half Year Results  November 2017
# UK Electricity Transmission

<table>
<thead>
<tr>
<th>OUTLOOK</th>
<th>Totex incentive</th>
<th>Other incentives</th>
<th>Additional allowances</th>
<th>RoE</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY17</td>
<td>190bps</td>
<td>70bps</td>
<td>80bps</td>
<td>13.6%</td>
</tr>
</tbody>
</table>

## OPERATING PROFIT

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>HY17</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING PROFIT</td>
<td>£542m</td>
<td>£697m</td>
<td>-22%</td>
</tr>
<tr>
<td>Excluding Timing</td>
<td>£540m</td>
<td>£610m</td>
<td>-11%</td>
</tr>
</tbody>
</table>

- H1 operating profit decrease due to expected price control model adjustments (MOD) and timing
- Reduced other incentive opportunity from BSIS
- Expect continued good level of returns outperformance

## CAPITAL INVESTMENT

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>HY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>(£515m)</td>
<td>(£586m)</td>
<td></td>
</tr>
</tbody>
</table>

Adjusted results, excluding exceptional items and remeasurements
UK Gas Transmission

<table>
<thead>
<tr>
<th>OUTLOOK</th>
<th>Totex incentive</th>
<th>Other incentives</th>
<th>Additional allowances</th>
<th>RoE</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY17</td>
<td>(80)bps</td>
<td>110bps</td>
<td>50bps</td>
<td>10.8%</td>
</tr>
</tbody>
</table>

- **OPERATING PROFIT**
  - **£126m** -21%  
    - HY17 **£159m**

- **OPERATING PROFIT Excluding Timing**
  - **£144m** +25%  
    - HY17 **£115m**

- H1 operating profit decrease due to adverse timing not wholly offset by MOD increases to revenue
- Returns to be around the allowed level as legacy allowances end
- Avonmouth MOD adjustment of £85m expected in FY2018/19  
  - no impact on returns and RAV

Adjusted results, excluding exceptional items and remeasurements

14 2017/18 Half Year Results November 2017
US Regulated

OUTLOOK

Targeting 90% of allowed ▲ RoE

OPERATING PROFIT

£433m
HY17 £435m

OPERATING PROFIT Excluding Timing

£526m +19%
HY17 £441m

CAPITAL INVESTMENT

£1.1bn
HY17 £1.1bn

- H1 operating profit flat; increased revenue from new rates and favourable currency offset by adverse timing
- IFRS operating profit excluding timing expected to increase 7% per year on average over the medium term from 2016/17
- US profitability significantly weighted to H2

Capital investment calculated at constant currency
Adjusted results, excluding exceptional items and remeasurements
## NG Ventures

<table>
<thead>
<tr>
<th>OPERATING PROFIT</th>
<th>HY17</th>
<th>Post Tax Share of JVs</th>
<th>HY17</th>
<th>TOTAL INVESTMENT</th>
<th>HY17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£83m</td>
<td>£37m</td>
<td>£34m</td>
<td>£132m</td>
<td>£138m</td>
</tr>
<tr>
<td>Metering</td>
<td>£86m</td>
<td>Grain LNG</td>
<td>£35m</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>£35m</td>
<td>IFA</td>
<td>£35m</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>£(18)m</td>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>POST TAX SHARE of JVs</td>
<td>£18m</td>
<td>£6m</td>
<td>£6m</td>
<td>£24m</td>
<td>£34m</td>
</tr>
<tr>
<td>BritNed</td>
<td>£28m</td>
<td>Millenium</td>
<td>£6m</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- FY2017/18 NGV operating profit is expected to be in line with last year

Operating profit, share of joint venture profit after tax and investment calculated at constant currency, excluding Cadent and St. William Adjusted results, excluding exceptional items and remeasurements

16 2017/18 Half Year Results  November 2017
### Other activities

<table>
<thead>
<tr>
<th>OPERATING PROFIT</th>
<th>£53m</th>
<th>£(27)m</th>
<th>£26m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate centre and other</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HY17</th>
<th>£44m</th>
<th>£(31)m</th>
</tr>
</thead>
<tbody>
<tr>
<td>HY17</td>
<td>£13m</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>POST TAX SHARE of JVs</th>
<th>£(4)m</th>
<th>£55m</th>
<th>£51m</th>
</tr>
</thead>
<tbody>
<tr>
<td>St. William</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cadent</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HY17</th>
<th>£(3)m</th>
<th>£71m¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>HY17</td>
<td>£68m</td>
<td></td>
</tr>
</tbody>
</table>

