

# Additional disclosures

## Change of control provisions

No compensation would be paid for loss of office of Directors on a change of control of the Company. As at 31 March 2012, the Company had undrawn borrowing facilities with a number of its banks of £0.8 billion available to it and a further £1.3 billion of drawn bank loans which, on a change of control of the Company following a takeover bid, may alter or terminate. All the Company's share plans contain provisions relating to a change of control. Outstanding awards and options would normally vest and become exercisable on a change of control, subject to the satisfaction of any performance conditions at that time. In the event of a change of control of the Company a number of governmental and regulatory consents or approvals are likely to be required arising from laws or regulations of the UK, US or the EU.

No other agreements that take effect, alter or terminate upon a change of control of the Company following a takeover bid are considered to be significant in terms of their potential impact on the business as a whole.

## Charitable donations

During 2011/12, approximately £16 million (2010/11: £13 million; 2009/10: £11 million) was invested in support of community initiatives and relationships focusing on education and skills (£7 million), environment and energy (£5 million), community development (£3 million) and various other areas (less than £1 million). The London Benchmarking Group model was used to assess this overall community investment. Direct donations to charitable organisations amounted to £4 million (2010/11: £0.8 million; 2009/10: £1.1 million), a proportion of which was donated via our employee community grant schemes which support and encourage employee fundraising and volunteering. In addition to our donations, financial support was provided for our affordable warmth programme, education programme, university research and our young offenders programme.

## Code of Ethics

In accordance with US legal requirements, the Board has adopted a Code of Ethics for senior financial professionals. This code is available on our website at [www.nationalgrid.com](http://www.nationalgrid.com) (where any amendments or waivers will also be posted). There were no amendments to, or waivers of, our Code of Ethics during the year.

## Conflicts of interest

The Board continues to monitor and note possible conflicts of interest that each Director may have and Directors are reminded of their continuing obligations in relation to conflicts at each Board meeting. Potential conflicts are considered and, if appropriate, approved and noted, with the conflicted Director not voting on the matter. During the year ended 31 March 2012, the Board has been advised by the Directors of a number of situations in relation to which no actual conflict of interest was identified and has therefore authorised such situations in accordance with its powers as set out in the Articles of Association.

## Corporate governance practices: differences from New York Stock Exchange (NYSE) listing standards

The Company is listed on the NYSE and is therefore required to disclose differences in its corporate governance practices adopted as a UK listed company, compared with those of a US company.

The corporate governance practices of the Company are primarily based on the requirements of the UK Corporate Governance Code (the Code) but substantially conform to those required of US companies listed on the NYSE. The following is a summary of the significant ways in which the Company's corporate governance practices differ from those followed by US companies under the Section 303A Corporate Governance Standards of the NYSE.

- The NYSE rules and the Code apply different tests for the independence of Board members.
- The NYSE rules require a separate nominating/corporate governance committee composed entirely of independent directors. There is, however, no requirement for a separate corporate governance committee in the UK. Under the Company's corporate governance policies, all Directors on the Board discuss and decide upon governance issues and the Nominations Committee makes recommendations to the Board with regard to certain of the responsibilities of a corporate governance committee.
- The NYSE rules require listed companies to adopt and disclose corporate governance guidelines. While the Company reports compliance with the Code in each Annual Report and Accounts, the UK requirements do not require the Company to adopt and disclose separate corporate governance guidelines.
- The NYSE rules require a separate audit committee composed of at least three independent members. While the Company's Audit Committee, having a membership of five independent Non-executive Directors, exceeds the NYSE's minimum membership requirements, it should be noted that the quorum for a meeting of the Audit Committee, of two independent Non-executive Directors, is less than the minimum membership requirements under the NYSE rules.

## Directors' indemnity

The Company has arranged, in accordance with the Companies Act 2006 and the Articles of Association, qualifying third party indemnities against financial exposure that Directors may incur in the course of their professional duties. Equivalent qualifying third party indemnities were, and remain, in force for the benefit of those Directors who stood down from the Board during the year ended 31 March 2012. Alongside these indemnities, the Company places Directors' and Officers' liability insurance cover for each Director.

