

Notice of National Grid plc 2010 Annual General Meeting

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

19 May 2010

The 2010 Annual General Meeting of National Grid plc (the “Company”) will be held at 2pm on Monday 26 July 2010 at The ICC, Broad Street, Birmingham B1 2EA.

The Annual General Meeting (“AGM”) will consider the following business:

Ordinary resolutions

- 1** To receive the Company’s accounts for the year ended 31 March 2010, the Directors’ Reports and the Auditors’ Report on the accounts.
- 2** To declare a final dividend of 24.84 pence per ordinary share (US\$1.7737 per American Depositary Share) for the year ended 31 March 2010.
- 3** To re-elect Sir John Parker as a Director.
- 4** To re-elect Steve Holliday as a Director.
- 5** To re-elect Ken Harvey as a Director.
- 6** To re-elect Steve Lucas as a Director.
- 7** To re-elect Stephen Pettit as a Director.
- 8** To re-elect Nick Winser as a Director.
- 9** To re-elect George Rose as a Director.
- 10** To re-elect Tom King as a Director.
- 11** To re-elect Maria Richter as a Director.
- 12** To re-elect John Allan as a Director.
- 13** To re-elect Linda Adamany as a Director.
- 14** To re-elect Mark Fairbairn as a Director.
- 15** To re-elect Philip Aiken as a Director.
- 16** To reappoint PricewaterhouseCoopers LLP as the Company’s auditors until the conclusion of the next general meeting at which accounts are laid before the Company.
- 17** To authorise the Directors to set the auditors’ remuneration.
- 18** To approve the Directors’ Remuneration Report for the year ended 31 March 2010.
- 19** To authorise the Directors generally and unconditionally, in accordance with the Articles of Association and section 551 of the Companies Act 2006 (the “2006 Act”), to allot shares in the Company or to grant rights to subscribe for or convert any security into shares in the Company:
 - (i) up to an aggregate nominal amount of £131,674,644; and
 - (ii) comprising equity securities (as defined in section 560 of the 2006 Act) up to a further nominal amount of £131,674,644 in connection with an offer by way of a rights issue;such authorities to expire at the end of the next AGM or on 26 October 2011 whichever is earlier but, in each case, so that the Company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted or subscription or conversion rights to be granted after the authority ends.

Special resolutions

20 To authorise the Directors, in accordance with the Articles of Association and Section 570 of the 2006 Act, to allot equity securities wholly for cash, including a sale of treasury shares, as if Section 561 of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to:

- (i) any such allotment in connection with a rights issue; and
- (ii) any such allotment, otherwise than pursuant to a rights issue, of equity securities up to an aggregate nominal value of £19,751,196.

This authority shall expire at the next AGM or on 26 October 2011 whichever is earlier, but so that the Company may make offers and enter into agreements during this period which would, or might, require equity securities to be allotted after the power ends and the Directors may allot equity securities under any such offer or agreement as if the power had not ended.

21 To authorise the Company generally and unconditionally, for the purpose of section 701 of the 2006 Act, to make market purchases of its ordinary shares provided that:

- (i) the maximum number of ordinary shares that may be acquired is 346,653,655, being 10% of the Company's post Rights Issue share capital;
- (ii) the minimum price per share that may be paid for any such shares is 11 $\frac{17}{43}$ pence; and
- (iii) the maximum price per share that may be paid for any such shares is not more than the higher of: (i) an amount equal to 105% of the average market value for an ordinary share, as derived from the London Stock Exchange Official List, for the five business days prior to the day on which the purchase is made; or (ii) that stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation.

This authority shall expire at the earlier of the close of the next AGM or 26 October 2011 except that the Company shall be entitled, at any time prior to the expiry of this authority, to make a contract of purchase which would or might be executed wholly or partly after such expiry and to purchase shares in accordance with such contract as if the authority conferred had not expired.

22 To authorise the Directors, in accordance with the Articles of Association, to call a general meeting of the Company, other than an AGM, on not less than 14 clear days' notice.

The Directors believe that the proposals set out in Resolutions 1 to 22 are in the best interests of shareholders as a whole and they unanimously recommend that shareholders vote in favour of each of the resolutions as they intend to do in respect of their own holdings.

On behalf of the Board

Helen Mahy
Company Secretary & General Counsel

19 May 2010

National Grid plc
Registered Office: 1-3 Strand, London WC2N 5EH
Registered in England and Wales: No. 4031152

Explanation of resolutions

Resolutions 1 to 19 are ordinary resolutions and will be passed if more than 50% of the votes cast (not counting votes withheld) are in favour.

