

A New Energy / Environment Dynamic

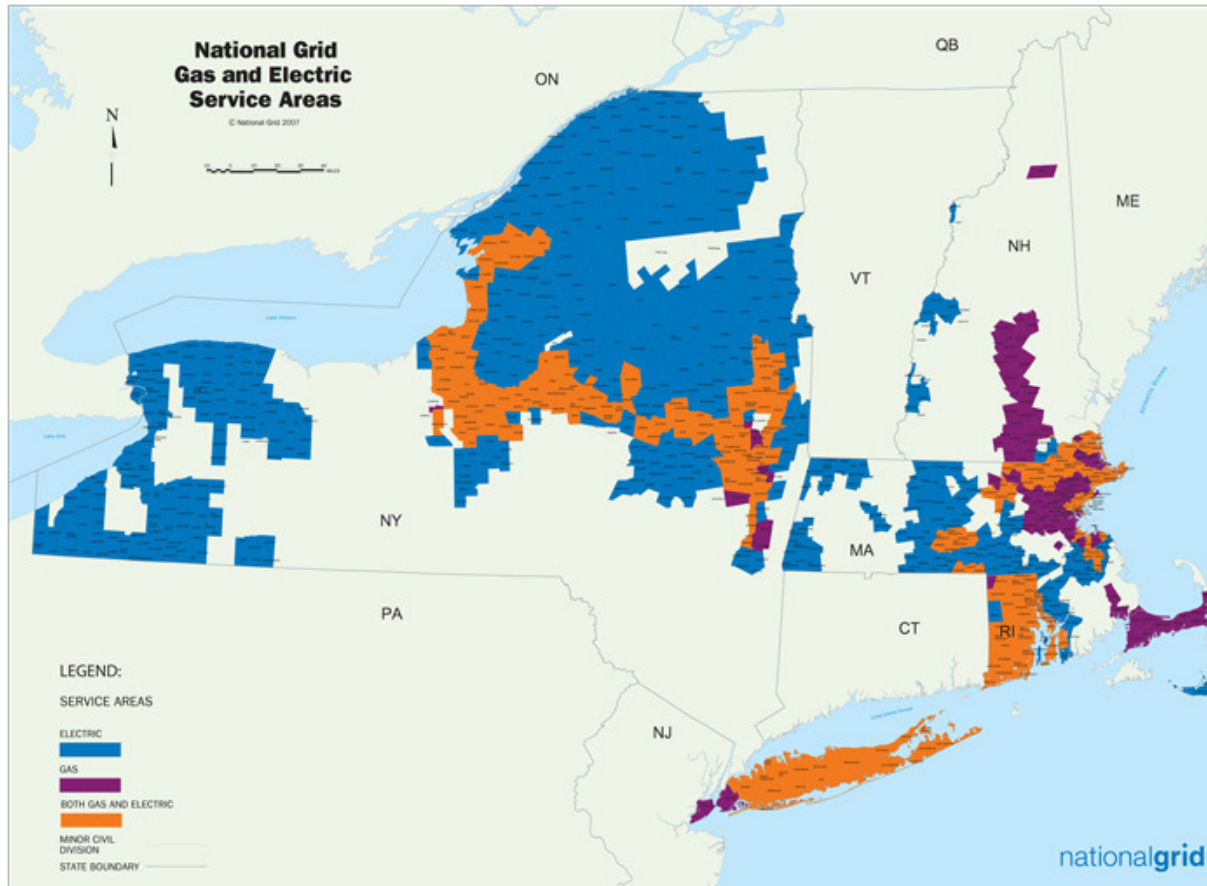
*Faster Freight Cleaner Air East Coast Conference
Jacob Javits Center, New York City*

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National Grid: An International Electricity and Gas Company

National Grid Electricity and Gas Service Areas - US



- ◆ Largest utility in UK; second largest in US*
 - ◆ 50% UK, 50% US
 - ◆ 50% Electricity, 50% Gas
 - ◆ 50% Transmission, 50% Distribution
 - ◆ 28,000 employees
 - ◆ Almost 18 million customers
- ◆ Northeast US
 - ◆ Distributes electricity to 3.3 million customers
 - ◆ Services 1.1 million customers of Long Island Power Authority (LIPA)
 - ◆ Provides natural gas to 3.4 million customers
 - ◆ Currently owns 6,650 MW of generation

•Based on customer numbers; includes the servicing of LIPA's 1.1 million customers

nationalgrid

The power of action.

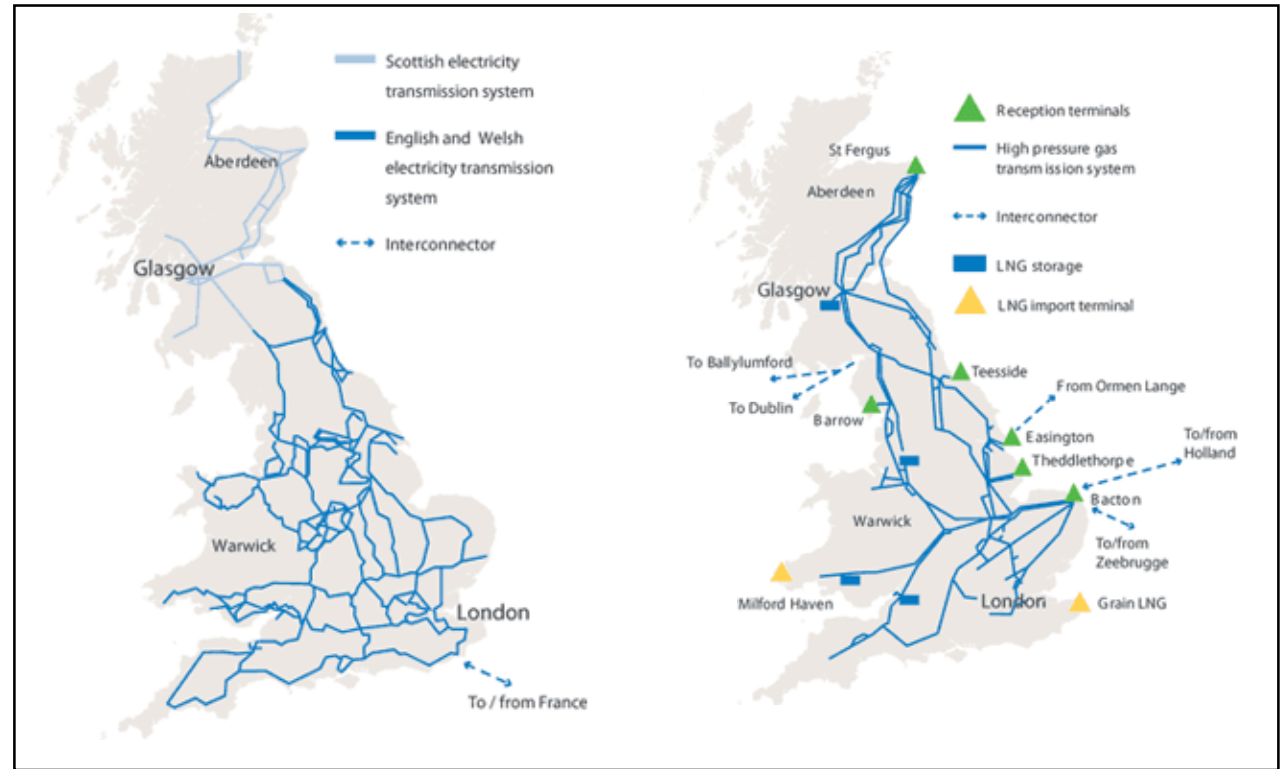
National Grid: An International Electricity and Gas Company (cont'd)