### TOTAL INVESTMENT

<table>
<thead>
<tr>
<th>£53m</th>
</tr>
</thead>
<tbody>
<tr>
<td>HY17</td>
</tr>
</tbody>
</table>

1. To aid comparability, prior period numbers have been re-presented to include an estimated equivalent contribution from a 39% stake in UK Gas Distribution (now Cadent) and associated return of capital
2. Excludes investment in St. William JV

- Lower Cadent contribution due to the expected reduction in base allowed revenues and adverse timing
- £15m shareholder loan interest income recognised through the interest line rather than the JV line
Mechanics of changes in inflation and interest

<table>
<thead>
<tr>
<th>UK</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inflation</strong></td>
<td><strong>Inflation</strong></td>
</tr>
<tr>
<td>- £19bn asset base, partially hedged by £7bn RPI linked debt</td>
<td>- Nominal regulation allows assumed in-year inflation recovery</td>
</tr>
<tr>
<td>- Inflation deferred into RAV to keep consumer cost lower in short term</td>
<td>- Rate filings key to regular inflation recovery on cost of service and RoE</td>
</tr>
<tr>
<td>- Regulatory mechanism creates two year lag in revenue true up</td>
<td><strong>Interest</strong></td>
</tr>
<tr>
<td>- Inflation economically positive – 100bps RPI increase creates £120m additional value</td>
<td>- Cost of debt passed through to customers</td>
</tr>
</tbody>
</table>

100bps inflation increase gives:

£19bn RAV

+£190m

£(70)m

10 year lagging tracker offers protection in rising or falling interest rate environment

Outperformance through issuing at lower than index spot
Interest, tax and earnings

FINANCE COSTS

£527m
23% higher than HY17¹

- Higher RPI
- Effective interest rate of 4.7%

EFFECTIVE TAX RATE²

20.8% at £(152)m

- Tax rate 200bps lower than HY17¹
- Tax charge £79m lower than HY17

EARNINGS

£654m

- 3,539m weighted average shares
- 18.5p/share

---

¹ To aid comparability, prior period numbers have been re-presented to include an estimated equivalent contribution from a 39% stake in UK Gas Distribution (now Cadent) and associated return of capital
² Excluding joint ventures and associates
   Adjusted results, excluding exceptional items and remeasurements
# Cash flow and Net debt

<table>
<thead>
<tr>
<th>£m</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Period ended 30 September 2017</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Operating profit</td>
<td>1,259</td>
</tr>
<tr>
<td></td>
<td>Depreciation &amp; amortisation</td>
<td>762</td>
</tr>
<tr>
<td></td>
<td>Pensions</td>
<td>(124)</td>
</tr>
<tr>
<td></td>
<td>Working capital &amp; other</td>
<td>125</td>
</tr>
<tr>
<td>Net operating cash flow</td>
<td><strong>2,022</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Net debt</td>
<td>(23,075)</td>
</tr>
</tbody>
</table>

![Net debt (£bn) graph]

Adjusted results for continuing operations, excluding exceptional items and remeasurements
Dividend and scrip

- 15.49p (35% of prior year full year dividend)
- Full year dividend to grow at least in line with UK RPI
- Scrip option to continue
- Remainder of buyback programme expected to be completed by April 2018
- Average share count reduced by ~300m in 2017/18; ~400m impact in 2018/19

### Dividend per share

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14</td>
<td>42.03p</td>
</tr>
<tr>
<td>FY15</td>
<td>42.87p</td>
</tr>
<tr>
<td>FY16</td>
<td>43.34p</td>
</tr>
<tr>
<td>FY17*</td>
<td>44.27p</td>
</tr>
<tr>
<td>HY18</td>
<td>15.49p</td>
</tr>
</tbody>
</table>

* Excludes special dividend of 84.375p
FY17/18 Technical guidance

2016/17 proforma¹ adjusted EPS excluding timing of 58.6p

**UK Regulated**
- Lower base allowed revenue and increased MOD adjustments in ET
- Expect to deliver outperformance of 200-300bps
- Timing inflows substantially lower

