

## **NATIONAL GRID PLC**

### **GROUP POLICY STATEMENT**

#### **PROTECTION & DISCLOSURE OF PRICE SENSITIVE INFORMATION**

##### **1 Objective**

- 1.1 This policy will allow National Grid to comply fully with its obligations as a listed company in respect of the protection and disclosure of market sensitive information, which is more formally known as “inside information” in the UK and “material non-public information” in the US. Recognising the different geographic locations of our employees, for the purposes of this policy, the term “price sensitive information” has been adopted to describe such information (and is defined below). The policy will in addition contribute both to the maintenance of an orderly market in National Grid’s listed securities and those issued by any of its subsidiary companies and to the prevention of market abuse, insider dealing and other similar offences.
- 1.2 Inappropriate disclosure or other use of price sensitive information may, depending upon the circumstances, expose National Grid, its directors and any individual responsible for such behaviour to criminal prosecution (including a fine or imprisonment) as well as civil proceedings in the United Kingdom, the United States and other jurisdictions.
- 1.3 The key legislation and sources of best practice that have input into this policy are:
  - Financial Services and Markets Act 2000;
  - The Financial Conduct Authority’s Listing Rules, Prospectus Rules and Disclosure Rules and Transparency Rules;
  - US Securities Exchange Act of 1934; and
  - Rules of the New York Stock Exchange.

##### **2 Scope**

This policy applies to all of the companies within National Grid. For Associate Companies and Jointly Controlled Entities, National Grid will seek to promote the adoption of policies consistent with the principles set out in this document.

##### **3 Policy Framework**

- 3.1 National Grid will comply fully with its obligations as a listed company with respect to the protection and disclosure of price sensitive information as required by law and by the applicable regulations of stock exchanges on which its securities are listed and traded. This will contribute both to the maintenance of an orderly market in National Grid’s listed securities and to the prevention of improper disclosure and use of price sensitive information by:

- ensuring the timely identification and escalation of price sensitive information;
  - denying access to price sensitive information to persons other than those who require it for the proper exercise of their roles;
  - ensuring the timely release of price sensitive information where such disclosure is required;
  - ensuring any price sensitive information that is released meets the appropriate standard;
  - co-ordinating the announcement of price sensitive information, using appropriate information services, to markets on which its securities are listed and traded; and
  - refraining from comment on rumour and market speculation, unless appropriate public disclosure is required.
- 3.2 National Grid is required to announce as soon as possible information about any major new developments that directly or indirectly concern it, that is not generally available and, which if it were generally available, would be likely to have a significant effect on the price of its securities or of related investments. Generally, no announcement is required in relation to impending developments or matters in the course of negotiation where confidentiality can be maintained, where National Grid has legitimate interests to protect, and where this will not mislead the public. Information may, in certain circumstances, be disclosed in confidence to those persons who reasonably need to be made aware of it (e.g. professional advisers, regulators, trade unions and credit rating agencies).
- 3.3 Accordingly, any release of price sensitive information must be made only by those authorised to do so and only following verification of its contents. Generally, no comment should be made to third parties, whether voluntarily or in response to any queries, press or market speculation.
- 3.4 Each business within National Grid must ensure compliance with this policy with appropriate procedures or actions to ensure that price sensitive information is protected, that it is escalated in a timely manner to the Directors of National Grid and of any relevant subsidiary company and that its disclosure is co-ordinated and released by those authorised to do so.

#### **4 Related Group Policies and Other Documents**

- Disclosure Procedures – Appendix A
- Share Dealing Rules – Appendix B
- Matters reserved for the Board
- Information & Records Management Policy
- Requirement for Written Codes of Ethics for Employees - Doing the Right Thing

#### **5 Key Contacts**

This policy is written and maintained by the Group General Counsel and Company Secretary to whom questions regarding its content or application should be addressed. The Group General Counsel and Company Secretary will

be responsible for (a) monitoring compliance with this policy and (b) facilitating communication of it throughout the Group.

## 6 Monitoring and Compliance

- 6.1 The Group General Counsel and Company Secretary will review compliance with this policy statement every six months. Changes recommended to enhance its effectiveness will be drawn to the attention of the Board of National Grid.
- 6.2 Each business within National Grid must ensure that it has the necessary arrangements in place to monitor and report compliance against this policy as required by the Group Compliance Management Procedure. Associate Companies and Jointly Controlled Entities will be encouraged to put in place similar arrangements to enable compliance to be reported on a similar basis.

## 7. Definitions

**Price sensitive information:** This is information that is precise, not generally available, relates directly or indirectly to National Grid or its securities and would, if generally available, be likely to have a significant effect on the price of National Grid's securities and/or of related investments. It also includes information that would have a substantial likelihood of affecting a reasonable investor's decision to buy, sell or hold shares or other securities in National Grid. In determining whether or not information is price sensitive information, there are no materiality thresholds as to what constitutes a significant effect on price.

Price sensitive information may include, amongst other things, information about:

- certain planned or actual events that are regarded as inherently price-sensitive and are generally identified by stock exchanges as requiring formal announcement. Such events include the full year, half year, interim management statements (IMS) or other announcements of financial results; dividends and dividend policy announcements; profits warnings; significant changes to deviations from market expectations for National Grid's business, financial performance or financial condition; Board appointments and departures; share dealings by the Directors of National Grid, others discharging managerial responsibilities and its major shareholders; mergers, acquisitions, joint ventures and disposals above a certain size; alterations to capital structure including the issue and/or redemption of securities; and the purchase by National Grid of its own securities; new investments or financings; changes in auditors; and
- certain other planned or actual circumstances or events that are less easy to define but may include, for example, in respect of National Grid or any company within its group: significant regulatory or governmental decisions; major new developments in National Grid's sphere of activity (e.g. substantial projects, the winning or placing of a large contract); the

initiation of a major internal restructuring; material litigation; or the discovery of a major technical defect or health hazard.

**Associate Company:** An associate is an entity, including an unincorporated entity such as a partnership, in which the National Grid is an investor, over which the National Grid has significant influence, and that is neither a subsidiary nor a jointly controlled entity.