Gas Distribution - UK



Operates the UK gas distribution system; distributes gas on behalf of shippers and suppliers to 11 million consumers.

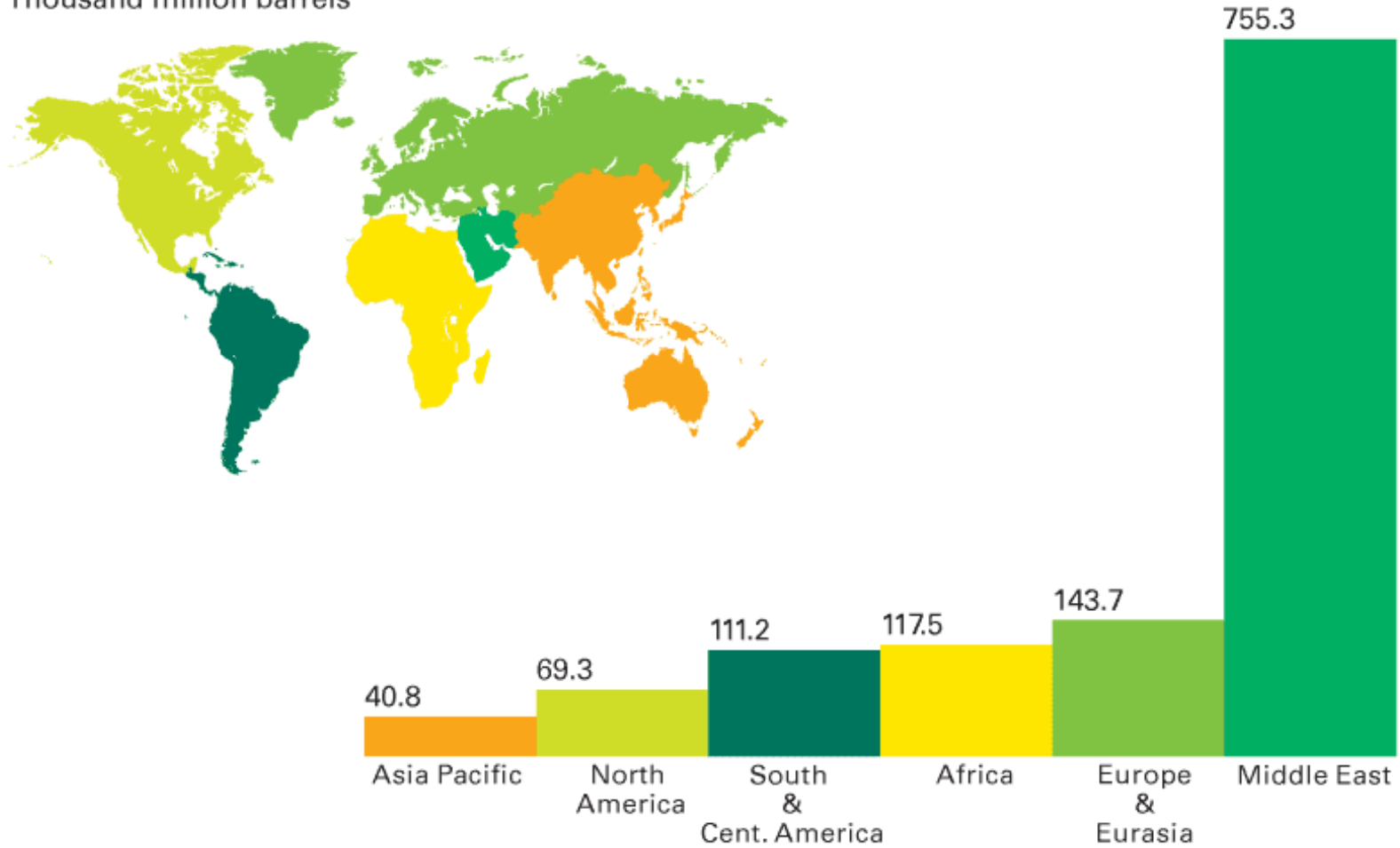
Transmission – Electricity and Gas - UK



Owens the high-voltage electricity transmission system in England and Wales and operates the system across Britain. Also owns and operates the high pressure gas transmission system in Britain.