**US Regulated**
- Performance expected to improve and targeting 90% of allowed RoE
- NYSERDA timing over collections

**NG Ventures and other activities**
- Overall contribution expected to be in line with last year¹
- Additional £22m amortisation of purchase price adjustments for Cadent

**Net debt**
- Expected to increase as proceeds from Gas Distribution sale are returned

**Interest charge**
- Expected to increase due to higher RPI

¹ To aid comparability, prior period numbers have been re-presented to include an estimated equivalent contribution from a 39% stake in UK Gas Distribution (now Cadent) and associated return of capital
Summary

- Financial performance in line with expectations
- Significantly stronger H2 expected, driven by US seasonality
- Increased capital investment
- Robust financial position
Priorities & Outlook

JOHN PETTIGREW
CHIEF EXECUTIVE
Maintaining our strong customer focus in a dynamic UK environment

- National Grid has delivered value for customers
  - Invested almost £14bn in critical transmission infrastructure over the past 10 years
  - Transmission costs represent just 3% of average household bill

- Affordability has been and continues to be a high priority

- National Grid is a responsible organisation focused on delivering world-class services at lower costs for bill payers
UK business focused on regulatory outcomes

Hinkley Seabank consultation

- Committed to providing necessary network connections
- Significant project with estimated costs of almost £1bn
- Responded to Ofgem consultation
- Regulatory clarity will enable timely delivery of the connection
- Ofgem decision on ‘needs case’ expected in December and on preferred delivery model in 2018
UK business focused on regulatory outcomes

RIIO T2

- Ofgem open letter kick started lengthy review to 2021
- We share the principle of putting the customer at the heart of decisions
- Framework decision in 2018
- RIIO T2 framework should ensure efficient delivery of needed investment
- National Grid has a track record of delivering on price controls
  - For customers and shareholders

RIIO T2 Timeline

<table>
<thead>
<tr>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Framework review</td>
<td>Sector strategy</td>
<td>Business plan analysis</td>
<td>License development</td>
<td>RIIO T2</td>
</tr>
</tbody>
</table>
US rate case programme to continue

- Niagara Mohawk engaged in settlement discussions with new rates expected in April 2018

- MA Gas and Rhode Island to be filed this month
  - 20% of US rate base
  - To be filed after a long period
  - To update revenues to closely reflect current cost of service
  - Will enable us to earn a fair level of return

![Diagram showing US Rate Base as at March 2017]

- **FERC**
  - Formula rates
  - New rates
  - Oct 2016

- **Rhode Island**
  - MA Gas
  - Filings imminent

- **NIMO**
  - Filed April 2017

- **KEDNY & KEDLI**
  - New rates
  - Jan 2017

- **$19.3bn**
  - New rates
  - Planned filings
  - Filed
  - Formula rates
Efficient delivery of US growth projects

- Focus on delivering significantly increased capex
- Capital Delivery function taking shape

**Metropolitan Reliability Infrastructure**

*$250m*

potential investment for five year project to support Brooklyn’s long-term system demands

- Installing 7 miles of 30-inch gas main
- Increase operational reliability

**Northwest Nassau Gas Transmission Reliability**

*$280m*

potential investment for six year gas reliability project on Long Island

- Installing 11 miles of 24-inch gas main
- Increase operational reliability
Continue to evolve and drive the networks of the future

Declining renewables and storage costs

**UK contracts for difference auction delivered offshore wind at a significantly lower cost**

**US solar costs have fallen 85% since 2009**

Driving opportunities across the value chain

- Connected the US’s first offshore windfarm in Rhode Island
- Won competitive project to develop 23MW of utility scale solar on Long Island
- Increasing solar and storage capacity in Massachusetts rate base
- Developing our first large scale battery 48MWh storage system on Nantucket
- Opportunities to enable EV adoption
Growing pipeline of projects for NG Ventures

Further UK interconnector opportunities
- 1.4GW Viking Link to Denmark
- Investment decision in 2018

US development opportunities
- Competitive transmission to bring onshore and offshore renewables
  - 1.2GW Granite State interconnector between Canada to New Hampshire
  - 600MW North East Renewable link between New York and Massachusetts
  - Tender results for both in early 2018
- Other opportunities in storage and EVs
Summary

- Good progress across the Group
- Clear priorities moving forward
- Strong fundamentals that underpin long-term value creation
  - High quality asset portfolio
  - Strong balance sheet
  - Access to solid growth opportunities that underpin growth and yield
  - Excellent teams that are motivated to deliver
- Well positioned for attractive growth and returns
2017/18 Half Year Results
Appendices
## Appendix 1

