

14 May 2008

Notice of National Grid plc 2008 Annual General Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant or other independent professional adviser. If you have sold or otherwise transferred all of your shares, please pass this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

The 2008 Annual General Meeting of National Grid plc (the 'Company') will be held at 2pm on Monday 28 July 2008 at The ICC, Broad Street, Birmingham B1 2EA.

The Annual General Meeting will consider the following business:

Ordinary resolutions

- 1 To receive the accounts for the year ended 31 March 2008, the Directors' Reports and the Auditor's Report on the accounts.
- 2 To declare a final dividend of 21.3 pence per ordinary share (US\$2.0497 per American Depositary Share) for the year ended 31 March 2008.
- 3 To re-elect Bob Catell as a Director.
- 4 To re-elect Tom King as a Director.
- 5 To re-elect Philip Aiken as a Director.
- 6 To re-elect John Allan as a Director.
- 7 To reappoint PricewaterhouseCoopers LLP as the Company's auditor until the conclusion of the next general meeting at which accounts are laid before the Company.
- 8 To authorise the Directors to set the auditor's remuneration.
- 9 To approve the Directors' Remuneration Report for the year ended 31 March 2008.
- 10 To renew the Directors' authority and power, pursuant to the Company's Articles of Association and section 80 of the Companies Act 1985 (the 'Act') to allot relevant securities up to an aggregate nominal value of £9,493,979 for the period ending at the next Annual General Meeting or on 28 October 2009 whichever is earlier.

Special resolutions

- 11 To renew the Directors authority and power, pursuant to the Company's Articles of Association and section 95 of the Act, to allot equity securities which shall include a sale of treasury shares, wholly for cash, as if section 89(1) of the Act did not apply to such allotment provided that this power shall be limited to:
 - a any such allotment in connection with a rights issue; and
 - b any such allotment, otherwise than pursuant to a rights issue, of equity securities for cash up to an aggregate nominal value of £14,240,547 for the period ending at the next Annual General Meeting or on 28 October 2009, whichever is earlier.
- 12 To authorise the Company generally and unconditionally, for the purpose of section 166 of the Act, to make market purchases (as defined in section 163(3) of the Act) of its ordinary shares of 11¹⁷/₄₃ pence each, provided that:
 - a the maximum number of ordinary shares that may be acquired is 249,936,128 being 10% of the issued share capital as at 14 May 2008;
 - b the minimum price per share that may be paid for any such shares is 11¹⁷/₄₃ pence; and
 - c the maximum price per share that may be paid for any such shares is not more than the higher of:
 - (i) an amount equal to 105% of the average middle market value for an ordinary share, as derived from the London Stock Exchange Daily Official List, for the five business days prior to the day on which the purchase is made; or
 - (ii) that stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation.

12 continued

This authority shall expire at the earlier of the close of the next Annual General Meeting or 28 October 2009 except that, if the Company has agreed before this date to purchase ordinary shares, where these purchases may or will be executed or completed after the authority terminates, either wholly or in part, the Company may complete such purchases.

- 13** To adopt new Articles of Association in substitution for, and to the exclusion of, the existing Articles of Association.

The Directors believe that the proposals set out in resolutions 1 to 13 are in the best interests of shareholders as a whole and they unanimously recommend that you vote in favour of each of the resolutions.

On behalf of the Board

Helen Mahy

Company Secretary & General Counsel

14 May 2008

National Grid plc

Registered Office: 1-3 Strand, London WC2N 5EH

Registered in England and Wales: No. 4031152

Explanation of resolutions

Resolutions 1 to 10 are ordinary resolutions and will be passed if more than 50% of the votes cast (not counting votes withheld) are in favour.

Annual Report and Accounts

- 1** The Company is required to present its report and accounts to shareholders at its AGM. This provides an opportunity to discuss the performance of the Company during the year, its management and prospects for the future.

Copies of the full Annual Report and Accounts and the Annual Review will be available at the AGM. Alternatively, copies can be obtained from Capita Registrars (telephone 0871 664 500 – calls cost 10p per minute plus network extras) or on the Company's website at www.nationalgrid.com.