Proved oil reserves

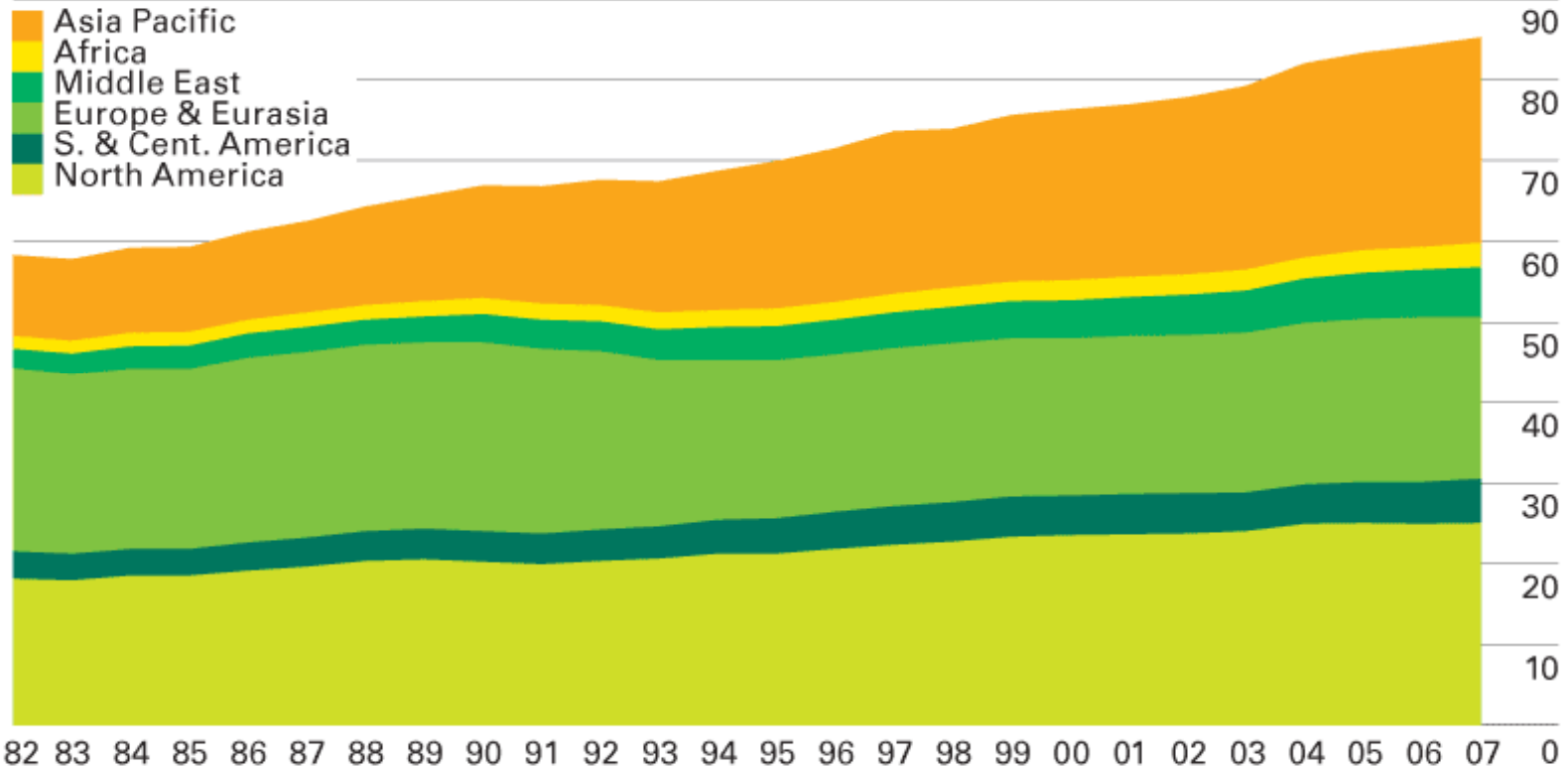
Proved reserves at end 2007
Thousand million barrels



Source: BP Statistical Review of World Energy, June 2008

Oil consumption by area

Consumption by region
Million barrels daily

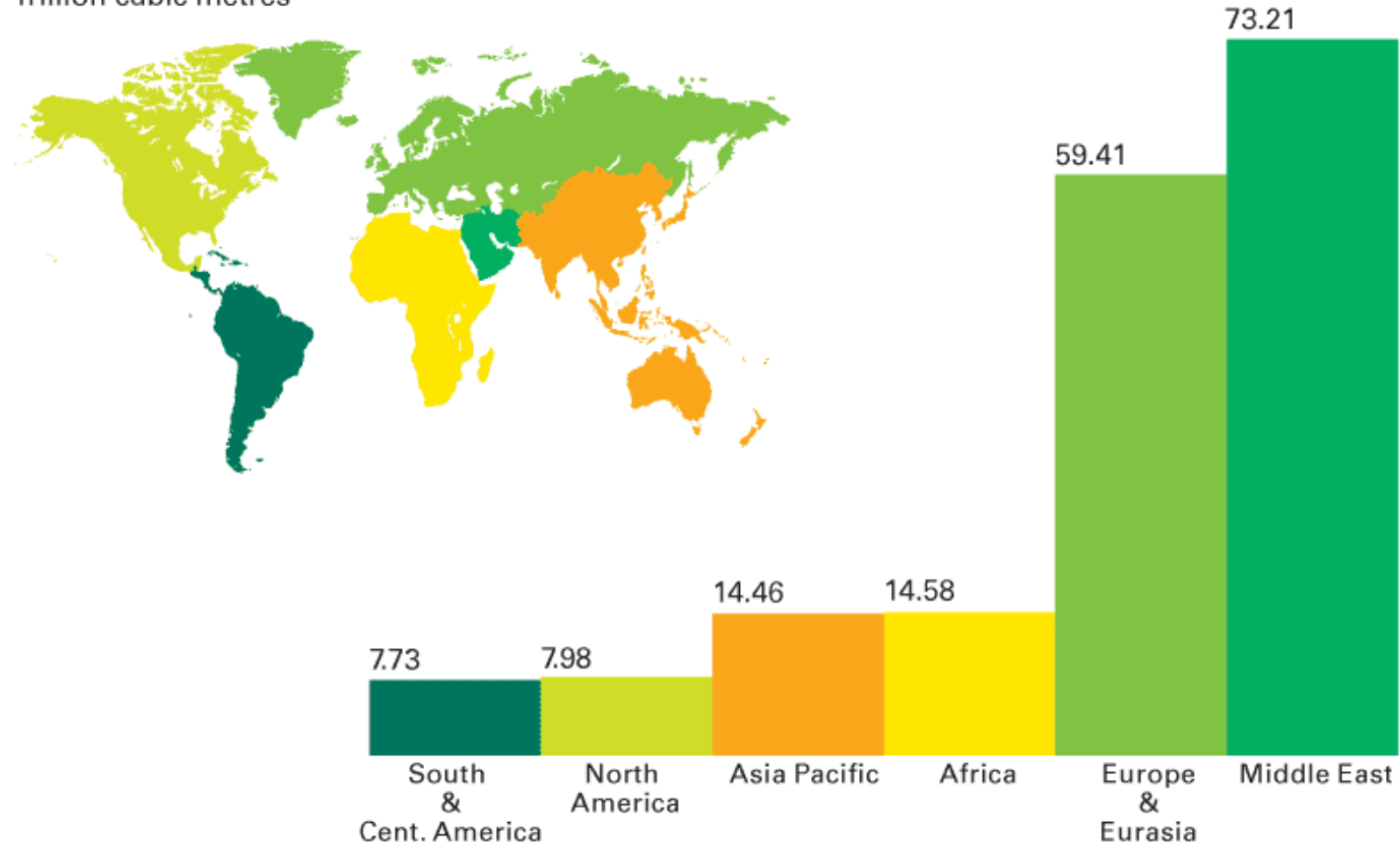


World oil consumption rose by about 1mmb/d in 2007, just below the 10-year average. OECD consumption declined nearly 400,000b/d. China accounted for the largest increment to consumption even though the growth rate was below average. Consumption in oil exporting regions was robust.