## Material interests in shares

As at 31 March 2012, National Grid had been notified of the following holdings in voting rights of 3% or more in the issued share capital of the Company:

	Number of ordinary shares	% of voting rights*
Capital Group Companies, Inc	357,303,376	10.02
Black Rock Inc	182,630,798	5.21
Crescent Holding GmbH	149,414,285	4.25
Legal and General Group plc	138,503,443	3.99

\*This number is calculated in relation to the issued share capital at the time the holding was disclosed

As at 16 May 2012, no further notifications had been received.

The rights attached to ordinary shares are detailed on page 107. All ordinary shares carry the same voting rights.

## Policy and practice on payment of creditors

It is National Grid's policy to include in contracts or other agreements terms of payment with suppliers. Once agreed, National Grid aims to abide by these payment terms. The average creditor payment period at 31 March 2012 for National Grid's principal operations in the UK was 22 days (20 days at 31 March 2011).

## Political donations and expenditure

National Grid made no donations in the UK or EU during the year, including donations as defined for the purposes of the Political Parties, Elections and Referendums Act 2000. National Grid USA and certain of its subsidiaries made political donations in the US of \$99,900 (£62,500) (2010/11: \$151,000; 2009/10: \$177,000) during the year to affiliated Federal and New York and New Hampshire state political action committees (PACs). National Grid USA's affiliated New York PACs were funded partly by contributions from National Grid USA and certain of its subsidiaries and partly by voluntary employee contributions. National Grid USA's affiliated New Hampshire PAC, which was terminated in July 2011, was funded wholly by contributions from National Grid USA and certain of its subsidiaries. National Grid USA's affiliated federal PACs were funded wholly by voluntary employee contributions.

## Post balance sheet events

There have been no material post balance sheet events.

## Research and development

Expenditure on research and development during the year was £15 million (2010/11: £16 million; 2009/10: £19 million). This included development of new materials for use in the electricity transmission business and research into low carbon energy such as carbon capture and storage.

## Shareholder analysis

The following table includes a brief analysis of shareholder numbers and shareholdings as at 31 March 2012.

Size of shareholding	Number of shareholders	% of shareholders	Number of shares	% of shares
1–50	183,517	17.4198	5,401,533	0.1549
51–100	292,984	27.8106	20,759,355	0.5609
101–500	455,820	43.2673	95,147,582	2.5709
501–1,000	60,760	5.7675	42,480,072	1.1478
1,001–10,000	57,254	5.4347	140,298,337	3.7909
10,001–50,000	2,079	0.1973	37,747,023	1.0199
50,001–100,000	226	0.0215	16,031,738	0.4332
100,001–500,000	434	0.0412	104,092,811	2.8126
500,001–1,000,000	135	0.0128	96,698,260	2.6128
1,000,001+	289	0.0274	3,142,292,831	84.905
<b>Total</b>	<b>1,053,498</b>	<b>100</b>	<b>3,700,949,542</b>	<b>100</b>

## Key milestones

Some of the key dates and actions in the history of National Grid are listed below. The full history goes back much further.

1986	British Gas incorporated as a public limited company
1990	Electricity transmission network in England and Wales transferred to National Grid on electricity privatisation
1995	National Grid listed on the London Stock Exchange
1997	Centrica demerged from British Gas (BG)
1997	Energis demerged from National Grid
2000	Lattice Group demerged from BG and listed separately
2000	New England Electric System and Eastern Utilities Associates acquired
2002	Niagara Mohawk Power Corporation merged with National Grid in US
2002	National Grid and Lattice Group merged to form National Grid Transco
2004	UK wireless infrastructure network acquired from Crown Castle International Corp
2005	Four UK regional gas distribution networks sold and National Grid adopted as our name
2006	Rhode Island gas distribution network acquired
2007	UK and US wireless infrastructure operations and the Basslink electricity interconnector in Australia sold
2007	KeySpan Corporation acquired
2008	Ravenswood generation station sold
2010	Rights issue raised £3.2 billion

## Capital Gains Tax (CGT)

CGT information relating to National Grid shares for UK resident shareholders can be found on our website under Investors. Share prices on specific dates can also be found on our website.

## Property, plant and equipment

This information can be found under the heading note 10 property, plant and equipment on page 137, operating across two geographies on page 15 and principal operations on pages 64 to 71.