Pensions & other post-retirement benefit obligations (IAS19 data)

<table>
<thead>
<tr>
<th></th>
<th>UK ESPS</th>
<th>UK NGUK PS</th>
<th>US Pensions</th>
<th>US OPEBs(^1)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market value of assets</td>
<td>2,967</td>
<td>12,229</td>
<td>6,271</td>
<td>2,491</td>
<td>23,958</td>
</tr>
<tr>
<td>Present value of liabilities</td>
<td>(3,114)</td>
<td>(11,591)</td>
<td>(6,874)</td>
<td>(3,511)</td>
<td>(25,090)</td>
</tr>
<tr>
<td>Net (liability) / asset</td>
<td>(147)</td>
<td>638</td>
<td>(603)</td>
<td>(1,020)</td>
<td>(1,132)</td>
</tr>
<tr>
<td>Deferred taxation</td>
<td>25</td>
<td>(108)</td>
<td>242</td>
<td>413</td>
<td>572</td>
</tr>
<tr>
<td><strong>(Liability) / asset net of taxation</strong></td>
<td>(122)</td>
<td>530</td>
<td>(361)</td>
<td>(607)</td>
<td>(560)</td>
</tr>
<tr>
<td>Discount rates</td>
<td>2.7%</td>
<td>2.7%</td>
<td>4.0%</td>
<td>4.0%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>UK ESPS</th>
<th>UK NGUK PS</th>
<th>US Pensions</th>
<th>US OPEBs(^1)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market value of assets</td>
<td>2,916</td>
<td>12,573</td>
<td>6,322</td>
<td>2,564</td>
<td>24,375</td>
</tr>
<tr>
<td>Present value of liabilities</td>
<td>(3,423)</td>
<td>(12,222)</td>
<td>(7,050)</td>
<td>(3,613)</td>
<td>(26,308)</td>
</tr>
<tr>
<td>Net (liability) / asset</td>
<td>(507)</td>
<td>351</td>
<td>(728)</td>
<td>(1,049)</td>
<td>(1,933)</td>
</tr>
<tr>
<td>Deferred taxation</td>
<td>86</td>
<td>(60)</td>
<td>290</td>
<td>431</td>
<td>747</td>
</tr>
<tr>
<td><strong>(Liability) / asset net of taxation</strong></td>
<td>(421)</td>
<td>291</td>
<td>(438)</td>
<td>(618)</td>
<td>(1,186)</td>
</tr>
<tr>
<td>Discount rates</td>
<td>2.4%</td>
<td>2.4%</td>
<td>4.3%</td>
<td>4.3%</td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) OPEBs = other post employment benefits
## Appendix 2
Timing impacts

<table>
<thead>
<tr>
<th>£m</th>
<th>UK Electricity Transmission</th>
<th>UK Gas Transmission</th>
<th>US Regulated</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 April 2017 opening balance</td>
<td>(30)</td>
<td>112</td>
<td>318</td>
<td>400</td>
</tr>
<tr>
<td>Restatement of opening balance</td>
<td>(9)</td>
<td>(2)</td>
<td>10</td>
<td>(1)</td>
</tr>
<tr>
<td>Over/(under) recovery</td>
<td>2</td>
<td>(18)</td>
<td>(93)</td>
<td>(109)</td>
</tr>
<tr>
<td><strong>30 Sept 2017 closing balance to (recover) / return</strong></td>
<td>(37)</td>
<td>92</td>
<td>235</td>
<td>290</td>
</tr>
<tr>
<td>1 April 2016 opening balance</td>
<td>(171)</td>
<td>38</td>
<td>148</td>
<td>15</td>
</tr>
<tr>
<td>Restatement of opening balance</td>
<td>-</td>
<td>1</td>
<td>(21)</td>
<td>(20)</td>
</tr>
<tr>
<td>Over/(under) recovery</td>
<td>87</td>
<td>44</td>
<td>(6)</td>
<td>125</td>
</tr>
<tr>
<td><strong>30 Sept 2016 closing balance to (recover) / return</strong></td>
<td>(84)</td>
<td>83</td>
<td>121</td>
<td>120</td>
</tr>
<tr>
<td><strong>Year on year timing variance</strong></td>
<td>(85)</td>
<td>(62)</td>
<td>(87)</td>
<td>(234)</td>
</tr>
</tbody>
</table>