Source: BP Statistical Review of World Energy, June 2008

Proved natural gas reserves at end 2007

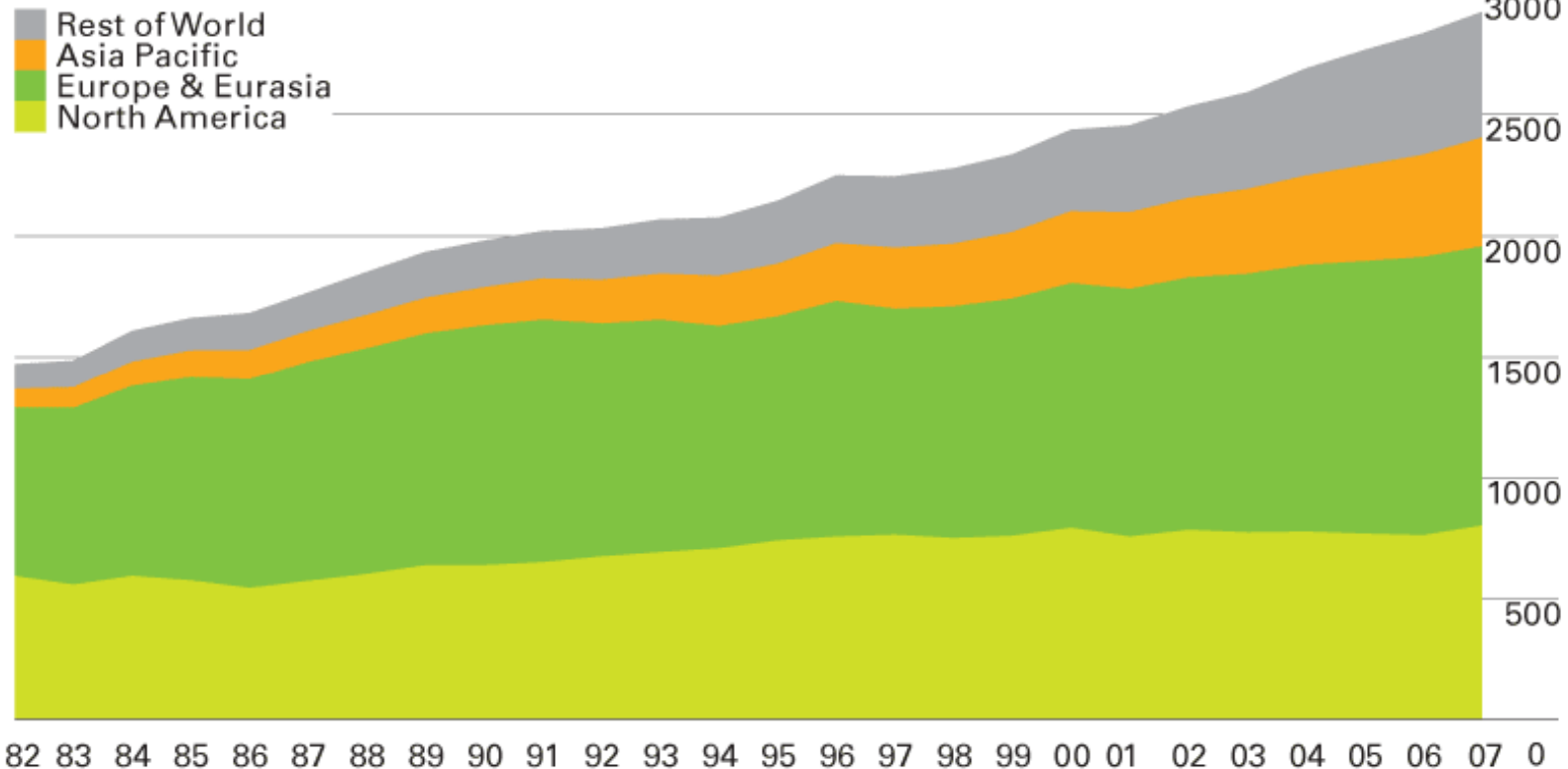
Proved reserves at end 2007
Trillion cubic metres



Source: BP Statistical Review of World Energy, June 2008

Natural gas consumption by area

Consumption by region
Billion cubic metres



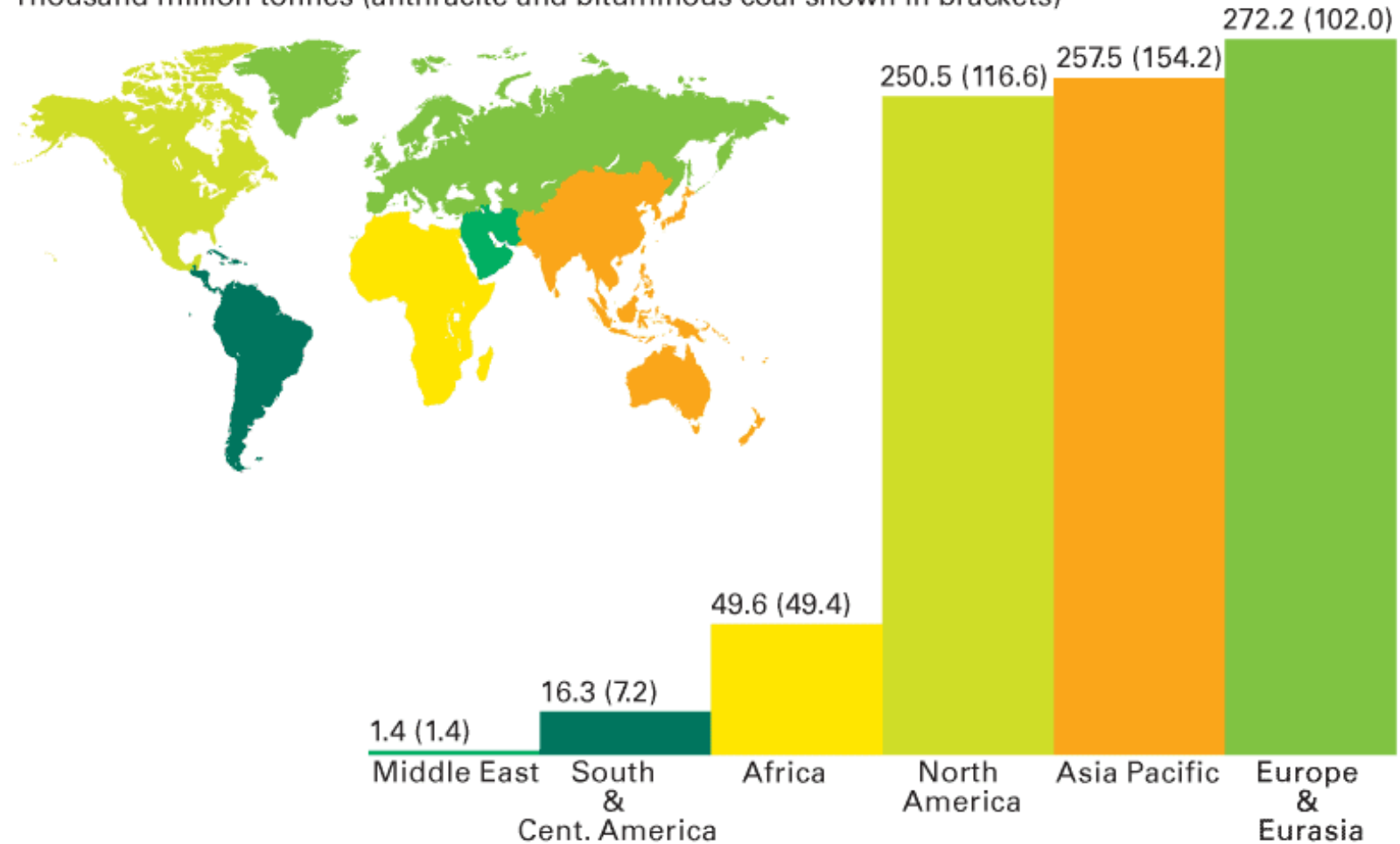
World natural gas consumption rose by 3.1% in 2007, slightly above the 10-year average. The US accounted for the largest increment to growth, rising by 6.5%. In addition to North America, only Africa and Asia Pacific recorded above-average regional growth. Chinese consumption rose by 19.9%, while EU consumption fell by 1.6%.

