

"This has been an important year for National Grid with the successful conclusion of several major strategic priorities. During the year we secured significant regulatory outcomes, covering over 80% of our asset base, creating much greater clarity for our businesses. At the same time, we delivered a record operating profit and robust cash flow performance despite another year of significant storms in the US. As a result, we have built a strong platform from which to deliver organic growth and support our new dividend policy."

Highlights

Good financial results led by solid operational performance in 2012/13

- ◆ Operating profit¹ up 4% before currency movements, timing and major US storms²
- ◆ Profit before tax¹ up 6%
- ◆ Earnings per share¹ up 12% to 56.1p, up 13% excluding timing and major storm impacts
- ◆ Continued strong UK performance. Improved US regulated return on equity: up 40bp to 9.2%
- ◆ Recommended full year dividend up 4% to 40.85p in line with one year policy

Significant strategic and regulatory progress

- ◆ Agreed new eight year UK price controls covering nearly £24bn of regulated assets
- ◆ Finalised four US rate cases with two others settled, pending approval: covering approximately 55% of US rate base
- ◆ Capital investment of £3.7bn, contributing to £2.7bn growth in regulated assets
- ◆ Strong financial position: issued £2bn of very competitively priced hybrid bonds

Outlook for 2013/14

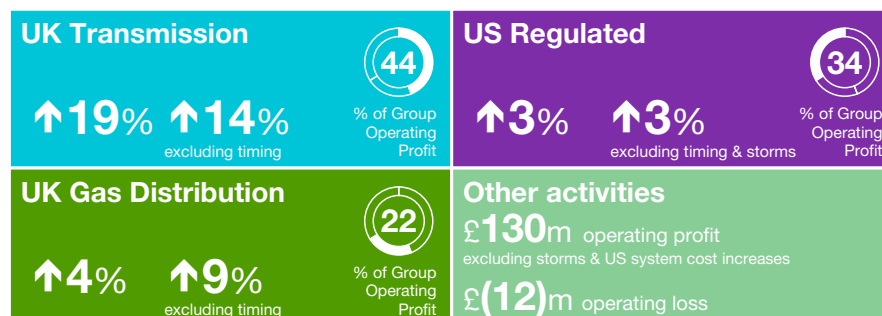
- ◆ Continued growth driven by efficient investment, strong operating cash flows and attractive returns
- ◆ New dividend policy to apply from 1 April 2013 – aim to grow the ordinary dividend at least in line with the rate of RPI inflation each year for the foreseeable future

Group financial summary

(£m at actual exchange rate)

Business Performance ¹	Full year ended 31 March		
	2013	2012	% change
Operating profit	3,644	3,495	4
Operating cash flow	4,149	4,445	(7)
Pre-tax profit	2,742	2,585	6
Earnings	2,055	1,828	12
Earnings per share	56.1p	50.0p	12
Dividend per share	40.85p	39.28p	4

Operating profit performance



"In the UK, we are positioned to make a strong start to the new eight year regulatory regime. We are focused on meeting our regulatory commitments by operating efficiently and investing in essential infrastructure, while delivering high standards of customer service, driving good returns for shareholders."

"In the US, we are focused on securing the benefits of our recent rate agreements and investment in new systems while delivering enhanced customer service and network growth which will help us to build on our significant progress to date."

Overall, we expect to deliver another year of good operating performance and dividend growth."

Steve Holliday, Chief Executive

Notes

- 1 Excluding exceptional items, remeasurements and stranded cost recoveries. Prior year EPS adjusted to reflect the impact of additional shares issued as scrip dividends.
- 2 Superstorm Sandy in 2012 and the "Nemo" snow storm in February 2013 together impacted operating profit by £136m in 2012/13. Hurricane Irene and the October 2011 snow storm impacted 2011/12 by £118m at constant currency. Constant currency comparison uses recalculated results for 2011/12.

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. 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. Furthermore, this document, which is provided for information only, does not constitute summary financial statements and does not contain sufficient information to allow for as full an understanding of the results and state 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 "Risk factors" on pages 41 to 43 of National Grid's latest Annual Report and Accounts, as updated by National Grid's unaudited half year financial information for the six months ended 30 September 2012 published on 15 November 2012. Copies of the most recent Annual Report and Accounts are available online at www.nationalgrid.com or from Capita Registrars. Except as may be required by law or regulation, National Grid undertakes no obligation to update any of its forward-looking statements, which speak only as of the date of this document. The content of any website references herein do not form part of this document.

Business review

Another eventful year:

- ◆ Accepted the UK RIIO price control giving 8 years of regulatory clarity
- ◆ Our UK Gas Distribution business again met all of its reliability standards of service and UK Transmission delivered strong reliability during a year of record investment
- ◆ Four new US rate filings approved in our New York and Rhode Island electric and gas businesses
- ◆ Responded strongly to two major US storms
- ◆ Safety remains an essential focus, and our employee lost time injury frequency rate improved once again

Key strategic priorities 2013/14

- UK** Streamline organisation and deliver outputs to drive outperformance under RIIO
- US** Build on new rate cases and systems to enhance customer service and drive efficiencies

Conclusion and outlook

- ◆ Good financial and solid operating performance
- ◆ Strong asset growth and attractive pipeline of investment opportunities to sustain growth
- ◆ Period of significant clarity for our businesses

Full Year Results 2012/13

Business performance in detail

<p>UK Transmission</p> <p>Operating profit £1,609m</p>		<ul style="list-style-type: none"> ◆ Year on year timing effects of £67m ◆ Higher revenues driven by roll-over year, asset growth and RPI ◆ BSIS losses more than offset by strong performance from other incentives
<p>UK Gas Distribution</p> <p>Operating profit £794m</p>		<ul style="list-style-type: none"> ◆ Year on year timing effects of £(32)m ◆ Higher revenues driven by RPI ◆ Inflation and depreciation increased costs, together with reduced benefit from metering work
<p>US Regulated</p> <p>Operating profit £1,253m</p>		<ul style="list-style-type: none"> ◆ Year on year timing effects of £(37)m ◆ Income driven by recovery of New York deferred costs ◆ Investment in information systems, environmental expenses and depreciation increased costs
<p>Other activities</p> <p>Operating profit £(12)m</p>		<ul style="list-style-type: none"> ◆ One off costs related to US storms and systems - 'Superstorm' Sandy self-insurance cost ◆ No contribution from Onstream in metering
<p>National Grid</p> <p>Operating profit £3,644m</p>		<ul style="list-style-type: none"> ◆ Operating profit up £148m, excluding timing and severe weather ◆ Revenue increase led by UK and New York deferrals ◆ Other activities impacted by systems costs and storms

¹ Visual representation only – not to scale. Business performance, excluding exceptional items, remeasurements and stranded cost recoveries. Constant currency figures calculated by applying the average 2013 rate (\$1.57 to £1.00) to 2012 results (when the average rate was \$1.60 to £1.00). Post retirement costs represent pensions and other post employment benefits.

Balance sheet and investment

<p>UK RAV</p> <p>£23.8bn</p>	<p>US Rate Base</p> <p>\$15.0bn</p>	<p>Net Debt</p> <p>£21.4bn</p>	<p>Medium term regulated asset growth</p> <p>~6% p.a.</p>
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