## Employees

We negotiate with recognised unions. It is our policy to maintain well developed communications and consultation programmes and there have been no material disruptions to our operations from labour disputes during the past five years. National Grid believes that it can conduct its relationships with trade unions and employees in a satisfactory manner.

## Unresolved SEC staff comments

There are no unresolved staff comments required to be reported.

## Additional disclosures continued

### The offer and listing

#### Price history

The following table shows the highest and lowest intraday market prices for our ordinary shares and ADSs for the periods indicated.

	Ordinary share (pence)		ADS (\$)	
	High	Low	High	Low
2011/12	660.50	545.50	52.18	45.80
2010/11*	666.00	474.80	51.00	36.72
2009/10	685.50	511.00	56.59	38.25
2008/09	754.00	515.00	74.89	36.64
2007/08	863.00	686.00	86.58	69.22
2011/12 Q4	660.50	605.50	51.86	46.85
Q3	653.50	590.00	51.53	46.49
Q2	650.59	545.50	51.00	45.80
Q1	639.00	581.50	52.18	46.93
2010/11 Q4	598.31	521.50	48.41	42.29
Q3	600.50	536.50	48.88	42.76
Q2	565.00	480.30	44.17	36.72
Q1	666.00	474.80	51.00	36.77
April 2012	674.50	627.00	54.18	49.85
March 2012	660.50	622.50	51.86	49.78
February 2012	651.50	620.00	51.37	49.38
January 2012	639.00	605.50	49.99	46.85
December 2011	634.00	590.00	49.87	46.49

\* On 20 May 2010, we announced a 2 for 5 rights issue of 990,439,017 ordinary shares at 355 pence per share

### Articles of Association

The following description is a summary of the material terms of our Articles of Association (the Articles) and applicable English law. The following description is a summary only and is qualified in its entirety by reference to the Articles.

The Company is proposing at the 2012 AGM to update its Articles to take account of the implementation of the Shareholder Rights Directive in the UK and the last parts of the Companies Act 2006 (the Companies Act), and also to provide the Company with the maximum flexibility possible. The Notice of Meeting for the 2012 AGM, available online, sets out in full the proposed amendments to the Articles for consideration by shareholders together with explanatory notes and further information.

#### Summary

The Articles set out the internal regulations of the Company and cover such matters as the rights of shareholders and the conduct of the Board and general meetings. Copies are available upon request and are displayed on the Company's website. Amendments to the Articles have to be approved by at least 75% of those voting in person or by proxy at a general meeting of the Company. Subject to company law and the Articles, the Directors may exercise all the powers of the Company, and may delegate authorities to Committees and day-to-day management and decision-making to individual Executive Directors. The Committee structure is set out on pages 84 and 85.

#### General

The Company is incorporated under the name National Grid plc and is registered in England and Wales with registered number 4031152. Under the Companies Act, the Company's objects are unrestricted.

### Directors

Under the Articles, a Director must disclose any personal interest in a matter and may not vote in respect of that matter, subject to certain limited exceptions. As permitted under the Companies Act, the Articles provide that the non conflicted Directors of the Company may authorise a conflict or potential conflict for a particular matter. In doing so, the non conflicted Directors must act in a way they consider, in good faith, will be most likely to promote the success of the Company for the benefit of the shareholders as a whole.

The Directors (other than a Director acting in an executive capacity) are paid fees for their services, which in total must not exceed £2,000,000 a year or any higher sum as decided by an ordinary resolution at a general meeting of shareholders. In addition, special pay may be awarded to a Director who acts in an executive capacity, serves on a committee, performs services which the Directors consider to extend beyond the ordinary duties of a Director, devotes special attention to the business of National Grid or goes or lives abroad on the Company's behalf. Directors may also receive reimbursement for expenses properly incurred, and may be awarded pensions and other benefits. The compensation awarded to the Executive Directors is determined by the Remuneration Committee (see page 90) and further details of Directors' remuneration are set out in the Remuneration Report (see pages 90 to 106).

The Directors are empowered to exercise all the powers of National Grid to borrow money, subject to the limitation that the aggregate principal amount of all borrowings of its group outstanding at any time must not exceed £35 billion or any other amount approved by shareholders by an ordinary resolution at a general meeting.