**Jointly Controlled Entity:** A jointly controlled entity is an entity, including an unincorporated entity such as a partnership, where control of strategic financial and operating decisions of the entity is shared contractually by National Grid with other investors.

## **8. Timing**

This policy is effective from July 2005 and was last updated in November 2013.

The policy is scheduled for review in December 2014 or sooner if required to reflect changes in law or regulation or to enhance its effectiveness.

## APPENDIX A

### NATIONAL GRID PLC DISCLOSURE PROCEDURES

*The following procedures apply to all public announcements or disclosures released by the Company to the stock exchanges or other regulated markets on which its equity and debt securities are listed, related presentations and meetings. These procedures also apply to equivalent activities of other National Grid companies unless covered by their own specific procedures or similar controls.*

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## NATIONAL GRID PLC

### DISCLOSURE PROCEDURES

#### 1 Background

- 1.1 The UK Disclosure Rules and Transparency Rules of the Financial Conduct Authority (the “**Disclosure Rules**”) require that National Grid plc (the “**Company**”) notify a Regulatory Information Service (“**RIS**”) as soon as possible of any inside information which directly concerns the Company or its subsidiaries (“**National Grid**”).
- 1.2 The Disclosure Rules also require that the Company take all reasonable care to ensure that any statement, forecast or other information that it notifies to an RIS is not misleading, false or deceptive and does not omit anything likely to affect the import of such statement, forecast or information.
- 1.3 Under certain circumstances, the US Securities Exchange Act of 1934 requires the prompt disclosure of material non-public information. “Material non-public information” is information that would have a substantial likelihood of affecting a reasonable investor’s decision to buy, sell or hold shares. However, where inside or material non-public information will be disclosed in the United Kingdom, that information must also be made available in the United States. In addition, the rules of the New York Stock Exchange require a listed company to release quickly to the public any news or information which might reasonably be expected materially to affect the market for its securities.
- 1.4 Both UK and US law and regulation may impose civil and criminal liability on the Company, its directors and/or officers for public disclosures that are not made in a timely manner, or are false or misleading.
- 1.5 These Disclosure Procedures are intended to capture and address both UK ‘inside information’ and US ‘material non-public information’. Going forward in these procedures the term ‘**price sensitive information**’ (as defined in the Group Policy Statement on the Protection Disclosure of Price Sensitive Information) is used to capture both of these expressions.

#### 2 Responsibility for determining if information is price sensitive

Whether any event or circumstance is price sensitive information shall be determined by any of the following persons as appropriate:

- any Director of the Company;
- Director of Investor Relations;

- Group General Counsel and Company Secretary; and
- Group Tax and Treasury Director

In determining whether such information is price sensitive information, advice should be sought from Group Investor Relations, the corporate centre Legal Team, the Company’s corporate broker(s), external lawyers and/or its financial advisor(s) as appropriate.

The Company’s Disclosure Committee, to the extent required by its terms of reference or as otherwise agreed between its members, may need to review the announcement.

Where information is identified as price sensitive information, the Company is obliged to announce this via an RIS as soon as possible unless a delay in making an announcement is permitted in accordance with the Disclosure Rules (see paragraph 3.2).

A written record should be kept of formal analysis of whether a material event or circumstance is or might constitute price sensitive information. This record should include a note of any advice received from the Company’s external advisors unless provided by the relevant advisor separately.

### **3 Announcements**

#### **3.1 Authorising release**

Announcements of price sensitive information require approval as follows. Where the relevant body/person is not available then the next category below may authorise:

<b>Approved by</b>	<b>To note</b>
1. Board	As per the “Matters reserved to the Board”, The Board should approve the release of price sensitive information, including full and half year financial results statements and IMSs. The Board may delegate its authority to approve to a committee established for the purpose
2. Chief Executive	A copy of the announcement to be circulated to other Directors as soon as practicable
3. Finance Director	A copy of the announcement to be circulated to other Directors as soon as practicable



<p>4. Any one of the following:</p> <ul style="list-style-type: none"> <li>• Other Director</li> <li>• Director of Investor Relations</li> <li>• Group General Counsel and Company Secretary</li> <li>• Group Tax and Treasury Director</li> </ul>	<p>Where none of the above are available or the announcement does not contain price sensitive information</p>
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### 3.2 Timing and delay of announcements

Under the UK Disclosure Rules an issuer has to notify an RIS **as soon as possible**. However the Financial Conduct Authority (FCA) guidance indicates that a “short delay” is allowed if necessary to clarify the situation in relation to an “unexpected and significant event” and holding announcements should be used where there is a danger of a leak.

The announcement of price sensitive information may also be delayed if required to avoid prejudice to the issuer’s **legitimate interests** as long as

- the omission is not likely to mislead the public; and
- the issuer is able to ensure that confidentiality is maintained.

Legitimate interests could include ongoing negotiations (e.g. for an acquisition) likely to be affected by the disclosure. There are similar rules in the US.

Unacceptable delay can have serious consequences and therefore any decision to delay should to be authorised by the same people who are able to authorise disclosure (see paragraph 3.1 above).

Where a delay has been agreed, a holding announcement that complies with the Disclosure Rules must be released and thereafter updated as necessary.

### 3.3 Contents of an announcement

Any person responsible for preparing an announcement to be notified to an RIS must ensure that such announcement:

- is not misleading, false or deceptive and does not omit anything likely to affect the import of such statement, forecast or information.
- complies with any specific requirements set out in the Disclosure Rules, for example, in relation to transactions, appointments of directors or dealings by persons discharging managerial responsibilities.

- complies with the requirements of any other legal or regulatory obligations in the UK, the US or other relevant jurisdiction e.g. the inclusion where appropriate of up to date safe harbour language for any forward looking statements.
- does not include any statements designed to market or promote the Company's activities that result in the announcement becoming misleading e.g. where an adverse event or circumstance is obscured by other more positive matters.
- has been appropriately verified. The nature and extent of verification of its contents will depend upon the subject matter of the announcement but should include:
  - confirmation as to the accuracy of facts where necessary from business and corporate centre functions; and (where necessary); and
  - review and input from the Company's external advisers.
- has been circulated for review to the functions referred to in paragraph 2 (if not being prepared by those functions) together with any other functions that are relevant to the subject matter and that external advisers are consulted as appropriate.