Final dividend

- 2** The Company requires shareholder consent to pay a final dividend. If approved, the final dividend of 21.3 pence per ordinary share (US\$2.0497 per American Depositary Share) will be paid on 20 August 2008 to shareholders on the register on 6 June 2008. Dividends are declared in both pence and US\$ to ensure that holders of both ordinary shares and American Depositary Shares are paid the declared dividend on the same day.

3 – 6 Director re-election

Full biographical details for each of the Directors seeking re-election are included in both the Annual Report and Accounts and Annual Review.

The Company's Articles of Association require that any Director appointed by the Board retire and seek re-election by shareholders at the first AGM following their appointment. The Articles also require each Director to retire and seek re-election at least once every three years.

When considering the re-election of Directors, the Nominations Committee, as required by best practice, reviews the effectiveness of each Director and the independence of the Non-executive Directors. The Nominations Committee resolved that the Directors remained effective and that Philip Aiken and John Allan, Non-executive Directors, were independent and recommended to the Board that the Directors seeking re-election be proposed to shareholders.

- 3** Bob Catell, Executive Director, was appointed to the Board with effect from September 2007 as Deputy Chairman and Chairman of National Grid USA following the acquisition of KeySpan where he was Chairman and CEO. Upon appointment, the Board considered that the skills and experience that he provided fulfilled the requirements that had been set out and complemented those of the rest of the Board.
- 4** Tom King, Executive Director, was appointed to the Board in August 2007 with responsibility for Electricity Distribution & Generation operations. Upon appointment, the Board considered that the skills and experience that he provided fulfilled the requirements that had been set out and complemented those of the rest of the Board.
- 5** Philip Aiken, Non-executive Director, was appointed to the Board in May 2008. The Board considers that he brings significant international business experience, knowledge of the industry and independent judgement to the role.
- 6** John Allan, Non-Executive Director, was last re-elected by shareholders in July 2005. He is CFO of Deutsche Post and a member of the Supervisory Boards of both Lufthansa AG and Deutsche Postbank.

7– 8 Auditor reappointment and remuneration

The Audit Committee keeps under review the independence and objectivity of the external auditor and reviews fees paid to them, further information on which can be found in the Corporate Governance section of the Annual Report and Accounts. After considering relevant information, the Audit Committee recommended to the Board the reappointment of PricewaterhouseCoopers LLP. As a matter of best practice the reappointment of the auditor is considered as a separate resolution from the setting of the auditor's remuneration.

- 7** It is a requirement that the Company's auditor must be reappointed at each general meeting at which accounts are laid, in effect at each AGM. This resolution proposes the auditor's reappointment.
- 8** This resolution proposes that the Directors be authorised to set the auditor's remuneration.

Directors' Remuneration Report

- 9** In accordance with requirements introduced by the Directors' Remuneration Report Regulations, an advisory resolution is to be proposed on the Directors' Remuneration Report. This means that, should shareholders vote against the Report, the Directors will still be paid but the Remuneration Committee will reconsider remuneration policy.

Directors' authority to allot shares (section 80)

- 10** This resolution seeks shareholder authority to allow the Company to issue more shares. It complies with investor protection guidelines, which allow the issue of up to one third of the current issued ordinary share capital (as at 14 May 2008 the number of ordinary shares in issue was 2,499,361,287 and the resolution seeks authority to issue up to approximately 833,120,428 new ordinary shares, representing 33% of the current issued share capital). At this date, the Company held 82,552,229 ordinary shares in treasury, representing 3.3% of the issued share capital excluding treasury shares. The Directors currently have no intention of issuing new shares, other than in connection with the exercise of options under the Company's share schemes. No issue of shares will be made which would effectively alter control of the Company without the sanction of shareholders in general meeting. This authority will be renewed at the next AGM in accordance with investor guidelines.

Resolutions 11 to 13 are special resolutions and are items of special business and will be passed if at least 75% of the votes cast (not counting votes withheld) are in favour.