Directors can be appointed or removed by the Board or shareholders in a general meeting. Directors must stand for election at the first AGM following their appointment to the Board. Each Director must retire at least every three years but will be eligible for re-election. In accordance with best practice introduced by the UK Corporate Governance Code, all Directors wishing to continue in office currently offer themselves for re-election annually.

No person is disqualified from being a Director or is required to vacate that office by reason of attaining a maximum age.

A Director is not required to hold shares in National Grid in order to qualify as a Director.

### Rights, preferences and restrictions

#### (i) Dividend rights

National Grid may not pay any dividend otherwise than out of profits available for distribution under the Companies Act and other applicable provisions of English law. In addition, as a public company, National Grid may only make a distribution if, at the time of the distribution, the amount of its net assets is not less than the aggregate of its called up share capital and undistributable reserves (as defined in the Companies Act) and to the extent that the distribution does not reduce the amount of those assets to less than that aggregate. Subject to the foregoing, shareholders may, by ordinary resolution, declare dividends in accordance with the respective rights of the shareholders but not exceeding the amount recommended by the Board. The Board may pay interim dividends if it considers that National Grid's financial position justifies the payment. Except insofar as the rights attaching to any share otherwise provide, all dividends will be apportioned and paid proportionately to the amounts paid up (otherwise than in advance of calls) on the shares. Any dividend or interest unclaimed for 12 years from the date when it was declared or became due for payment will be forfeited and revert to National Grid.

**(ii) Voting rights**

Subject to any rights or restrictions attached to any shares and to any other provisions of the Articles, at any general meeting on a show of hands, every shareholder who is present in person will have one vote and on a poll, every shareholder will have one vote for every share which they hold. On a show of hands or poll, shareholders may cast votes either personally or by proxy and a proxy need not be a shareholder. Under the Articles, all substantive resolutions at a general meeting must be decided on a poll and resolutions, of a procedural nature are decided by a show of hands, unless a poll is demanded in accordance with the Articles.

**(iii) Liquidation rights**

In a winding up, a liquidator may, in each case with the sanction of a special resolution passed by the shareholders and any other sanction required under English law, (a) divide among the shareholders the whole or any part of National Grid's assets (whether the assets are of the same kind or not) and may, for this purpose, value any assets and determine how the division should be carried out as between shareholders or different classes of shareholders, or (b) transfer any part of the assets to trustees on trust for the benefit of the shareholders as the liquidator determines, but in neither case will a shareholder be compelled to accept assets upon which there is a liability.

**Variation of rights**

Subject to applicable provisions of English law, the rights attached to any class of shares of National Grid may be varied or cancelled with the written consent of the holders of three quarters in nominal value of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

**General meetings**

AGMs must be convened each year within six months of the Company's accounting reference date upon advance written notice of 21 clear days. Any other general meeting may be convened provided at least 14 clear days' written notice is given, subject to annual approval of shareholders. In certain limited circumstances, the Company can convene a general meeting by shorter notice. The notice must specify, among other things, the nature of the business to be transacted, the place, the date and the time of the meeting.

**Rights of non residents**

There are no restrictions under National Grid's Articles that would limit the rights of persons not resident in the UK to vote in relation to ordinary shares.

**Disclosure of interests**

Under the Companies Act, National Grid may by written notice require a person whom it has reasonable cause to believe to be or to have been in the last three years interested in its shares to provide additional information relating to that interest. Under the Articles, failure to provide such information may result in a shareholder losing their rights to attend, vote or exercise any other right in relation to shareholders' meetings.

Under the UK Disclosure and Transparency Rules, there is also an obligation on a person who acquires or ceases to have a notifiable interest in shares in National Grid to notify the Company of that fact. The disclosure threshold is 3% and disclosure is required each time the person's direct and indirect holdings reach, exceed or fall below each 1% threshold thereafter.

The UK City Code on Takeovers and Mergers imposes strict disclosure requirements with regard to dealings in the securities of an offeror or offeree company, and also on their respective associates, during the course of an offer period. Other regulators in the UK, US and elsewhere may have, or assert, notification or approval rights over acquisitions or transfers of shares.

**Material contracts**

Each of our Executive Directors has a service agreement and each Non-executive Director has a letter of appointment. No contract (other than contracts entered into in the ordinary course of business) has been entered into by National Grid within the two years immediately preceding the date of this report which is, or may be, material; or which contains any provision under which any member of National Grid has any obligation or entitlement which is material to National Grid at the date of this report.