Annual Report and Accounts

- 1** The Company is required to present its report and accounts to shareholders at its AGM. This provides an opportunity to discuss the performance of the Company during the year, its management and its prospects for the future. Copies of the full Annual Report and Accounts for the year ended 31 March 2010 (the "Annual Report") and the Performance Summary will be available at the AGM. These documents are also available on the Company's website at www.nationalgrid.com. Paper copies can be obtained from Capita Registrars (telephone 0871 664 500 – calls cost 10p per minute plus network extras).

Final dividend

- 2** The Company requires shareholder consent to pay a final dividend. The dividend cannot exceed the amount recommended by the Directors. If approved, the final dividend of 24.84 pence per ordinary share (US\$1.7737 per American Depositary Share ("ADS")) will be paid on 18 August 2010 to shareholders on the register at the close of business on 4 June 2010. The dividend is to be paid in respect of each ordinary share other than those shares in respect of which a valid election has been made, pursuant to the Company's scrip dividend scheme, to receive new ordinary shares instead of the final dividend in cash. Dividends are declared in both pence and US\$ to ensure that holders of both ordinary shares and ADSs are paid the declared dividend on the same day.

3 – 15 Re-election of Directors

Full biographical details for each of the Directors seeking re-election are set out in the Annual Report and Director remuneration details are provided in the Directors' Remuneration Report included in the Annual Report.

The Company's Articles of Association require that any Director appointed to the Board retire and seek re-election by shareholders at least once every three years. In accordance with investor guidelines, all of the Directors are seeking re-election at the AGM this year. When considering the re-election of Directors, the Nominations Committee reviews the effectiveness of each Director and the independence of the Non-executive Directors. The Nominations Committee resolved that the Directors remained effective and that each of the Non-executive Directors remained independent.

- 3** Sir John Parker became Chairman following the merger of Lattice Group plc with National Grid Group plc in 2002 and his career has encompassed the engineering, shipbuilding and defence industries. He is Chairman of Anglo American plc, Deputy Chairman of DP World (Dubai) and a Non-executive Director of Carnival Corporation and the European Aeronautic Defence and Space Company (EADS) and Chancellor of the University of Southampton.

- 4** Steve Holliday was appointed Chief Executive in 2007 having joined the group as Group Director, UK and Europe in 2001, becoming responsible for the gas and electricity transmission businesses. He was appointed as Group Director responsible for UK Gas Distribution and Business Services in April 2003. He was formerly a Director of British Borneo Oil and Gas and held senior positions with Exxon.
- 5** Ken Harvey, Non-executive Director and Senior Independent Director, joined the Board following the merger with Lattice Group in 2002. He is Chairman of Pennon Group plc and former Chairman and Chief Executive of Norweb plc.
- 6** Steve Lucas was appointed Finance Director in 2002 and is additionally responsible for Property and Shared Services. He had been Executive Director, Finance at Lattice Group and previously held senior positions with British Gas and Shell.
- 7** Stephen Pettit, Non-executive Director, was appointed to the Board following the merger with Lattice Group in 2002. He is Chairman of ROK plc and a Non-executive Director of Halma plc having formerly been an Executive Director at Cable & Wireless plc and Chief Executive of Petrochemicals at British Petroleum.
- 8** Nick Winsor, Executive Director, was appointed to the Board in 2003 as Director responsible for Transmission having previously been Chief Operating Officer of the US transmission business of National Grid Transco and as Director of Engineering having joined National Grid in 1993.
- 9** George Rose, Non-executive Director, was appointed to the Board following the merger with Lattice Group plc in 2002. He is Finance Director of BAE Systems plc and is a Non-executive Director of SAAB AB and a member of the UK Industrial Development Advisory Board.
- 10** Tom King, Executive Director, was appointed to the Board as Executive Director in 2007 with responsibility for Electricity Distribution & Generation operations. Tom was President of PG&E Corporation and Chairman and CEO of Pacific Gas and Electric Company from 2003 to 2007.
- 11** Maria Richter, Non-executive Director, was appointed to the Board in 2003. Maria worked for Morgan Stanley between 1993 and 2002, most recently as Managing Director of its Corporate Finance Retail Group. Prior to this, she was Managing Director of Investment Banking in the Southern Cone of Latin America, and Executive Director and Head of Independent Power and Structured Finance Business.

3 – 15 Re-election of Directors (cont)

- 12** John Allan, Non-executive Director, was appointed to the Board in 2005. He is Chairman of DSG International plc and a Non-executive Director of 3i Group plc and ISS. He is an advisor to Deutsche Bank and a member of the University of Edinburgh Campaign Board.
- 13** Linda Adamany, Non-executive Director, was appointed to the Board in 2006. Until April 2008 she was Group Vice President, BP plc. Linda has over 35 years' business experience, with 27 years in the international energy sector, having held various executive roles for BP in the UK and US, including Chief Executive of BP Shipping and Group Vice President and Commercial Director, BP Refining & Marketing.
- 14** Mark Fairbairn, Executive Director, was appointed to the Board in 2007 as Executive Director with responsibility for Gas Distribution. He joined National Grid in 1989 from BNFL. Previously Chief Operating Officer of the UK gas distribution business, he has played a key role in helping to restructure the UK gas distribution market through the gas networks sale and the creation of National Grid's new gas distribution business.
- 15** Philip Aiken, Non-executive Director, joined the Board in 2008. He is Chairman of Robert Walters plc, a Non-executive and Senior Independent Director of Kazakhmys plc and a Non-executive Director of Miclyn Express Offshore and Essar Energy. Formerly, Group President of BHP Billiton's Energy business, Executive Director of BTR plc and senior positions in BOC Group plc and senior advisor to Macquarie Capital (Europe) Limited.