Source: BP Statistical Review of World Energy, June 2008

Proved coal reserves at end 2007

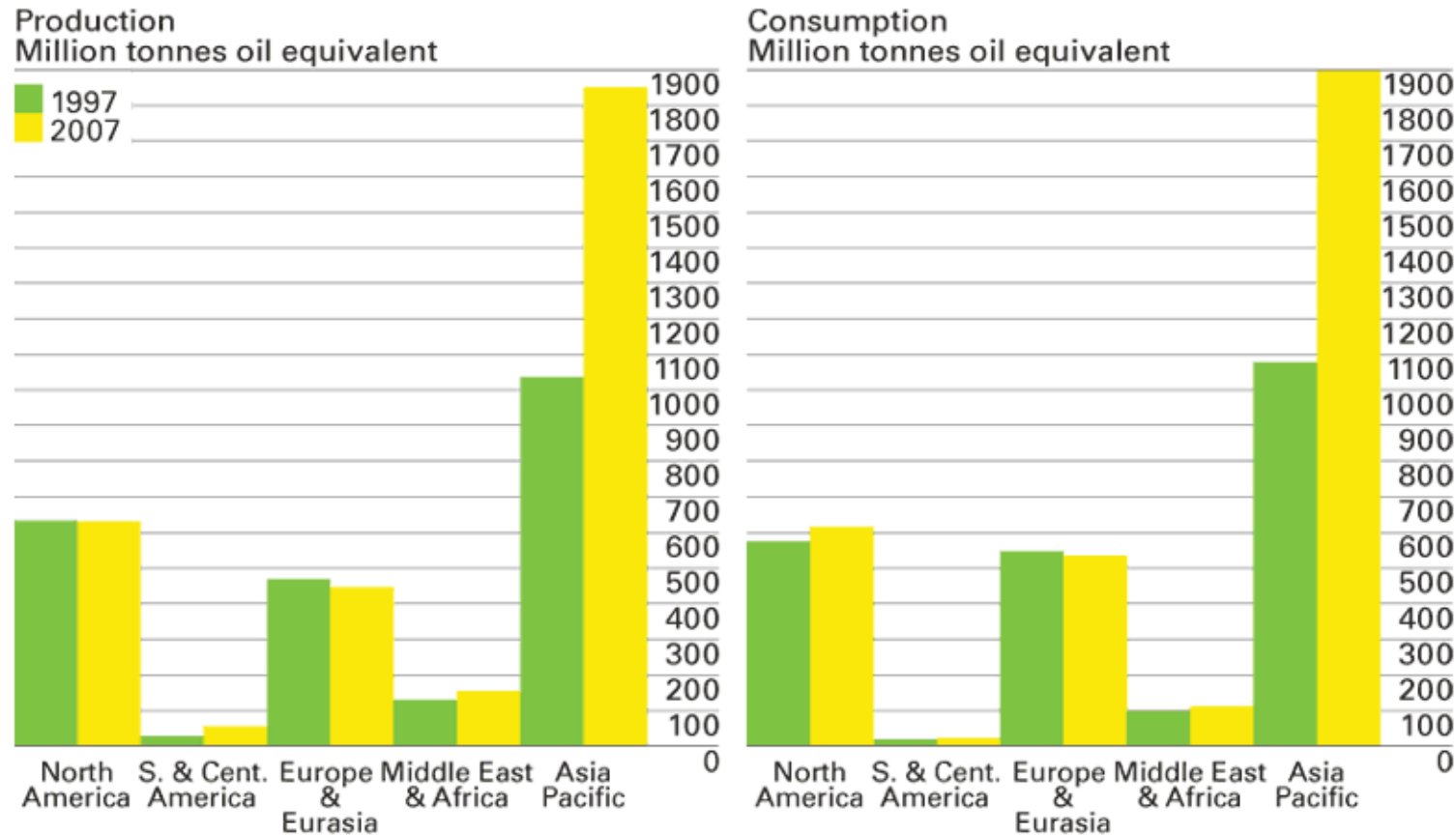
Proved reserves at end 2007

Thousand million tonnes (anthracite and bituminous coal shown in brackets)