**Exchange controls**

There are currently no UK laws, decrees or regulations that restrict the export or import of capital, including, but not limited to, foreign exchange control restrictions, or that affect the remittance of dividends, interest or other payments to non UK resident holders of ordinary shares except as otherwise set out in Taxation below and except in respect of the governments of and/or certain citizens, residents or bodies of certain countries (described in applicable Bank of England Notices or European Union Council Regulations in force as at the date of this document).

**Taxation**

This section discusses certain US federal income tax and UK tax consequences of the ownership of ADSs and ordinary shares by certain beneficial holders thereof. This discussion applies to holders who qualify for benefits under the income tax convention between the US and the UK (the Tax Convention) and are a resident of the US for the purposes of the Tax Convention and are not resident or ordinarily resident in the UK for UK tax purposes at any material time (a US Holder).

US Holders generally will be entitled to benefits under the Tax Convention if they are:

- the beneficial owner of the ADSs or ordinary shares, as applicable, and of any dividends that they receive;
- an individual resident or citizen of the US, a US corporation, or a US partnership, estate, or trust (but only to the extent the income of the partnership, estate, or trust is subject to US taxation in the hands of a US resident person); and
- not also a resident of the UK for UK tax purposes.

If a US Holder holds ADSs or ordinary shares in connection with the conduct of business or the performance of personal services in the UK or otherwise in connection with a branch, agency or permanent establishment in the UK, then the US Holder will not be entitled to benefits under the Tax Convention. Special rules, including a limitation of benefits provision, apply in limited circumstances to ADSs or ordinary shares owned by an investment or holding company. This section does not discuss the treatment of holders described in the preceding two sentences. This section does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any particular investor. National Grid has assumed that shareholders, including US Holders, are familiar with the tax rules applicable to investments in securities generally and with any special rules to which they may be subject. In particular, the discussion deals only with investors that will beneficially hold ADSs or ordinary shares as capital assets and does not address the tax treatment of investors that are subject to special rules, such as banks, insurance companies, dealers in securities or currencies, partnerships or other entities classified as partnerships for US federal income tax purposes, persons that control (directly or indirectly) 10% or more of our voting stock, persons that elect mark-to-market treatment, persons that hold ADSs or ordinary shares as a position in a straddle, conversion transaction, synthetic security, or other integrated financial transaction, persons who are liable for the alternative minimum tax, and persons whose functional currency is not the dollar.



## Additional disclosures continued

The statements regarding US and UK tax laws and administrative practices set forth below are based on laws, treaties, judicial decisions and regulatory interpretations in effect on the date of this document. These laws and practices are subject to change without notice, possibly with retrospective effect. In addition, the US statements set forth below are based on the representations of The Bank of New York Mellon as depositary (the Depositary). These statements assume that each obligation provided for in, or otherwise contemplated by, the deposit agreement entered into between National Grid Transco plc (now National Grid plc), the Depositary and the registered holders of ADRs, pursuant to which ADSs have been issued, dated as of 21 November 1995 and amended and restated as of 1 August 2005, and any related agreement, will be performed in accordance with its terms. Beneficial owners of ADSs who are residents or citizens of the US will be treated as the owners of the underlying ordinary shares for the purposes of the US Internal Revenue Code.

For the purposes of the Tax Convention, the Estate Tax Convention and UK tax considerations, we have assumed that a holder of ADRs will be treated as the owner of the ordinary shares represented by those ADSs and this section is based on that assumption. Despite a recent ruling by the First-Tier Tax Tribunal in the UK that has cast doubt on this view, HM Revenue & Customs have stated that they will continue to apply their longstanding practice of treating such an ADR holder as holding the beneficial interest in the underlying shares. As such, this is an area of some uncertainty that may be subject to further developments.

A US Holder should consult their own advisor as to the tax consequences of the purchase, ownership and disposition of ADSs or ordinary shares in light of their particular circumstances, including the effect of any state, local or other national laws.

### Taxation of dividends

Under the Tax Convention, the UK is allowed to impose a 15% withholding tax on dividends paid to US shareholders controlling less than 10% of the voting capital of National Grid. The UK does not, however, currently impose a withholding tax on such dividends.