16 – 17 Auditors' reappointment and remuneration

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

- 16** It is a requirement that the Company's auditors must be reappointed at each general meeting at which accounts are laid, which will normally be at each AGM. This resolution proposes the auditors' reappointment.
- 17** This resolution proposes that the Directors be authorised to set the auditors' remuneration.

Remuneration Report

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

Directors' authority to allot shares

- 19** The purpose of Resolution 19 is to renew the Directors' power to allot shares. The authority in paragraph (i) will allow the Directors to allot new shares, or to grant rights to subscribe for or convert any security into shares, up to a

nominal value of £131,674,644, which is equivalent to approximately 33% of the total issued ordinary share capital of the Company, exclusive of treasury shares, as adjusted for the enlarged issued ordinary share capital under the Rights Issue announced by the Company on 20 May 2010. The authority in paragraph (ii) will allow the Directors to allot new shares, or to grant rights to subscribe for or convert any security into shares, only in connection with a fully pre-emptive rights issue up to a further nominal value of £131,674,644, which is equivalent to approximately 33% of the total issued ordinary share capital of the Company, exclusive of treasury shares, as adjusted for the enlarged issued ordinary share capital under the Rights Issue announced by the Company on 20 May 2010. It is envisaged that, if the additional authority under paragraph (ii) of Resolution 19 is utilised, all the Directors would put themselves forward for re-election at the next AGM. The Directors consider it desirable to have the maximum flexibility permitted by investor guidelines to respond to market developments. No issue of shares will be made which would effectively alter control of the Company without the sanction of shareholders in general meeting. Each authority will be subject to renewal annually. As at 19 May 2010, the number of ordinary shares in issue was 2,617,190,095 of which the Company held 141,092,553 shares in treasury, representing 5.70% of the issued share capital excluding treasury shares. Immediately following the completion of the Rights Issue, the issued, called up and fully paid ordinary share capital of the Company excluding treasury shares is expected to be 3,466,536,559.

Under the authorities in Resolution 19 and following the Rights Issue, the Directors currently have no intention of issuing new shares, or of granting rights to subscribe for or to convert any security into shares, except in relation to the Company's scrip dividend scheme and in connection with the exercise of options under the Company's share schemes.

Resolutions 20 to 22 are special resolutions and will be passed if at least 75% of the votes cast (not counting votes withheld) are in favour.

Disapplication of pre-emption rights

- 20** If the Company issues new shares, or sells treasury shares, for cash (other than in connection with an employee share scheme), it must first offer them to existing shareholders in proportion to their existing holdings (known as pre-emption rights). This resolution seeks shareholders' approval to issue a limited number of ordinary shares for cash without offering them to existing shareholders first. In accordance with investor guidelines, which limit such issue to 5% of the issued share capital in any one year and 7.5% over a rolling 3-year period, the resolution seeks approval for the issue of new issues (other than in connection with a pre-emptive offer or rights issue) of up to 173,326,827 new ordinary shares for cash, representing 5% of the post Rights Issue share capital. This limit also applies to shares issued from treasury. A renewal of this authority will be proposed at each subsequent AGM.

The Board intends to adhere to the provisions in the Pre-emption Group's Statement of Principles not to allot shares on a non pre-emptive basis (other than pursuant to a rights issue or pre-emptive offer) in excess of an amount equal to 7.5% of the total issued ordinary share capital of the Company within a rolling 3-year period without prior consultation with shareholders.

Explanation of resolutions continued

Share repurchase

21 In some circumstances, companies may find it advantageous to purchase their own shares in the market. This can lead to increases in future earnings on those shares not purchased. The Company did not purchase any shares during 2009/10 financial year. This resolution complies with investor guidelines, which limit share purchases to 10% of the issued share capital per annum. The Directors confirm that they will only purchase shares where they believe the effect would be to increase earnings per share and would be in the best interests of shareholders generally.

Repurchased shares may be held as treasury shares by the Company. As at 19 May 2010, options were outstanding over 26,039,989 ordinary shares, representing approximately 1% of the pre-Rights Issue ordinary share capital. If the proposed market purchase authority were used in full, shares over which options were outstanding would represent approximately 1% of the adjusted ordinary share capital.