Directors' authority to allot shares (section 89)

- 11** If the Company issues new shares for cash, it must first offer them to existing shareholders in proportion to their current holdings (pre-emption rights). This resolution seeks shareholder approval to issue a limited number of ordinary shares for cash without offering them to existing shareholders first. In accordance with investor protection

guidelines, which limit any issue to 5% of the issued share capital in any one year, and 7.5% over a rolling 3 year period, the resolution seeks approval for the issue of up to 124,968,064 new ordinary shares for cash, representing 5% of the current issued ordinary share capital. This limitation will also apply to shares issued from treasury. This authority will be renewed at the next AGM in accordance with investor guidelines.

Share repurchase

- 12** In some circumstances, companies may find it advantageous to purchase their own shares in the market. This can lead to increases in future earnings on those shares not purchased.

Under the authority provided at the 2007 AGM, the Company has purchased 140,376,459 ordinary shares (representing approximately 5.2% of the issued ordinary share capital as at 31 July 2007).

This resolution complies with investor protection guidelines, which limit share purchases to 10% of the issued share capital per annum. The Directors confirm that they will only purchase shares where they believe the effect would be to increase earnings per share and would be in the best interests of shareholders.

Repurchased shares may be held as treasury shares by the Company.

As at the date of this notice, options were outstanding over 25,940,668 ordinary shares, representing approximately 1.0% of the current issued ordinary share capital. If the proposed market purchase authority were used in full, shares over which options were outstanding would represent approximately 1.2% of the adjusted ordinary share capital.

13 Adoption of new Articles of Association

It is proposed in resolution 13 to adopt new Articles of Association (the 'New Articles') in order to update the Company's current Articles of Association (the 'Current Articles') primarily to take account of changes in English company law brought about by the Companies Act 2006.

The principal changes introduced in the New Articles are summarised in the Appendix. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Companies Act 2006 have not been noted in the Appendix. The New Articles showing all the changes to the Current Articles are available for inspection at the Company's Registered Office and are also available on our website at www.nationalgrid.com, as noted on page 5 of this document.

Notes

Shareholders right to appoint proxies

A shareholder of the Company who is entitled to attend, speak and vote at the AGM but is unable or does not wish to attend is entitled to appoint a proxy or proxies to attend, speak and vote on his/her behalf. A proxy does not need to be a shareholder of the Company. Unless specified otherwise, the Chairman of the Company will act as proxy and vote on a poll as directed by the appointing shareholder. Shareholders will have been sent a personalised Proxy Card. If you do not have a Proxy Card and believe that you should, contact Capita Registrars on 0871 664 0500 (calls cost 10p per minute plus network extras) (or if calling from outside the United Kingdom +44 20 7098 1198) or at:

Capita Registrars
The Registry
Proxy Department
34 Beckenham Road
Beckenham
Kent BR3 4TU

To be valid, Proxy Cards or other Proxy Instructions must be sent using the enclosed pre-paid envelope or delivered by post or hand (during normal business hours) to the above address no later than 2pm on Saturday 26 July 2008. You can complete the proxy form online at www.nationalgrid.com/shareholders. The return of a completed Proxy Card or CREST Proxy Instruction will not prevent you from attending the AGM and voting in person if you wish to do so.

The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members included in the register of members as at 6pm on Saturday 26 July 2008 or, in the event that this AGM is adjourned, in the register of members 48 hours before the time of any adjourned AGM, shall be entitled to vote at the AGM in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after 6pm on Saturday 26 July 2008 or, in the event that this AGM is adjourned, in the register of members 48 hours before the time of any adjourned AGM, shall be disregarded in determining the rights of any person to attend or vote at the AGM.

As at the date of this Notice, there were 2,499,361,287 ordinary shares in issue, each with equal voting rights and 82,552,229 shares in treasury. Shares held in treasury do not have voting rights. Holders of ordinary shares are entitled to attend, speak and vote, either in person or by proxy, at general meetings of the Company. For further details relating to the voting and participation rights of shareholders, please refer to the Articles of Association, copies of which are available on our website at www.nationalgrid.com.

Please note that proxy votes can only be submitted via paper proxy cards returned to the address stated, electronically via www.nationalgrid.com/shareholders or via CREST. Proxy votes cannot be submitted via any other communication means stated in this Notice.