Source: BP Statistical Review of World Energy, June 2008

Coal production – Coal consumption

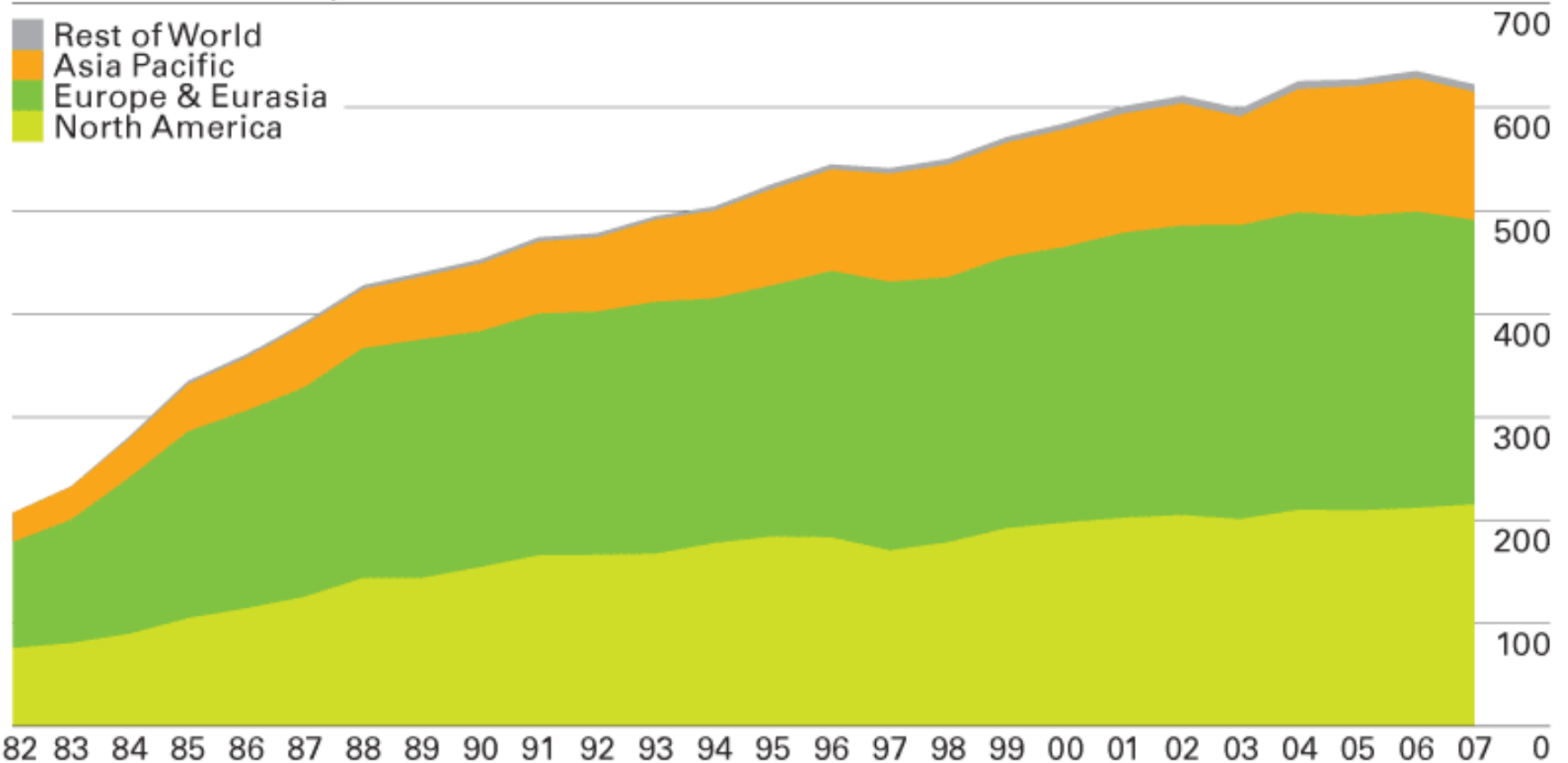


World coal consumption grew by 4.5%, well above the 10-year average. Coal was the world's fastest-growing fuel for the fifth consecutive year. Growth was above average in all regions except the Middle East. Chinese consumption growth accounted for more than two-thirds of global growth.

Source: BP Statistical Review of World Energy, June 2008

Nuclear energy consumption by area

Consumption by region
Million tonnes oil equivalent

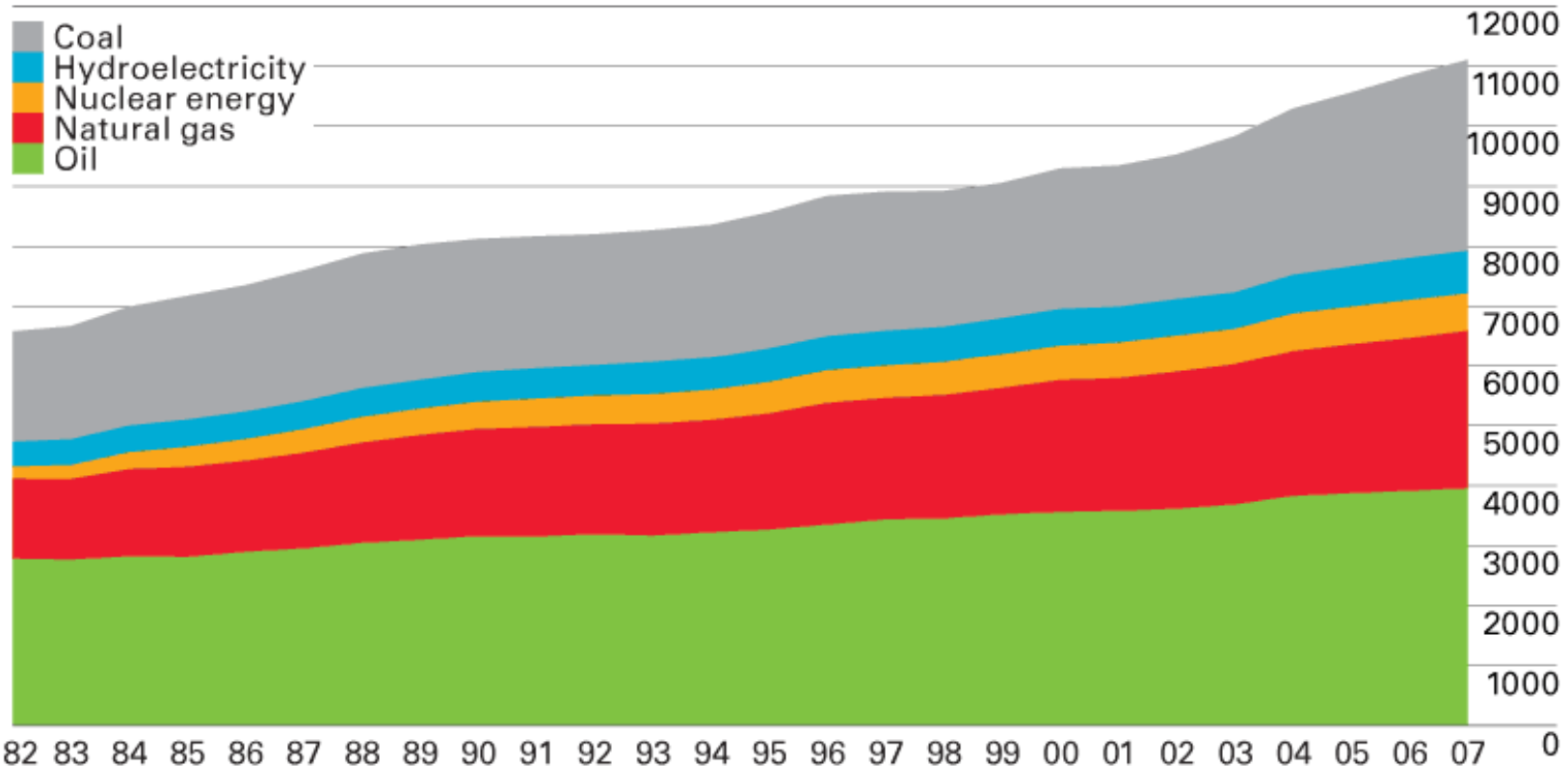


Global nuclear power generation experienced the largest decline on record, falling by 2%. More than 90% of the net decline was concentrated in Germany and Japan.