Cash distributions received by a US Holder with respect to their ADSs or ordinary shares generally will be treated as foreign source dividend income subject to US federal income taxation as ordinary income, to the extent paid out of National Grid's current or accumulated earnings and profits, as determined under US federal income tax principles. The dollar amount of dividends received by certain non corporate US Holders with respect to ADSs or ordinary shares before 1 January 2013 will generally be subject to taxation at a maximum rate of 15% if National Grid (i) is eligible for the benefits of the Tax Convention and (ii) was not, in the year prior to the year in which the dividend was paid, and is not, in the year in which the dividend is paid, a passive foreign investment company (PFIC). Based on National Grid's audited financial statements and relevant market and shareholder data, National Grid believes that it was not treated as a PFIC for US federal income tax purposes with respect to its taxable years ending 31 March 2011 and 2012. In addition, based on its current expectations regarding the value and nature of its assets, the sources and nature of its income, and relevant market and shareholder data, National Grid does not anticipate becoming a PFIC in the foreseeable future. Dividends paid by National Grid to corporate US Holders will not be eligible for the dividends received deduction generally allowed to corporations.

### Taxation of capital gains

US Holders will not be liable for UK taxation on any capital gain realised on the disposal of ADSs or ordinary shares.

Sales or other taxable dispositions of ADSs or ordinary shares by a US Holder generally will give rise to US source capital gain or loss equal to the difference between the dollar value of the amount realised on the disposition and the US Holder's dollar basis in the shares or ADSs. Any such capital gain or loss generally will be long-term capital gain or loss, currently subject to taxation at reduced rates for non corporate taxpayers, if the ordinary shares or ADSs were held for more than one year. The deductibility of capital losses is subject to limitations.

### UK stamp duty and stamp duty reserve tax (SDRT)

**Transfers of ordinary shares** — SDRT at the rate of 0.5% of the amount of value of the consideration will generally be payable on any agreement to transfer ordinary shares that is not completed by the execution of a duly stamped instrument of transfer to the transferee. Where an instrument of transfer is executed and duly stamped before the expiry of the period of six years beginning with the date on which the agreement is made, the SDRT liability will be cancelled, and, if a claim is made within the specified period, any SDRT which has been paid will be refunded. SDRT is due whether or not the agreement or transfer of such chargeable securities is made or carried out in the UK and whether or not any party to that agreement or transfer is a UK resident. Purchases of ordinary shares completed by execution of a stock transfer form will generally give rise to a liability to UK stamp duty at the rate of 0.5% (rounded up to the nearest £5) of the amount or value of the consideration. Paperless transfers under the CREST paperless settlement system will generally be liable to SDRT at the rate of 0.5%, and not stamp duty. SDRT is generally the liability of the purchaser and UK stamp duty is usually paid by the purchaser or transferee.

**Transfers of ADSs** — No UK stamp duty will be payable on the acquisition or transfer of existing ADSs or beneficial ownership of ADSs, provided that any instrument of transfer or written agreement to transfer is executed outside the UK and remains at all times outside the UK. An agreement for the transfer of ADSs in the form of ADRs will not give rise to a liability for SDRT. A charge to stamp duty or SDRT may arise on the transfer of ordinary shares to the Depositary or The Bank of New York Mellon as agent of the Depositary (the Custodian). The rate of stamp duty or SDRT will generally be 1.5% of the value of the consideration or, in some circumstances, the value of the ordinary shares concerned. However, following a recent ruling by the First-Tier Tax Tribunal in the UK, there is no 1.5% SDRT charge on the issue of ordinary shares (or, where it is integral to the raising of new capital, the transfer of ordinary shares) to the Depositary or the Custodian. The Depositary will generally be liable for the stamp duty or SDRT. In accordance with the terms of the Depositary Agreement, the Depositary will charge any tax payable by the Depositary or the Custodian (or their nominees) on the deposit of ordinary shares to the party to whom the ADSs are delivered against such deposits. If the stamp duty is not a multiple of £5, the duty will be rounded up to the nearest multiple of £5.