Nominated persons

If this Notice is sent to you as a person nominated to receive copies of company communications, the proxy rights described above do not apply to you. The rights described in these paragraphs only apply to shareholders. You may have a right under an agreement with the registered member to be appointed (or have someone else appointed) as a proxy for the AGM, and you are advised to contact them.

CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

Any message, regardless of whether it relates to the appointment of a proxy or to an amendment to an instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (CREST ID RA10) by close of business on Friday 25 July 2008. After this time, any change to instructions to proxies appointed through CREST should be communicated to the agent by other means.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Inspection of documents

Copies of the Directors' service contracts or letters of appointment, a copy of the proposed New Articles of the Company, and a copy of the Current Articles, marked up to show the changes being proposed, will be available for inspection at the Registered Office of the Company at 1-3 Strand, London WC2N 5EH until the time of the AGM and at The ICC, Broad Street, Birmingham from 15 minutes before the AGM until it ends.

Website publication of documents

Copies of this Notice of Meeting, Annual Report and Accounts, Annual Reviews and other shareholder documents are available at the National Grid website at www.nationalgrid.com.

Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

Corporate Representatives

In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (i) above.

APPENDIX

EXPLANATORY NOTES OF PRINCIPAL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION

1. Electronic Communications

Provisions of the Companies Act 2006 which came in to force in January 2007 enabled companies to communicate with members by electronic and/or website communications and we received shareholder approval to utilise these provisions at our 2007 AGM. The New Articles reflect these statutory provisions.

2. Articles which duplicate statutory provisions

Provisions in the Current Articles which replicate provisions contained in the Companies Act 2006 are in the main amended to bring them into line with the Companies Act 2006. This is in line with the approach advocated by the Government that statutory provisions should not be duplicated in a company's constitution. Certain examples of such provisions include provisions as to the form of resolutions, the requirement to keep accounting records and provisions regarding the period of notice required to convene general meetings. The main changes made to reflect this approach are detailed below.

3. Form of resolution

The Current Articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that, where an extraordinary resolution is required, a special resolution is also effective. This provision is being removed in the New Articles as the concept of extraordinary resolutions has not been retained under the Companies Act 2006.

4. Convening general meetings

The provisions in the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended to conform to new provisions in the Companies Act 2006. In particular, a general meeting to consider a special resolution can be convened on 14 days' notice whereas previously 21 days' notice was required.

5. Proxies and Corporate Representatives

Under the Companies Act 2006 proxies have a statutory right to speak at a general meeting and are also entitled to vote on a show of hands whereas under the current Articles proxies are only entitled to vote on a poll. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder.

6. Conflicts of interest

The Companies Act 2006 sets out directors' general duties. The new legislation largely codifies the existing law but with some changes. Under the Companies Act, from 1 October 2008, a Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. The requirement is very broad and could apply, for example, if a Director becomes a director of another company or a trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Companies Act 2006 also allows the articles of association to contain other provisions for dealing with Directors' conflicts of interest to avoid a breach of duty. The New Articles give the Directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position. This article will be effective on 1 October 2008 when the new provision under the Companies Act comes into force.

There are safeguards which will apply when Directors decide whether to authorise a conflict or potential conflict. First, only Directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision, the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

7. Directors' indemnities and loans to fund expenditure

The Companies Act 2006 has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors. In particular, a company that is a trustee of an occupational pension scheme can now indemnify a director against liability incurred in connection with the company's activities as trustee of the scheme. In addition, the existing exemption allowing a company to provide money for the purpose of funding a director's defence in court proceedings now expressly covers regulatory proceedings and applies to associated companies.

8. Directors' fees

The fees of the Non-executive Directors are limited in the Current Articles so that the maximum gross amount that can be paid as a whole per annum is no greater than £1.5m. In order to retain flexibility over Non-executive Director recruitment and retention, the Board proposes that the maximum per annum amount in the New Articles is increased to £2m.

9. General

Generally the opportunity has been taken to bring clearer language into the New Articles. We are pleased that we have obtained the Plain English Campaign's crystal mark for our New Articles.