NB: Where announcements relate to a director's dealings or other administrative matters these will not be routinely circulated unless they are of an exceptional nature but will be circulated to Investor Relations, Media Relations and other relevant corporate centre functions for information.

### **3.4 Method of announcement via RIS**

- Price sensitive information must be published as soon as possible via an RIS released by Investor Relations, Company Secretariat or the Company's corporate brokers.
- A copy of the announcement must be placed on the Company's web site by the close of business on the business day following the day of the announcement.

The Company's announcements are automatically placed on the Group's web site; however, this should be confirmed where the announcement is material. All information required to be released via RIS must remain on the web site for a period one year from publication. Publication on the web site is not an alternative to release of an RIS.

- The announcement will need to be furnished to the SEC on Form 6-K. Material announcements are filed simultaneously / same day.

This will be normally undertaken by Company Secretariat. The rules of the NYSE require release of news which ought to be the subject of immediate publicity by the fastest possible means. Announcements involving price sensitive information will also be sent to the NYSE and released into the US through global newswires.

- If an announcement contains price sensitive information and is being released shortly before or during US trading hours, the Company's NYSE representative should be notified by telephone at least 10 minutes before release. When the announcement is in written form, the text should also be provided to the NYSE by email at least 10 minutes before release (email: [nyxalert@nyx.com](mailto:nyxalert@nyx.com)).

In such a case, Investor Relations will facilitate this with the assistance of the corporate centre Legal team.

### **3.5 Disclosure through other media**

Market announcements should be made through the appropriate channels, which will normally be via an RIS. However the disclosure of price sensitive information can inadvertently happen through a variety of channels – including new social media such as Twitter, Facebook, forums, blogs and iPhone applications. The danger is that such release of information through these channels may not be carefully considered or accurate. Company employees need to be aware of the risks associated with the disclosure of price sensitive information and therefore all related communications must be cleared with Investor Relations or Media Relations (depending on which is leading the announcement) and, in any event, Investor Relations, and, where appropriate those listed in paragraph 2, will determine if price sensitive information is included. Use of social media, including corporate blogs, employee blogs, chat boards, Facebook, LinkedIn, Twitter, YouTube and any other non-traditional means of communication, to disclose price sensitive information could be in breach of this policy.

## **4 Selective disclosure**

Where delay in disclosure is permitted by the Disclosure Rules (see paragraph 3.2 above) selective disclosure of price sensitive information to third parties is allowed under certain conditions as follows:

- for legitimate business reasons,
- on a need to know basis only; and
- where a duty of confidentiality exists.

Such third parties can include professional advisers, negotiating counterparties, lenders, major shareholders, regulators, government departments, the Bank of England and other statutory bodies, credit-rating agencies and employee representatives and trade unions.

The Disclosure Rules indicate that this list is non-exhaustive. However, if it is proposed that selective disclosure be made to a person who does not fall into one of the above categories, advice should be taken from the corporate centre Legal Team beforehand.

It would normally be expected that the duty to keep information confidential would be recorded in writing between the Company and the third party. A draft confidentiality agreement can be obtained from the corporate centre Legal Team. In certain cases, it will not be possible to obtain a written undertaking e.g. from regulators. In this case, all practical steps must be taken to preserve confidentiality, including making the recipient aware that the subject matter is price sensitive information before disclosure and ensuring that any documentation supplied is marked appropriately.

Where selective disclosure of price sensitive information is to be made to persons who are not subject to confidentiality obligations (e.g. a presentation to analysts), an announcement must be made before or simultaneously with such disclosure.

Where there has been an unintentional selective disclosure (e.g. an inadvertent comment in a meeting with an analyst or investor not under a confidentiality obligation), the recipient should be requested to keep the information confidential and an announcement should be made as soon as possible following the disclosure.

## **5 Meetings**

Only those persons authorised to do so should conduct meetings with analysts, investors, potential investors or members of the press.

No person should conduct a meeting with analysts, investors, potential investors or members of the press unaccompanied. Any such meeting should be conducted in the presence of another employee of the Company (a representative of Investor Relations, Media Relations or Treasury, in the case of debt related matters or, if they are not available, they should be notified of the meeting) or a representative of one of the Company's advisers, unless approved beforehand by the Chief Executive or Finance Director.

A note of the material matters discussed at the meeting should be made and retained (and copied to Investor Relations or Treasury for debt related matters if they are not represented at the meeting).

If a disclosure of price sensitive information occurs or may have occurred during a meeting, Investor Relations should be advised immediately and the issuing of an announcement must be considered.

## **6 Rumours**

If there are rumours regarding National Grid, then the Company needs to assess whether it has a disclosure obligation.

If the rumour relates to price sensitive information and is true, that may show there has been a failure to maintain confidentiality and therefore National Grid is unlikely to be able to delay disclosure and will need to notify the markets as soon as possible.

Knowledge that a rumour is false is unlikely to be price sensitive information, and if it is, National Grid is likely to be able to delay announcement. However, although there is normally no obligation to respond to rumours which are without substance, the inaccuracy of some details in a story or rumour will not, of itself, justify non-disclosure of price sensitive information.

## **7 Leaks**

An announcement is generally necessary if a leak has occurred or is likely. As with rumours (see paragraph 6 above) if the leak is largely accurate, an announcement should be made; if it is unfounded probably not; it is not necessary in itself to deny a rumour and holding announcements should be made where confidentiality cannot be maintained.

Strategic leaks are not permitted. Where these are designed to be advantageous to a party to a transaction, they are damaging to market confidence and generally do not serve shareholders' or investors' wider interests. The FCA is focussed on this and has called for senior management to establish a firm culture that actively discourages leaks.

## **8 Presentations**

Care must be taken to ensure that any presentation:

- does not contain price sensitive information, even inadvertently, unless it is also being announced;
- has been verified; and
- where it is made in support of an announcement or contains information that will be announced, that the presentation and the announcement are aligned.

