

press release

26 May 2010

Is the National Grid rights issue a good deal for investors?

- National Grid look to raise £3.2bn in right issue
- The Share Centre recommends investors take up the rights

As National Grid's shares are trading ex-rights today, Nick Raynor, investment adviser at The Share Centre explains what this means for investors.

"Thursday 20 May 2010 saw National Grid ask investors for £3.2bn through a rights issue to upgrade Britain's high-voltage electricity and gas network to a greener energy infrastructure. The company plans to step up its spending to £22bn in the next five years, three quarters of which will be spent in the UK.

"The rights issue consists of a two for five placing at 335p a share. Those who can afford it should take up the rights; those who don't have the spare capital may want to consider assessing their portfolio in order to raise the funds.

"The announcement was made at the same time as the group revealed a 12% increase in pre-tax profits for the year ending 31 March 2010 and an 8% rise in its final dividend to 38.49p. However, it may be worth noting that investors who convert rights today will not receive this as the shares will not be allocated until 14 June 2010.

"In the long-term, investors should see a good return as National Grid's investment programme is strong and inline with government plans to increase the 15% target for energy from renewable sources. Furthermore, income seekers will be interested to know the group has said it plans to maintain 8% dividend growth for the next two years."

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Note to editors:

Figures correct as of 11 am on 26 May 2010.

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Risk Warnings:

Investing in general, and the products and services mentioned above may not be suitable for all: if in doubt, individuals should seek independent financial advice. The value of investments and the income from them can go down as well as up and investors may not get back their original investment. Past performance is not a reliable indicator of future performance.

The bases and levels of taxation relating to ISAs, CTFs and SIPP's are subject to change and the value of these tax allowances may depend upon the circumstances of the individual.

About The Share Centre:

The Share Centre was established in 1990 to provide value-for-money share services for private investors. Its range of services includes buying and selling shares (by Internet, telephone and post) and a comprehensive share administration and safe custody service. Tax-efficient investment 'wrappers' including ISAs, CTFs and SIPP's are also available.

The Share Centre's Advice team provides comment on market sectors, individual shares and funds on www.share.com. Access is available to customers and registered users of the site. Registration is free. To understand how our Advice team arrive at their views please read our [Investment Research Policy](#)

In addition, account customers can receive individual telephone advice on UK-listed shares and on funds traded via the CoFunds trading platform.

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