### US information reporting and backup withholding

Dividend payments made to US Holders and proceeds paid from the sale, exchange, redemption or disposal of ADSs or ordinary shares to US Holders may be subject to information reporting to the US Internal Revenue Service (IRS). Such payments may be subject to backup withholding taxes unless the holder (i) is a corporation or other exempt recipient or (ii) provides a taxpayer identification number on a properly completed IRS Form W-9 and certifies that no loss of exemption from backup withholding has occurred.

US Holders should consult their tax advisors regarding these rules and any other reporting obligations that may apply to the ownership

or disposition of ADSs or ordinary shares, including reporting requirements related to the holding of certain foreign financial assets.

### UK inheritance tax

An individual who is domiciled in the US for the purposes of the Estate Tax Convention and who is not a national of the UK for the purposes of the Estate Tax Convention will generally not be subject to UK inheritance tax in respect of the ADSs or ordinary shares on the individual's death or on a gift of the ADSs or ordinary shares during the individual's lifetime, unless the ADSs or ordinary shares are part of the business property of a permanent establishment of the individual in the UK or pertain to a fixed base in the UK of an individual who performs independent personal services. Special rules apply to ADSs or ordinary shares held in trust. In the exceptional case where the ADSs or shares are subject both to UK inheritance tax and to US federal gift or estate tax, the Estate Tax Convention generally provides for the tax paid in the UK to be credited against tax paid in the US.

### Documents on display

National Grid is subject to the filing requirements of the Exchange Act, as amended. In accordance with these requirements, we file reports and other information with the SEC. These materials, including this document, may be inspected during normal business hours at our registered office 1-3 Strand, London WC2N 5EH or at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. For further information about the Public Reference Room, please call the SEC at 1-800-SEC-0330. Some of our filings are also available on the SEC's website at www.sec.gov.

### Description of securities other than equity securities depository fees and charges

The Bank of New York Mellon, as Depositary, collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The Depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The Depositary may generally refuse to provide fee attracting services until its fees for those services are paid.

Persons depositing or withdrawing shares must pay:	For:
\$5.00 per 100 ADSs (or portion of 100 ADSs)	Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property; cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates; distribution of securities distributed to holders of deposited securities which are distributed by the Depositary to ADS registered holders.
\$0.02 or less per ADS (or a portion thereof)	Cash distributions to holders, except for distributions of cash dividends.
Registration or transfer fees	Transfer and registration of shares on our share register to or from the name of the Depositary or its agent when they deposit or withdraw shares.
Expenses of the Depositary	Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement); converting foreign currency to dollars.
Taxes and other governmental charges the Depositary or the Custodian has to pay on any ADS or share underlying an ADS, for example, stock transfer taxes, stamp duty or withholding taxes	As necessary.

### Depository payments to the Company

The Depositary has agreed to reimburse the Company for expenses it incurs that are related maintenance expenses of the ADS programme. The Depositary has also agreed to pay the standard out of pocket maintenance costs for the ADSs, which consist of the expenses of postage and envelopes for mailing annual and interim financial reports, printing and distributing dividend cheques, electronic filing of US Federal tax information, mailing required tax forms, stationery, postage, facsimile and telephone calls. It has also agreed to reimburse the Company annually for certain investor relationship programmes or special investor relations promotional activities. There are limits on the amount of expenses for which the Depositary will reimburse the Company, but the amount of reimbursement available to the Company is not necessarily tied to the amount of fees the Depositary collects from investors. For the period 1 April 2011 to 9 May 2012, the Company received \$450,000.00 in reimbursements from the Depositary.

Any questions from ADS holders should be directed to The Bank of New York Mellon:

The Bank of New York Mellon  
Shareholder Correspondence  
PO Box 358516  
Pittsburgh, PA 15252-8516  
Telephone: 1-800-466-7215 (International +1-201-680-6825)  
Email: shrrelations@bnymellon.com

### Exchange rates

The following table shows the history of the exchange rates of one pound sterling to dollars for the periods indicated.

	Dollar equivalent of £1 sterling	
	High	Low
April 2012	1.6239	1.5830
March 2012	1.5981	1.5615
February 2012	1.5977	1.5668
January 2012	1.5780	1.5285
December 2011	1.5709	1.5391
	Average*	
2011/12		1.60
2010/11		1.57
2009/10		1.58
2008/09		1.54
2007/08		2.01

\*The average for each period is calculated by using the average of the exchange rates on the last day of each month during the period