Opening and closing balances restated using the spot exchange rate as at 30 Sept 2017 ($1.34 to £1.00)
Over/Under recovery restated using the average rate for the 6 months to 30 Sept 2017 ($1.31 to £1.00)
2016/17 opening balance restatement reflects finalisation of timing balances
## Appendix 3
### Weighted average number of shares

<table>
<thead>
<tr>
<th>For the period ended 30 September</th>
<th>2017</th>
<th>2016 Continuing</th>
<th>2016 Including GD stake&lt;sup&gt;2&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of shares (millions):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior period as reported (weighted average)</td>
<td>-</td>
<td>3,763</td>
<td>3,763</td>
</tr>
<tr>
<td>Current period opening shares</td>
<td>3,750</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>August 2017 dividend scrip shares</td>
<td>3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other share movements (weighted from issuance/repurchase)&lt;sup&gt;1&lt;/sup&gt;</td>
<td>(214)</td>
<td>-</td>
<td>(230)</td>
</tr>
<tr>
<td><strong>Weighted average number of shares</strong></td>
<td><strong>3,539</strong></td>
<td><strong>3,763</strong></td>
<td><strong>3,533</strong></td>
</tr>
<tr>
<td>Business performance earnings (£m)</td>
<td>653</td>
<td>802</td>
<td>885</td>
</tr>
<tr>
<td>Business performance EPS</td>
<td><strong>18.5p</strong></td>
<td><strong>21.3p</strong></td>
<td><strong>25.0p</strong></td>
</tr>
</tbody>
</table>

---

<sup>1</sup> September 2017 figure includes the effect of the Share Consolidation and the Share Buy-back Programme, September 2016 includes the estimated effect of the Share Consolidation and the Share Buy-back Programme.

<sup>2</sup> To aid comparability, prior period numbers have been re-presented to include an estimated equivalent contribution from a 39% stake in UK Gas Distribution (now Cadent) and associated return of capital.
### Appendix 4

Income statements from continuing operations adjusted to include 39% of Cadent\(^1\)

<table>
<thead>
<tr>
<th>Income statement, £m</th>
<th>6 months to September 2017</th>
<th>6 months to September 2016</th>
<th>Year ended March 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted operating profit (excluding timing)</td>
<td>1,368</td>
<td>1,318</td>
<td>3,375</td>
</tr>
<tr>
<td>Net financing costs</td>
<td>(527)</td>
<td>(429)</td>
<td>(1,000)</td>
</tr>
<tr>
<td>Post tax share of JVs &amp; associates (Cadent)</td>
<td>55</td>
<td>71</td>
<td>144</td>
</tr>
<tr>
<td>Post tax share of JVs &amp; associates (Other)</td>
<td>20</td>
<td>31</td>
<td>63</td>
</tr>
<tr>
<td>Adjusted profit before tax (excluding timing)</td>
<td>916</td>
<td>991</td>
<td>2,582</td>
</tr>
<tr>
<td>Tax</td>
<td>(192)</td>
<td>(207)</td>
<td>(553)</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>(1)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Profit after tax for the period (excluding timing)</strong></td>
<td><strong>723</strong></td>
<td><strong>784</strong></td>
<td><strong>2,029</strong></td>
</tr>
<tr>
<td>Weighted average number of shares (estimated) (million)</td>
<td>3,539</td>
<td>3,533</td>
<td>3,463</td>
</tr>
<tr>
<td><strong>Earnings per share (excluding timing) (pence)</strong></td>
<td><strong>20.4</strong></td>
<td><strong>22.2</strong></td>
<td><strong>58.6</strong></td>
</tr>
</tbody>
</table>

| Profit after tax for the period (excluding timing) | 723                     | 784                     | 2,029                 |
| Timing                                              | (109)                   | 125                     | 398                   |
| Taxation on timing                                  | 40                      | (24)                    | (119)                 |
| **Profit after tax for the period (including timing)** | **654**                 | **885**                 | **2,308**             |
| **Earnings per share (including timing) (pence)** | **18.5**                | **25.0**                | **66.6**              |

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\(^1\) To aid comparability, prior period numbers have been re-presented to include an estimated equivalent contribution from a 39% stake in UK Gas Distribution (now Cadent) and associated return of capital