This announcement 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’, ‘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 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 the timeliness of consents for construction projects); 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 announcement 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; 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 potential sale of a majority stake in its gas distribution business and with 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 183 to 186 of National Grid plc’s most recent Annual Report and Accounts. 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 announcement.
FY 2016/17 financial performance

**OPERATING PROFIT**
£4.7bn
FY16 £4.3bn

**EARNINGS PER SHARE**
73.0p
FY16 63.2p*

**CAPITAL INVESTMENT**
£4.5bn
FY16 £4.2bn

**RETURN ON EQUITY**
11.7%
FY16 12.3%

**ASSET GROWTH**
5%
FY16 4%

**VALUE ADDED**
£1.9bn
FY16 £1.8bn

*EPS restated for the impact of scrip issuances
**Regulated asset base growth calculated at constant currency

Capital investment includes investment in joint ventures and associates (excluding equity contributions to St William property JV)
Operating profit and capital investment presented at constant currency
Adjusted results, for combined business excluding exceptional items and remeasurements
Successful completion of UK Gas Distribution sale

- Large, complex transaction
- Premium valuation secured to realise value for shareholders
- Returning £4bn to shareholders
- Potential to secure further value in the future through 14% option
- Portfolio rebalanced towards higher growth
US rate filings supporting improved performance

- Three rate filings successfully completed
- Increased levels of funded-investment drive strong US growth
- New rates for ~40% of rate base start to support improved performance
  - Achieved US RoE of 8.2%
UK Electricity Transmission

<table>
<thead>
<tr>
<th>Description</th>
<th>Fiscal Year</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING PROFIT</td>
<td>£1.4bn</td>
<td>+17%</td>
</tr>
<tr>
<td>CAPITAL INVESTMENT</td>
<td>£1.0bn</td>
<td></td>
</tr>
<tr>
<td>REGULATED ASSET VALUE</td>
<td>£12.5bn</td>
<td></td>
</tr>
</tbody>
</table>

**Adjusted results, excluding exceptional items and remeasurements**
UK Gas Transmission

<table>
<thead>
<tr>
<th></th>
<th>FY16</th>
<th>FY17 Increase</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING PROFIT</td>
<td>£486m</td>
<td>£511m</td>
<td>+5%</td>
</tr>
<tr>
<td>CAPITAL INVESTMENT</td>
<td>£186m</td>
<td>£214m</td>
<td>+5%</td>
</tr>
<tr>
<td>REGULATED ASSET VALUE</td>
<td>£5.6bn</td>
<td>£5.8bn</td>
<td>+5%</td>
</tr>
</tbody>
</table>

Adjusted results, excluding exceptional items and remeasurements
UK Gas Distribution

Adjusted results, excluding exceptional items and remeasurements

9.9% Base return + 280bps Totex incentive + 120bps Other incentives + 10bps Additional allowances = ACHIEVED RETURN 14.0% FY16 13.0%

OPERATING PROFIT
£898m +2% FY16 £878m

CAPITAL INVESTMENT
£558m FY16 £549m

REGULATED ASSET VALUE
£9.0bn FY16 £8.7bn
US Regulated

8.4%  +  6.0%  +  7.7%  +  11.3%  =  ACHIEVED RETURN  8.2%
New York  Massachusetts  Rhode Island  FERC

8.4%  +  6.0%  +  7.7%  +  11.3%  =  ACHIEVED RETURN  8.2%
Cy15  8.0%

OPERATING PROFIT
£1.7bn  +25%
FY16 £1.4bn

CAPITAL INVESTMENT
$2.9bn
FY16 $2.7bn

RATE BASE
$19.3bn
FY16 $18.3bn

Operating profit calculated at constant currency
Adjusted results, excluding exceptional items and remeasurements
### Other Activities & JVs

**Operating Profit**
- **£173m** (FY16: £377m)

**POST TAX SHARE**
- **£63m** (FY16: £61m)

**Other Costs Increase (Year on Year)**
- **£100m**

**Total Investment**
- **£404m***

**Other Activities & JVs**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property</td>
<td>£65m</td>
</tr>
<tr>
<td>IFA</td>
<td>£72m</td>
</tr>
<tr>
<td>Grain LNG</td>
<td>£74m</td>
</tr>
<tr>
<td>Metering</td>
<td>£161m</td>
</tr>
</tbody>
</table>