Those preparing the presentation should ensure that it has been reviewed and authorised in accordance with paragraphs 2 and 3.1.

Scripts for presentations should generally be prepared and subject to the same scrutiny as presentation slides.

## **9 Other communications with third parties**

- The Company's policy in response to speculation in the press and/or other market rumour is one of "no comment".
- Only those authorised to do so should deal with requests for comment or other information requests, i.e.:
  - Investor Relations in relation to matters relating to the Company's equity listings;
  - Treasury on matters relating to the National Grid's listed debt securities; and
  - Media and Communications on questions and comments from the financial and other press (unless agreed to be dealt with by Investor Relations and/or Treasury).

## **10 Financial Promotions**

**10.1** Certain announcements that the Company will be required to disseminate will be "non real-time financial promotions", the term for what used to be called "investment advertisements". Greater care must be taken in relation to announcements that are also financial promotions.

**10.2** A financial promotion is an invitation or inducement to engage in investment activity. Announcements that may be financial promotions include a release by the Company in connection with a bid encouraging shareholders to accept an offer and a profit forecast. Announcements that are not financial promotions include the announcement of the preliminary and half-year results.

**10.3** There is a basic prohibition on the communication by an unauthorised person of an invitation or inducement to engage in securities transactions unless the communication is made or approved by an authorised person (see 10.4 below) or it falls within one of the exemptions. Many announcements will be exempt, for example, there is an exemption for communications required or permitted by market rules.

**10.4** Before the Company releases an announcement that is also a financial promotion, it must review the financial promotion to ensure it complies with the relevant rules. The Company is not an "authorised person" under the Financial Services and Markets Act 2000, and therefore the contents of the financial promotion must be approved by a person who is authorised. This will be the Company's financial advisers (in the case of a transaction-specific announcement) or its brokers.

## APPENDIX B

### NATIONAL GRID PLC SHARE DEALING RULES

These Share Dealing Rules (the “**Rules**”) set out the limitations on the ability of directors, senior management and certain other employees of National Grid plc (the “**Company**”) and its subsidiary companies (together the “**Group**”) and persons connected with them to deal in the Group’s securities.

The freedom of directors, senior management and certain other employees of listed companies to deal in their companies’ securities is restricted in a number of ways, namely: by statute, by common law and by the requirements of the UK Financial Conduct Authority (the “**FCA**”) that listed companies adopt and apply a code of dealing based on the Model Code set out in the Listing Rules of the FCA.

The purpose of these Rules is to ensure that the individuals who are subject to them do not abuse, or do not place themselves under suspicion of abusing, material non-public information that they may have or be thought to have.

These Rules apply to dealings (e.g. the purchase or sale of securities, the exercise of options and any associated sale of securities (including derivatives)) in the Company’s shares which are traded on the London Stock Exchange and in the Company’s American Depositary Receipts (“**ADRs**”) which are traded on the New York Stock Exchange. They also apply to the Group’s other publicly listed securities, including debt securities, whether listed in the UK, the US or elsewhere.

The Group Company Secretariat maintains a share dealing register listing those people restricted from dealing under the Rules. Any director or employee whose name is required to be included in any insider list that the Company is required to establish under the FCA’s Disclosure Rules must also comply with these Rules.

#### **RELEVANT LEGISLATION**

Observance of the Rules does not dispense with the need to observe the law relating to dealing in securities in the United Kingdom, the United States or in any other jurisdiction to which the person concerned may be subject.

The UK Criminal Justice Act 1993 prohibits any individual from insider dealing. Under that Act, it is a criminal offence for an individual who has information as an insider to deal on a regulated market, or through or as a professional intermediary, in securities whose price would be significantly affected if the inside information were made public. It is also an offence to encourage insider dealing and to disclose inside information with a view to others profiting from it.



Under the UK Financial Services and Markets Act 2000, the FCA can impose an unlimited fine if it is satisfied that a person is or has engaged in (or has required or encouraged another to engage in) the civil offence of market abuse. Market abuse covers a number of types of behaviour (either action or inaction), in respect of securities, including the misuse of information not generally available to the market.

The FCA has also produced a Code of Market Conduct, which sets out the standards that should be observed by everyone who uses the UK's securities markets.

In the US, dealings by Company insiders are restricted under the Securities Exchange Act of 1934. The Securities Exchange Act makes it an offence to deal in securities of any company whose shares are publicly traded on the basis of material non-public information or to “tip” another person about such information.

Under US securities laws, “material non-public information” is information that would have a substantial likelihood of affecting a reasonable investor’s decision to buy, sell or hold shares.

These Rules are one of the Group’s policies and procedures and must be read as an addition to (and not instead of) the law. Clearance to deal in securities given under these Rules may not, in itself, provide a defence to a charge of insider dealing or market abuse if, for example, a person is in possession of any price sensitive information of which the person responsible for giving clearance is unaware.

Any dealing in breach of the law or these Rules will be regarded as a serious disciplinary offence.

The Company reserves the right to investigate any dealing which it believes may have breached these Rules.

## **HOW TO DEAL**

If you wish to deal in the Group’s securities at any time you must follow the Dealing Procedure (details of which are set out in the Appendix). Clearance to deal must be sought from and given by the person(s) set out in paragraph 4.

## **DEFINITIONS**

**1 In these Rules, the following definitions apply unless the context otherwise requires:**

- (a) **“Business Day”** means:
  - (i) in relation to anything done or to be done in (including to be submitted to a place in) any part of the United Kingdom, any day which is not a Saturday or Sunday, Christmas Day, Good Friday or a bank holiday in that part of the United Kingdom;
  - (ii) in relation to anything done or to be done by reference to a market outside the United Kingdom, any day on which that market is normally open for business.