Source: BP Statistical Review of World Energy, June 2008

World primary energy consumption patterns

World consumption
Million tonnes oil equivalent

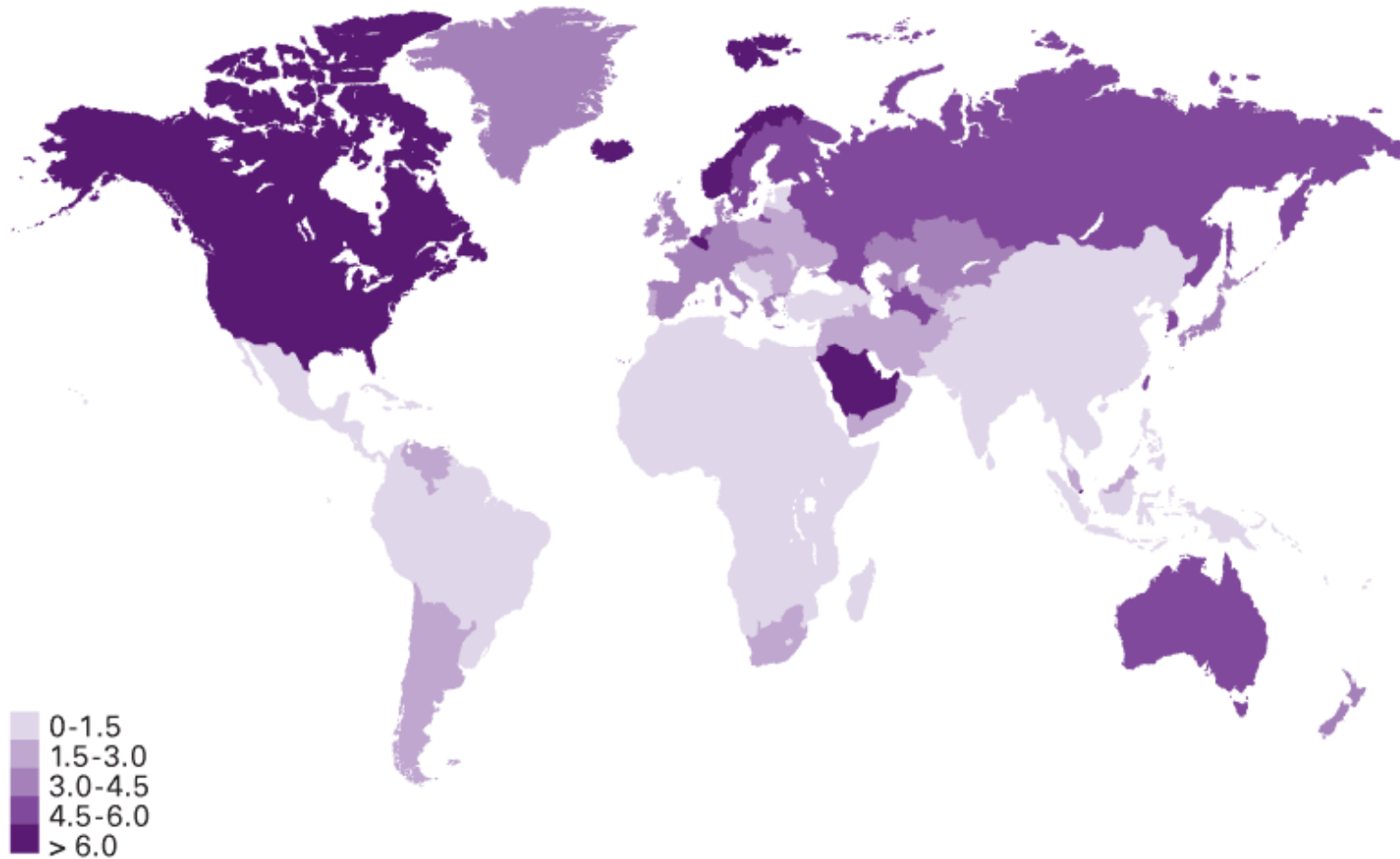


World primary energy consumption slowed in 2007, but growth of 2.4% was still above the 10-year average. Coal remained the fastest-growing fuel, but oil consumption grew slowly. Oil is still the world's leading fuel, but has lost global market share for six consecutive years, while coal has gained market share for six years.

Source: BP Statistical Review of World Energy, June 2008

Primary energy consumption per capita

Consumption per capita 2007
Tonnes oil equivalent



Source: BP Statistical Review of World Energy, June 2008

The North American supply picture

Oil

- ◆ Alberta Oil Sands (equivalent to 173 billion barrels of recoverable oil using today's technology; estimated potential of 315 billion barrels)
 - ◆ Now shipping Alberta Crude to Texas
 - ◆ Consumes significant natural gas for processing
 - ◆ CO₂ emissions in the production process are significant
 - ◆ Significant water issues



Alberta's oil sands

The North American supply picture

Natural Gas

- ◆ Alaska Pipeline
- ◆ Western Canadian Supply
- ◆ Domestic Intermountain West
- ◆ Barrett Shales
- ◆ Outer Continental Shelf
- ◆ Access, technology, cost, transmission infrastructure



Alaska Pipeline (TransCanada map)

The North American demand picture

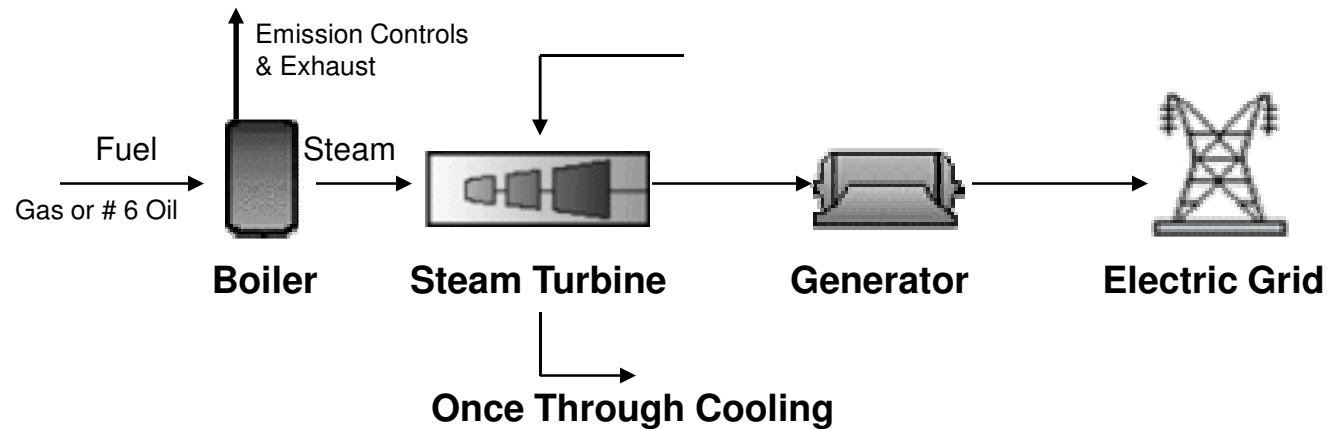
The power sector

- ◆ Coal
 - ◆ Climate Change, carbon capture sequestration, “Lieberman-Warner,” local opposition to new plants, capital costs, escalating fuel costs
- ◆ Natural Gas
 - ◆ Efficient technology, including combined cycle and cogeneration
 - ◆ Distributed generation, combined heat and power