**JVs**
- **BritNed**: £53m
- **Millennium**: £15m
- **St. William**: £(5)m

*Excludes investment in St. William JV

Operating profit, share of joint venture profit after tax and investment calculated at constant currency

Adjusted results, excluding exceptional items and remeasurements

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Interest, tax and earnings

**Finance Costs**
- £1,175m
  - 6% higher than 2016

**Effective Interest Rate**
- 3.9%

**Effective Tax Rate**
- 22.7%
  - at £(808)m

**Earnings**
- £2,748m
  - PY £2,386m
  - 3,763m weighted average shares
  - 73p/share

Finance costs are calculated at constant currency
Adjusted results, excluding exceptional items and remeasurements
## Cash flow and Net debt

<table>
<thead>
<tr>
<th>£m</th>
<th>Period ended 31 March 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit</td>
<td>4,667</td>
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<tr>
<td>Depreciation &amp; amortisation</td>
<td>1,698</td>
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<td>Pensions</td>
<td>(801)</td>
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<td>Working capital &amp; other</td>
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<tr>
<td><strong>Net operating cash flow</strong></td>
<td><strong>5,614</strong></td>
</tr>
<tr>
<td><strong>Net debt</strong></td>
<td><strong>(19,274)</strong></td>
</tr>
</tbody>
</table>

Credit metrics reported using Moody’s methodology
Adjusted results, excluding exceptional items and remeasurements
+ £5.3bn from weaker sterling, normal business activity, liability management and transaction costs

- £11.3bn from Gas Distribution deconsolidation and gross proceeds

- Net proceeds of £4bn to be returned in FY18
## Cash flow and Net debt

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<tr>
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<th>RCF / NET DEBT</th>
<th>EXCL. SALE IMPACT</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>15.8%</td>
<td>11.1%</td>
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<tr>
<th></th>
<th>FFO / NET DEBT</th>
<th>EXCL. SALE IMPACT</th>
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<tr>
<td></td>
<td>23.3%</td>
<td>16.1%</td>
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</table>

<table>
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<tr>
<th></th>
<th>INTEREST COVER</th>
<th>EXCL. SALE IMPACT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5.0x</td>
<td>5.1x</td>
</tr>
</tbody>
</table>

Credit metrics reported using Moody’s methodology

Adjusted results, excluding exceptional items and remeasurements
Maintaining investment levels under RIIO

- Investment in second-half of RIIO comparable to first-half
- ET spend driven by non-load related investments
- GT investment expected to increase to support asset health
- Started early for preparation for RIIO T2
Delivering high-quality, organic growth

- Increased capital investment funded through rate agreements
- 7% organic growth rate expected in the medium-term

US Total Capex

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Capex</td>
<td>$2.4bn</td>
<td>$2.7bn</td>
<td>$2.9bn</td>
<td>$3bn</td>
</tr>
</tbody>
</table>

By type

- Gas
- Electric
- Transmission

Jurisdictional split

- NY
- MA
- RI
- FERC

Growth
New division to enhance value through investing in closely-linked businesses
  - Interconnectors, Metering, Grain LNG
  - Business development and strategy
Currently a small asset base but with high cash returns
Attractive IRRs with regulatory underpinning

- Utility scale opportunities
- New and evolving technologies
- Distributed energy opportunities
Projects under construction

- NEMO link to Belgium on track for commissioning in 2019
- North Sea Link to Norway on track for commissioning in late 2021

Progressing on development pipeline

- Final investment decision on IFA 2
- Partnership formed with Sunrun
Debt Financing

- Focus on US funding in 2017/18
- UK operating companies not expected to issue in 2017/18
- £5bn of committed bank facilities, giving sufficient group liquidity
Summary – Continuing operations

- Strong financial performance
- Increasing capital investment
- Financial position robust

<table>
<thead>
<tr>
<th>OPERATING PROFIT</th>
<th>PROFORMA EPS*</th>
</tr>
</thead>
<tbody>
<tr>
<td>£3.8bn</td>
<td>59.2p</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CAPITAL INVESTMENT</th>
<th>DIVIDEND PER SHARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>£3.9bn</td>
<td>44.27p</td>
</tr>
</tbody>
</table>

DIVIDEND POLICY:
Growth at least in line with RPI

* Continuing operations proforma EPS excluding timing
Adjusted results, excluding exceptional items and remeasurements