- (b) “**Close Period**” means:
- (i) the shorter of (1) the period of 60 days immediately preceding the preliminary announcement of the Company’s annual results and (2) the period commencing 31 March up to and including the time of announcement of the Company’s annual results; and
  - (ii) the shorter of (1) the period of 60 days immediately preceding the publication of the Company’s half-yearly results and (2) the period commencing 30 September up to and including the time of such publication.
- (c) “**Connected Person**”<sup>1</sup> has the meaning given in section 96B(2) of the Financial Services and Markets Act 2000 except that for the purpose of the Rules it extends to Employee Insiders and includes:
- (i) a “connected person” within the meaning in section 346 of the Companies Act 1985<sup>2</sup> (reading that section as if any reference to a director of a company were a reference to a Restricted Person);
  - (ii) a relative of a Restricted Person, who, on the date of the transaction in question, has shared the same household as that person for at least 12 months;
  - (iii) a body corporate in which:
    - a. a Restricted Person within the Group; or
    - b. any person connected with him by virtue of subsection (i) or (ii),is a director or a senior executive who has the power to make management decisions affecting the future development and business prospects of that body corporate<sup>3</sup>;
  - (iv) the spouse, civil partner, children or step-children under 18 of the Restricted Person;

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<sup>1</sup> The term “connected person” broadly correlates to the term “insider” in the United States. However, the term “insider” may also include a person who, because of his or her special relationship with the Company (e.g. an auditor or other outside adviser), learns of “inside information”. Therefore, such persons should be discouraged from trading during any time they have knowledge of or access to “inside information”. Under the US federal securities laws, there is also a risk that family members and other close associates of Restricted Persons might be presumed to have the knowledge of such person.

<sup>2</sup> This definition is retained for the purposes of the Financial Services and Markets Act 2000 despite the section being otherwise repealed. It is narrower than the definition of ‘connected person’ in the Companies Act 2006 and does not include for instance children and step-children over 18, children and step-children of a civil partner under 18 and other persons with whom the Restricted Person lives in an enduring family relationship or the Restricted Person’s parents.

<sup>3</sup> The FCA has stated that where a Person Discharging Managerial Responsibility is also the director or senior manager of another company, that other company is only a “connected person” if the Person Discharging Managerial Responsibility has the power, i.e. alone, to control the other company.

- (v) a body corporate with which the Restricted Person is associated, i.e. where the Restricted Person and any other person(s) connected with him, in aggregate, either:
    - a. are interested in 20 per cent or more of the equity share capital; or
    - b. control 20 per cent or more of the voting power;
  - (vi) a person acting in his or her capacity as a trustee of a trust where the beneficiaries of the trust include any of the categories of persons in (iv) or (v) above (these restrictions do not apply to employee share schemes or pension schemes but do include discretionary trusts where any of the above mentioned categories of persons may be potential beneficiaries);
  - (vii) a person acting in his or her capacity as a partner of the Restricted Person or of a person connected with the Restricted Person.
- (d) **“Deal”** or **“Dealing”** includes:
- (i) any acquisition or disposal of, or agreement to acquire or dispose of any of the Securities;
  - (ii) entering into a contract (including a contract for difference) the purpose of which is to secure a profit or avoid a loss by reference to fluctuations in the price of any of the Securities;
  - (iii) the grant, acceptance, acquisition, disposal, exercise or discharge of any option (whether for the call, or put or both) to acquire or dispose of any of the Securities;
  - (iv) entering into, or terminating, assigning or novating any stock lending agreement in respect of the Securities;
  - (v) using as security, or otherwise granting a charge, lien or other encumbrance over the Securities;
  - (vi) any transaction, including a transfer for nil consideration, or the exercise of any power or discretion effecting a change of ownership of a beneficial interest in the Securities; or
  - (vii) any other right or obligation, present or future, conditional or unconditional, to acquire or dispose of any Securities.
- (e) **“Director”** means a director of the Company and **“Executive Director”** means a Director holding executive office.
- (f) **“Disclosure Rules”** is as defined in section 73A of the Financial Services and Markets Act 2000 as set out in the Market Abuse (Disclosure Rules) Instrument 2005.

- (g) **“Employee Insider”** means any employee of the Company or any other member of the Group whose name is required to be placed on an Insider List in accordance with the Disclosure Rules.
- (h) **“Inside Information”** is as defined in section 118C of the Financial Services and Markets Act 2000 and may be described as information which:
  - (i) is precise;
  - (ii) is not generally available;
  - (iii) relates, directly or indirectly, to the Company; and
  - (iv) would, if generally available, be likely to have a significant effect on the price of Securities or on the price of related investments.
- (i) **“Insider List”** means the list(s) that the Company is required to maintain, pursuant to the Disclosure Rules. The list(s) comprise(s) of persons employed or engaged by the Group who have access to Price Sensitive Information relating to the Company.

Any Insider List will include:

- (i) the name of the each person who has access to Price Sensitive Information;
- (ii) the reason why such person is on the Insider List;
- (iii) the date on which the person first had access to the Price Sensitive Information; and
- (iv) where a person no longer has access to Price Sensitive Information, the date on which this occurred.

Where an employee has been placed on the Insider List and at the time of requesting permission to Deal has Price Sensitive Information, clearance to Deal in Securities is only likely to be given in exceptional circumstances.

- (j) **“Material Non-Public Information”** means information that would have a substantial likelihood of affecting a reasonable investor’s decision to buy, sell or hold shares.
- (k) **“Person Discharging Managerial Responsibilities”** means:
  - (i) a director of the Company; or
  - (ii) a senior executive of the Group who:
    - a. has regular access to Price Sensitive Information relating, directly or indirectly, to the Company, and

- b. has power to make managerial decisions affecting the future development and business prospects of the Company.

- (l) **“Price Sensitive Information”** means information which is either Inside Information or Material Non-Public Information.

Such information could include, but is not limited to, the following:

- alterations to capital structure including the issue and/or redemption of securities;
- notification of major interests in Securities;
- purchase of own Securities;
- profit warnings;
- annual and half-yearly results and interim management statements;
- mergers, acquisitions and disposals;
- major new developments in the Company’s sphere of activity (e.g. substantial projects, contract awards or regulatory developments);
- significant changes to or deviations from market expectations for the Company’s business or financial performance or its financial condition;
- changes to the Board of Directors of the Company;
- significant share dealings by Directors;
- dividends and changes in dividend policy;
- decisions by regulators and governmental bodies; and
- material litigation.

- (m) **“Prohibited Period”** means:

- (i) any Close Period; or
- (ii) any period when there exists any matter which constitutes Price Sensitive Information.

