



Annual Report and Accounts 2009/10

Shaping the future

nationalgrid

The power of action.™

Company highlights

We have delivered another strong financial performance this year. Cash generated from operations was more than £4.3 billion, while adjusted operating profit and adjusted earnings per share were higher by 7% and 14% respectively.



Revenue *

£13,988m

2008/09: £15,624m (↓10%)

Cash generated from operations *

£4,372m

2008/09: £3,564m (↑23%)

Adjusted operating profit *†

£3,121m

2008/09: £2,915m (↑7%)

Operating profit *

£3,293m

2008/09: £2,623m (↑26%)

Adjusted earnings per share *†

57.4p

2008/09: 50.2p (↑14%) (i)

Earnings per share *

56.1p

2008/09: 36.9p (↑52%) (i)

Capital expenditure

£3,252m

2008/09: £3,242m (↑0.3%)

Ordinary dividends

38.49p

2008/09: 35.64p (↑8%)

Return on equity † (3 year average)

11.3%

2008/09: 10.8%

Interest cover

3.9x

2008/09: 3.1x

* for continuing operations

† excludes the impact of exceptional items, remeasurements and stranded cost recoveries. See page 38 for more information about these adjusted profit measures

(i) Comparative earnings per share data has been restated for the impact of the scrip dividend issues.

Our financial results are reported in sterling. The average exchange rate, as detailed on page 39, was \$1.58 to £1 in 2009/10 compared with the average rate of \$1.54 to £1 in 2008/09.

Except as otherwise noted, the figures in this Report are stated in sterling or US dollars and all references to dollars or \$ are to the US currency.



For more information and a range of interactive charting and share price tools visit:
www.nationalgrid.com

→ Safety is critical both to business performance and to defining the culture of our Company for our employees. 2009/10 saw a 40% reduction in lost time injury frequency rate to 0.15 compared with 0.25 in 2008/09.



More information on safety can be found on **page 31**

→ We continue to make progress in the representation of women and ethnic minorities in our workforce, increasing both this year. We are also creating targeted solutions to help employees maximise their performance.



More information on inclusion and diversity and talent can be found on **pages 35 and 36**

→ We are committed to our customers and to providing outstanding customer service. Improvements made during this year include, implementation of a web based outage communication tool and energy efficiency campaigns.



More information on customers and customer service can be found on **pages 22 and 32** respectively

→ We continue to believe that our 45% by 2020 and 80% by 2050 greenhouse gas emissions reduction targets (against our 1990 baseline) are industry leading within the UK and US.



More information on climate change can be found on **page 36**

→ Our future organic growth is dependent on the delivery of our capital investment programme. In 2009/10, we invested £3.3 billion and our planned investment for 2010/11 is £3.9 billion.



More information on capital investment can be found on **page 33**

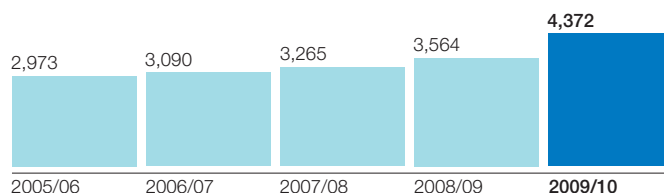
→ In line with our objective to deliver strong, sustainable regulatory and long-term contracts with good returns, we have made significant progress in filing US rate cases.



More information on rate cases can be found on **pages 18 to 21**

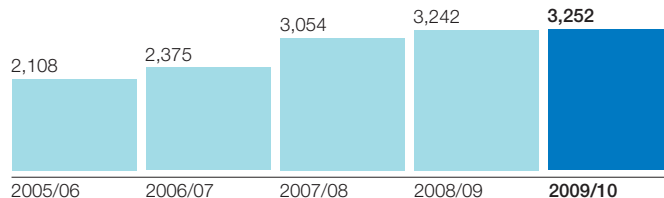
Cash generated from continuing operations

£m



Group capital expenditure

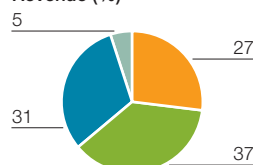
£m



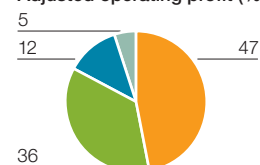
Business analysis 2009/10

Continuing operations

Revenue (%)



Adjusted operating profit (%)

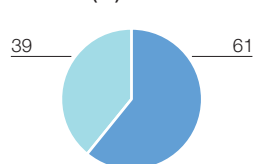


● Transmission
 ● Gas Distribution
 ● Electricity Distribution & Generation
 ● Non-regulated businesses and other

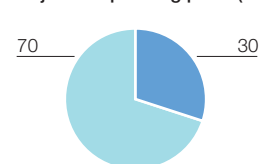
Geographical analysis 2009/10

Continuing operations

Revenue (%)



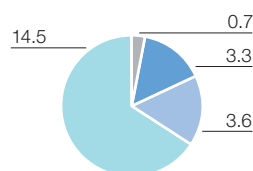
Adjusted operating profit (%)



● UK
 ● US

Maturity of net debt at 31 March 2010

£bn



● Less than 1 year
 ● 1 to 3 years
 ● 3 to 5 years
 ● More than 5 years

Contents

National Grid is an international electricity and gas company based in the UK and northeastern US. We play a vital role in delivering gas and electricity to millions of people in a safe, reliable and efficient manner.

If you require a full search facility, please go to the pdf on the website and use a word search.

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. For a description of factors that could affect future results, reference should be made to the full Cautionary Statement on the back cover of this document and the Risk factors section on pages 93 to 95.

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