General meetings

22 The Articles of Association allow the Directors to call general meetings of the Company, other than AGMs, on a minimum of 14 days' notice. Following changes arising from the implementation of the Shareholder Rights Directive in the UK in August 2009, authority to call such meetings on such notice (rather than on 21 days' notice) requires annual shareholder approval. Accordingly, to retain flexibility, the Directors are seeking authority to continue to be able to call general meetings on not less than 14 clear days' notice. The approval will be effective until the Company's next AGM when it is intended that a similar resolution will be proposed. The shorter notice period would not be used as a matter of routine for such meetings, but only where flexibility is merited by the business of the meeting and it is thought to be to the advantage of shareholders as a whole. The Company will make available an electronic voting facility for any meeting held on such notice.

Notes

A shareholder of the Company who is entitled to attend, speak and vote at the AGM but is unable or does not wish to attend is entitled to appoint a proxy or proxies to attend, speak and vote on his/her behalf. A proxy does not need to be a shareholder of the Company. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Unless specified otherwise, the Chairman of the Company will act as proxy and vote on a poll as directed by the appointing shareholder. Shareholders will have been sent a personalised Proxy Card.

Shareholders have the right to ask questions at the AGM which the Company must cause to have answered if it relates to the business being dealt with at the meeting unless answering the question would unduly interfere with the preparation for the meeting or the disclosure of confidential information; the answer has already been given on the Company's website in the form of an answer to a question; or answering the question would be undesirable in the interests of NG or the good order of the meeting.

Shareholders meeting the threshold requirements in S338 and 338A of the Companies Act 2006 have the right to require the Company (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting; and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in such business. A resolution may properly be moved or a matter may properly be included in the business of the meeting unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious.

Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business of the meeting, must be authorised by the person or persons making it, must be received by the Company not later than 14 June 2010, being the date six clear weeks before the meeting, and (in the case of a matter to be included in the business of the meeting only) must be accompanied by a statement setting out the grounds for the request.

If you do not have a Proxy Card and believe that you should, contact Capita Registrars on 0871 664 0500 (Lines are open 8.30am to 5.30pm Monday to Friday. Calls cost 10p per minute plus network extras) (or if calling from outside the United Kingdom +44 20 7098 1198) or at:

Capita Registrars
PXS
34 Beckenham Road
Beckenham
Kent BR3 4TU

To be valid, Proxy Cards or other Proxy Instructions must be sent using the enclosed pre-paid envelope or delivered by post or (during normal business hours) by hand to:

Capita Registrars
PXS
34 Beckenham Road
Beckenham
Kent BR3 4TU

no later than 2pm on Saturday 24 July 2010. You can complete the proxy form online at www.nationalgrid.com/shareholders. The return of a completed Proxy Card or CREST Proxy Instruction will not prevent you from attending the AGM and voting in person if you wish to do so.

To be entitled to attend and vote at the AGM, shareholders must be included in the register of members of the Company as at 6pm on Saturday 24 July 2010 or, in the event that this AGM is adjourned, in the register of members 48 hours before the time of any adjourned AGM. They shall be entitled to vote at the AGM in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after 6pm on Saturday 24 July 2010 or, in the event that this AGM is adjourned, in the register of members 48 hours before the time of any adjourned AGM, shall be disregarded in determining the rights of any person to attend or vote at the AGM.

As at 19 May 2010 (being the last business day before publication of this Notice of AGM), there were 2,617,190,095 ordinary shares in issue, each carrying one vote each, and 141,092,553 shares in treasury. Shares held in treasury do not have voting rights. Therefore, the total voting rights exercisable as at 19 May 2010 are 2,476,097,542.

Holders of ordinary shares are entitled to attend, speak and vote, either in person or by proxy, at general meetings of the Company.

For further details relating to the voting and participation rights of shareholders, please refer to the Company's Articles of Association, copies of which are available on the Company's website at <http://www.nationalgrid.com/corporate/About+Us/CorporateGovernance/>.

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

Nominated persons

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

CREST

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

Any message, regardless of whether it relates to the appointment of a proxy or to an amendment to an instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (CREST ID RA10) by close of business on Friday 23 July 2010. After this time, any change to instructions to proxies appointed through CREST should be communicated to the agent by other means. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Inspection of documents

Copies of the following documents will be available for inspection at the registered office of the Company at 1-3 Strand, London WC2N 5EH during normal business hours until the time of the AGM and at the ICC, Broad Street, Birmingham from 15 minutes before the AGM until it ends:

- (i) copies of the Directors' service contracts or letters of appointment; and
- (ii) a copy of the Company's Articles of Association.

Website

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

Corporate representatives

A corporate shareholder may appoint one or more corporate representatives on its behalf who may exercise all of its powers as a shareholder provided that they do not do so in relation to the same shares.