**“Restricted Person”** means a Person Discharging Managerial Responsibility or an Employee Insider.

- (n) **“Securities”** means any publicly traded or quoted, securities of the Company or any member of its Group (including debt securities and

securities listed outside of the UK) or any securities that are convertible into such securities.

- (o) “**Trading Plan**” means a written plan between a Restricted Person and an independent third party which sets out a strategy for the acquisition and/or disposal of Securities by a specified person and:
- (i) specifies the amount of Securities to be dealt in and the price at which and the date on which the Securities are to be dealt in; or
  - (ii) gives discretion to that independent third party to make trading decisions about the amount of Securities to be dealt in and the price at which and the date on which the Securities are to be dealt in; or
  - (iii) includes a written formula or algorithm, or computer programme, for determining the amount of Securities to be dealt in and the price at which and the date on which the Securities are to be dealt in.

## **Exempt Dealings**

### **2 The following Dealings are not subject to the provisions of the Rules:**

- (a) undertakings or elections to take up entitlements under a rights issue or other offer (including an offer for shares instead of a cash dividend);
- (b) the take up of entitlements under a rights issue or other offer (including an offer of shares instead of a cash dividend);
- (c) allowing entitlements to lapse under a rights issue or other offer (including an offer of shares instead of a cash dividend);
- (d) the sale of sufficient entitlements nil-paid to allow take up of the balance of the entitlements under a rights issue;
- (e) undertakings to accept, or the acceptance of, a take-over offer;
- (f) dealing where the beneficial interest in the relevant Securities does not change;
- (g) transactions conducted between a Restricted Person and his or her spouse, civil partner, child or step-child (within the meaning of section 96(B) of the Financial Services and Markets Act 2000);
- (h) transfers of shares arising out of the operation of an employees’ share scheme into a savings scheme investing in Securities following:
  - (i) exercise of an option under a savings related share option scheme; or
  - (ii) release of shares from a profit sharing scheme;

- (i) with the exception of a disposal of Securities received by a Restricted Person as a participant, Dealings in connection with the Company's Sharesave Scheme(s); the Company's Share Incentive Plan(s); the Lattice Group All Employee Share Ownership Plan; the Company's Approved Executive Share Option Plan; the Company's Section 423(b) Employee Share Purchase Plan; Dealings in the Company's Section 401k Thrift Plans, to the extent made by the plan administrator pursuant to a pre-existing election made by a participant or by automated rebalancing (which includes, in this case, a disposal of Securities); and any other unapproved all employee plan;
- (j) the cancellation or surrender of an option under an employees' share scheme;
- (k) transfers of Securities by an independent trustee of an employees' share scheme to a beneficiary who is not a Restricted Person;
- (l) transfers of Securities already held by means of a matched sale and purchase into a saving scheme or into a pension scheme in which the Restricted Person is a participant or beneficiary;
- (m) an investment by a Restricted Person in a scheme or arrangement where the assets of the scheme (other than a scheme investing only in Securities) or arrangement are invested at the discretion of a third party;
- (n) a Dealing by a Restricted Person in the unit of an authorised unit trust or in shares in an open ended investment company; and
- (o) bona fide gifts to a Restricted Person by a third party.

### **Dealings by Restricted Persons**

- 3** A Restricted Person must not Deal in any Securities without obtaining clearance to Deal in advance in accordance with paragraph 4.

### **Clearance to Deal**

- 4** The persons listed in the table below must not deal in any Securities without first submitting a Form A (Restricted Person Request to Deal in Securities), as set out in the Appendix, and receiving clearance to deal as follows:

Dealing by	Advance clearance to deal provided by:
Chairman	Chief Executive and one other Executive Director*
Chief Executive	Chairman and one other Executive Director*
Other Director/Group General Counsel and Company Secretary	The Chairman or the Chief Executive and one other Executive Director*
Other Person Discharging Managerial Responsibilities and Employee Insider	Group General Counsel and Company Secretary or the Group Finance Director**

\*in each case being the minimum quorum required in accordance the Terms of Reference of the Directors' Dealings Committee and such that no Director shall approve their own Request to Deal in Securities.

\*\* who will, as appropriate, consult with the Chairman or another Director

**5 Notification to the relevant person(s) set out in paragraph 4 of the intention to Deal must be in writing and set out:**

- (a) the name of the person proposing to Deal;
- (b) the reason for responsibility to notify (if requested);
- (c) the fact that the transaction concerns Securities;
- (d) a description of the Securities that are the subject of the transaction (e.g. ordinary shares, ADRs);
- (e) the nature of the transaction (i.e. acquisition or disposal); and
- (f) the number of the Securities that are the subject of the transaction.

**6** The Company must maintain a written record of all notifications of Dealing received from Restricted Persons and of the Company's response to any Dealing request made by a Restricted Person including any clearance given. This record is maintained by the Group Company Secretariat. Any person authorised to give clearance under the Rules must promptly provide the Group Company Secretariat with copies of all notifications of Dealing received by them and any clearances granted.

- 7 The Group Company Secretariat, where required, will notify the FCA or another Regulatory Information Service, and the Restricted Person concerned, that such advice and clearance (if any) has been recorded.
- 8 A response to a request for clearance to Deal must be given to the relevant Restricted Person within five Business Days of the request being made.
- 9 A Restricted Person who is given clearance to Deal in accordance with paragraph 4 must Deal as soon as possible and in any event within two Business Days of clearance being received. If Dealing does not occur within this period, clearance lapses and further clearance must be obtained before Dealing may occur.
- 10 A Restricted Person must not be given clearance to Deal in any Securities:
  - (a) during a Prohibited Period;
  - (b) on considerations of a short term nature. An investment with a maturity of one year or less will always be considered to be of a short term nature; or
  - (c) where any person authorised to give clearance reasonably believes that the relevant Dealing is otherwise in breach of any of these Rules.