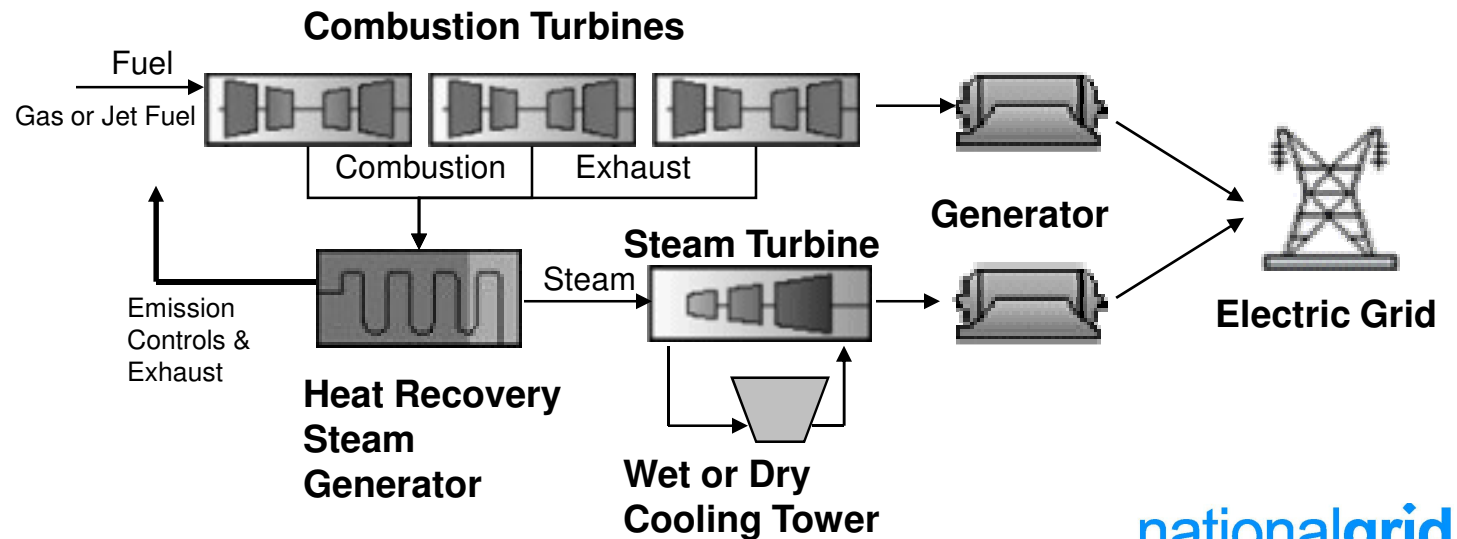


Combined cycle power vs. conventional power

Conventional Steam Electric Power Plant



Combined Cycle Power Plant



The North American demand picture (cont'd)

The power sector

- ◆ Oil
 - ◆ Air quality and cost issues
- ◆ Nuclear
 - ◆ Renewal?
 - ◆ Capital cost, siting and waste storage
- ◆ Residential / Commercial
 - ◆ Oil-to-gas conversion
 - ◆ Hedging, lack of stockpiling, lack of storage facilities
 - ◆ Energy efficiency opportunities
 - ◆ New technologies such as Honda Freewatt



Honda Freewatt

Opportunities

- ◆ Wind and solar
 - ◆ Midwest, Eastern Canada, Texas, California
 - ◆ Transmission challenge
 - ◆ Technology such as thermal solar
- ◆ Energy Efficiency
 - ◆ McKinsey study [US Greenhouse Gas Abatement]; demonstrated current technology can be cost negative
- ◆ Transportation
 - ◆ Hybrid technology, Project Better Place, Clean diesel, Natural gas vehicles



Conclusions

- ◆ The market is working
- ◆ Technologies are being developed
- ◆ This adjustment was inevitable
- ◆ New industries and new jobs are responding to a cleaner, less carbon-intensive world
- ◆ Post-November, Congress and the White House will likely align with policies that support lower carbon and lower emissions

Cautionary statement

This presentation may contain 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, National Grid's results of operations and businesses, strategy, plans and objectives. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "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 delays in obtaining, or adverse conditions contained in, regulatory approvals and contractual consents, unseasonable weather affecting the demand for electricity and gas, competition and industry restructuring, changes in economic conditions, currency fluctuations, changes in interest and tax rates, changes in energy market prices, changes in historical weather patterns, changes in laws, regulations or regulatory policies, developments in legal or public policy doctrines, the impact of changes to accounting standards and technological developments. Other factors that could cause actual results to differ materially from those described in this presentation include the ability to integrate the businesses relating to announced acquisitions with our existing business to realize the expected synergies from such integration, the availability of new acquisition opportunities and the timing and success of future acquisition opportunities, the timing and success or other impact of the sales of National Grid's non-core businesses, the failure for any reason to achieve reductions in costs or to achieve operational efficiencies, the failure to retain key management, the behavior of UK electricity market participants on system balancing, the timing of amendments in prices to shippers in the UK gas market, the performance of National Grid's pension schemes and the regulatory treatment of pension costs, the exercise of LIPA of its right to acquire National Grid's Long Island generation operations and the deployment of the proceeds received in connection therewith, and any adverse consequences arising from outages on or otherwise affecting energy networks, including gas pipelines, owned or operated by National Grid. For a more detailed description of some of these assumptions, risks and uncertainties, together with any other risk factors, please see National Grid's filings with and submissions to the US Securities and Exchange Commission (the "SEC") (and in particular the "Risk Factors" and "Operating and Financial Review" sections in its most recent Annual Report on Form 20-F and the "Risk Factors" section in its Registration Statement on Form F-3 filed with the SEC). Except as may be required by law or regulation, National Grid undertakes no obligation to update any of its forward-looking statements. The effects of these factors are difficult to predict. 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 results to differ materially from those contained in any forward-looking statement.

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