### **Dealing in Exceptional Circumstances**

- 11 A Restricted Person, who is not in possession of Price Sensitive Information in relation to the Company, may be given clearance to Deal if he or she is in severe financial difficulty or there are other exceptional circumstances. Clearance may be given for such a person to sell (but not purchase) Securities when he or she would otherwise be prohibited from doing so. The determination of whether the person in question is in severe financial difficulty or whether there are other exceptional circumstances can only be made by the person designated for this purpose.
- 12 A person may be in severe financial difficulty if he or she has a pressing financial commitment that cannot be satisfied otherwise than by selling the relevant Securities. A liability of such a person to pay tax would not normally constitute severe financial difficulty unless the person has no other means of satisfying the liability. A circumstance will be considered exceptional if the person in question is required by a court order to transfer or sell the Securities or there is some other overriding legal requirement for him to do so.



- 13** The Company should consult the FCA in relation to an application by a Restricted Person to Deal in exceptional circumstances.

**Awards or Grants of Securities and Options**

- 14** The grant of options by the Company under an employees' share scheme to individuals who are not Restricted Persons may be permitted during a Prohibited Period if such grant could not reasonably be made at another time and failure to make the grant would be likely to indicate that the Company was in a Prohibited Period.
- 15** The award by the Company of Securities, the grant of options and the grant of rights (or other interests) to acquire Securities to Restricted Persons is permitted in a Prohibited Period if:
- (a) the award or grant is made under the terms of an employees' share scheme and the scheme was not introduced or amended during the relevant Prohibited Period; and
  - (b) either:
    - (i) the terms of such employees' share scheme set out the timing of the award or grant and such terms have either previously been approved by shareholders or summarised or described in a document sent to shareholders; or
    - (ii) the timing of the award or grant is in accordance with the timing of previous awards or grants under the scheme; and
  - (c) the terms of the employees' share scheme set out the amount or value of the award or grant or the basis on which the amount or value of the award or grant is calculated and do not allow the exercise of discretion; and
  - (d) the failure to make the award or grant would be likely to indicate that the Company is in a Prohibited Period.

**Exercise of options**

- 16** Where the Company has been in an exceptionally long Prohibited Period or it has had a number of consecutive Prohibited Periods, clearance may be given to allow the exercise of an option or right under an employees' share scheme, or the conversion of any convertible Securities, where the final date for the exercise of such option or right, or conversion of such Securities, falls during a Prohibited Period and the Restricted Person could not reasonably have been expected to exercise it at a time when he or she was free to deal.

- 17 Where an exercise or conversion is permitted pursuant to paragraph 16, clearance may not be given for the sale of the Securities acquired pursuant to such exercise or conversion including the sale of sufficient Securities to fund the costs of the exercise or conversion and/or any tax liability arising from the exercise or conversion unless a binding undertaking to do so was entered into when the Company was not in a Prohibited Period.

#### **Qualification shares**

- 18 Clearance may be given to allow a director to acquire qualification shares where, under the Company's constitution, the final date for acquiring such shares falls during a Prohibited Period and the director could not reasonably have been expected to acquire those shares at another time.

#### **Saving Schemes**

- 19 A Restricted Person may enter into a scheme under which only the Securities are purchased pursuant to a regular standing order or direct debit or by regular deduction from the person's salary, or where such Securities are acquired by way of a standing election to reinvest dividends or other distributions received, or are acquired as part payment of the person's remuneration without regard to the provisions of these Rules, if the following provisions are complied with:
- (a) the Restricted Person does not enter into the scheme during a Prohibited Period, unless the scheme involves the part payment of remuneration in the form of Securities and is entered into upon the commencement of the person's employment or in the case of a non-executive director of the Company on his or her appointment to the board;
  - (b) the Restricted Person does not carry out the purchase of the Securities under the scheme during a Prohibited Period, unless the Restricted Person entered into the scheme at a time when the Company was not in a Prohibited Period and that person is irrevocably bound under the terms of the scheme to carry out a purchase of Securities (which may include the first purchase under the scheme) at a fixed point in time which falls in a Prohibited Period;
  - (c) the Restricted Person does not cancel or vary the terms of his or her participation, or carry out sales of Securities within the scheme during a Prohibited Period; and
  - (d) before entering into the scheme, cancelling the scheme or varying the terms of his or her participation or carrying out sales of the Securities

within the scheme, the Restricted Person obtains clearance in accordance with paragraph 4.

**Acting as a Trustee**

- 20** Where a Restricted Person is acting as a trustee, Dealing in Securities by that trust is permitted during a Prohibited Period where:
- (a) the Restricted Person is not a beneficiary of the trust; and
  - (b) the decision to Deal is taken by the other trustees or by investment managers on behalf of the trustees independently of the Restricted Person.
- 21** The other trustees or investment managers acting on behalf of the trustees can be assumed to have acted independently where the decision to Deal:
- (a) was taken without consultation with, or other involvement of, the Restricted Person; or
  - (b) was delegated to a committee of which the Restricted Person is not a member.

**Dealings by Connected Persons and Investment Managers**

- 22** A Restricted Person must take reasonable steps to prevent any Dealings by or on behalf of any Connected Person of his or hers in any Securities on considerations of a short-term nature.
- 23** A Restricted Person must seek to prohibit any Dealing in Securities during a Close Period:
- (a) by or on behalf of any Connected Person of his or hers; or
  - (b) by an investment manager on his or her behalf or on behalf of any Connected Person (in relation to him), where either he or she or the relevant Connected Person has funds under management with that investment manager, whether or not discretionary (save as provided in paragraphs 19 and 20 of these Rules).
- 24** A Restricted Person must advise all such Connected Persons and investment managers:
- (a) that he or she is a Restricted Person in relation to the Company;
  - (b) of the Close Periods during which they cannot Deal in Securities; and
  - (c) that they must advise him or her immediately after any Dealing in Securities.
- 25** A Restricted Person must notify the Group Company Secretariat in writing of the occurrence of all transactions conducted on their own account or on the account of their Connected Persons in the Securities, or derivatives or any

other financial instruments relating to those Securities within four Business Days of the day on which the transaction occurred.

**Dealing under a Trading Plan**

- 26** A Restricted Person may deal in Securities pursuant to a Trading Plan if clearance has first been given in accordance with these Rules to the person entering into the plan and to any amendment to the plan. A Restricted Person must not cancel a Trading Plan unless clearance has first been given in accordance with these Rules for its cancellation.
- 27** A Restricted Person must not enter into a Trading Plan or amend a Trading Plan during a Prohibited Period and clearance under these Rules must not be given during a Prohibited Period to the entering into, or amendment of, a Trading Plan. Clearance under these Rules may be given during a Prohibited Period to the cancellation of a Trading Plan but only in the exceptional circumstances referred to in paragraphs 11 and 12.
- 28** A restricted Person may deal in Securities during a Prohibited Period pursuant to a Trading Plan if:
- (a) the trading Plan was entered into before the Prohibited Period;
  - (b) clearance under paragraph 4 of these Rules has been given to the person entering into the Trading Plan and to any amendment to the Trading Plan before the Prohibited Period; and
  - (c) the Trading Plan does not permit the Restricted Person to exercise any influence or discretion over how, when, or whether to effect dealings.
- 29** Where a transaction occurs in accordance with a Trading Plan, the Restricted Person who is a Person Discharging Managerial Responsibility must notify the Company at the same time as he or she makes the notification required by paragraph 25 of the fact that the transaction occurred in accordance with a Trading Plan and of the date on which the relevant Trading Plan was entered into.

**Further Advice**

You must seek advice if you are in any doubt about whether it is appropriate to Deal.

In the UK you should contact: Mark Noble in the corporate centre Legal Team or Robin Kerner in Company Secretariat.

and

In the US you should contact: Tim McAllister or Greg Barone in the US Legal Team.

## **APPENDIX**

### **NATIONAL GRID PLC**

#### **Company Share Dealing Rules (the “Rules”)**

#### **RESTRICTED PERSON DEALING PROCEDURE**

- 1** If proposing to Deal in the Group’s Securities you should:
  - 1.1** If a director of the Company or a UK employee, in the first instance contact Mark Noble in the corporate centre Legal Team or Robin Kerner in Company Secretariat at the London office who will advise if the proposed transaction requires clearance.
  - 1.2** If a US employee, in the first instance contact either Tim McAllister or Greg Barone in the US Legal Team who will advise whether the transaction requires clearance.
  - 1.3** If you are advised that the transaction requires clearance and you wish to proceed, you should then submit your request on Form A set out in this Appendix (entitled ‘Restricted Person Request to Deal in Securities’) to the Group General Counsel and Company Secretary.

Directors and any individuals who have been deemed to be Persons Discharging Managerial Responsibility (as defined in the Rules) must obtain clearance from the appropriate person(s) set out in paragraph 4 of the Rules.

An Employee Insider must obtain clearance in advance from either the Group General Counsel and Company Secretary or the Group Finance Director who will, as appropriate, consult with the Chairman or another Director of the Company.

- 1.4** You must specify the number of Securities and any other details that may be required when completing the ‘Restricted Person Request to Deal in Securities’ form. If you are aware of information relating to the Company or its Securities that is, or might be, price sensitive information, you should not assume that those responsible for considering your request are likewise aware of the information. You should include all relevant information on the form.
- 1.5** Take no action until formal “clearance to deal” is given.
- 1.6** On receipt of clearance you should be prepared to conclude the Dealing promptly and, in any event, within two Business Days of the clearance being given (in order to conclude the Dealing before any change of circumstances could result in it being no longer appropriate). If you do not Deal within two Business Days, your clearance lapses and you will need to re-apply.

- 1.7** You should confirm when the Dealing has been concluded and the Company will formally record the details. You should use Form B set out in this Appendix (entitled 'Restricted Person Confirmation of Dealing in Securities') and submit it to the Group General Counsel and Company Secretary.
- 1.8** Recognise that, whilst clearance may be given where the Company knows of no reason why you should be precluded from Dealing, it remains your personal responsibility to ensure that no Dealing is conducted on the basis of price sensitive information which is not in the public domain.
- 1.9** Any Dealing must be the subject of an investment decision due entirely to your personal financial circumstances. The Company cannot provide investment advice about the proposed Dealing. If you require such advice, you should contact an independent financial adviser or other authorised provider of investment advice.
- 1.10** Obtain clearance individually (i.e., if another person has already received clearance to deal, that does not mean that you need not obtain clearance in your own case).
- 2** The Company will provide a reply to your request within 5 Business Days.

NATIONAL GRID plc
FORM A

RESTRICTED PERSON REQUEST TO DEAL IN SECURITIES

To: Group General Counsel and Company Secretary

From: NAME .....

LOCATION: ..... Tel No: .....

Please approve this request to deal in Securities:

Details of Proposed Dealing

Number of Securities the subject of the transaction (eg shares, convertible bonds, ADRs or retail bonds)

.....

Name of Group company issuing the Securities (if not the Company) .....

.....

Nature of transaction (e.g. purchase/sale/exercise of option etc).....

Who is dealing (i.e. you or a Connected Person)? .....

.....

Name of Broker proposed to be instructed .....

Any other relevant information .....

.....

Declaration

I confirm that I am not aware of information concerning the Company or any other company in the Group which is or might be price sensitive information and which may affect the decision of whether the transaction should receive clearance or not.

I have read the Company's Share Dealing Rules and understand that the Company will keep a record of the transaction.

I undertake to notify the Group General Counsel and Company Secretary when the transaction is complete and provide any further relevant information requested.

I further undertake to provide information of any change in circumstances before completion of the dealing and not to deal until any such information has been duly considered.

Signed ..... Date .....

**NATIONAL GRID plc  
FORM B**

**RESTRICTED PERSON CONFIRMATION OF DEALING IN SECURITIES**

To: Group General Counsel and Company Secretary

From: NAME .....

LOCATION: ..... Tel No: .....

I hereby confirm that on .....

I completed the dealing brief details of which are set out below in accordance with the clearance request dated .....

Number of Securities the subject of the transaction (e.g. shares, convertible bonds, ADRs or retail bonds)

.....

Name of Group company issuing the Securities (if not the Company) .....

.....

Nature of transaction (e.g. purchase/sale/exercise of option etc).....

.....

*Signed* .....

*Date* .....