2010/11

national**grid**

Annual Report and Accounts

Directors' Remuneration Report

Directors' Remuneration Report

Review of the year by John Allan, Chairman of the Remuneration Committee

I am pleased to present the Directors' Remuneration Report for 2010/11. This year we have reviewed a number of our share plans, some purely on the basis they are subject to shareholder approval under corporate governance guidelines ie our all-employee share plans – the Sharesave Plan, Share Incentive Plan and Employee Stock Purchase Plan, where only minor, administrative changes have been made. With respect to the Performance Share Plan, the long-term incentive plan for our most senior employees, we have reviewed all aspects of the plan and a replacement plan, the Long Term Performance Plan, will be presented for approval by shareholders at this year's Annual General Meeting (AGM). While the changes to the long-term incentive are not major, we believe the introduction of a new measure (return on equity) provides a strong link with our key objectives. Details of the operation of this new plan are provided later in this report.

Our policy of relating pay to the performance of the Company continues to be a strong principle underlying the Remuneration Committee's consideration of executive remuneration. We aim to ensure the Company continues to attract, motivate and retain high calibre individuals to deliver the highest possible performance for our shareholders.

We firmly believe the mix of our remuneration package provides an appropriate and balanced opportunity for executives and their senior teams. Our incentive plans remain aligned with the Company's strategic objectives and our shareholders' interests, while continuing to motivate and engage the team leading the Company to achieve stretching targets.

Remuneration Committee

The Remuneration Committee members are John Allan, Ken Harvey, Stephen Pettit and George Rose. Each of these Non-executive Directors is regarded by the Board as independent and served throughout the year.

The Global Human Resources Director and Global Head of Compensation & Benefits provide advice on remuneration policies and practices and are usually invited to attend meetings, along with the Chairman and the Chief Executive.

No Director or other attendee is present during any discussion regarding his or her own remuneration.

The Remuneration Committee is responsible for developing Company policy regarding executive remuneration and for determining the remuneration of the Executive Directors and executives below Board level who report directly to the Chief Executive. It also has oversight of the remuneration policies for other employees of the Company and provides direction over the Company's employee share plans.

The Board has accepted all the recommendations made by the Remuneration Committee during the year.

The Remuneration Committee has authority to obtain the advice of external independent remuneration consultants. It is solely responsible for their appointment, retention and termination; and for approval of the basis of their fees and other terms.

In the year to 31 March 2011, the following advisors provided services to the Remuneration Committee:

- Towers Watson, independent remuneration advisors. It also provides general remuneration and benefits advice to the Company. In this respect, the Remuneration Committee is satisfied that any potential conflicts are appropriately managed. The Remuneration Committee has carefully reviewed the voluntary code of conduct in relation to executive consulting in the UK;
- Alithos Limited, provision of Total Shareholder Return calculations for the Performance Share Plan;
- Linklaters LLP, advice relating to Directors' service contracts as well as providing other legal advice to the Company; and
- KPMG LLP, advice relating to pension taxation legislation.

Remuneration policy

The Remuneration Committee determines remuneration policy and practices with the aim of attracting, motivating and retaining high calibre Executive Directors and other senior employees to deliver value for shareholders and high levels of customer service, safety and reliability in an efficient and responsible manner. The Remuneration Committee sets remuneration policies and practices in line with best practice in the markets in which the Company operates. Remuneration policies continue to be framed around the following key principles:

- total rewards should be set at levels that are competitive in the relevant market. For UK-based Executive Directors, the primary focus is placed on companies ranked (in terms of market capitalisation) 11-40 in the FTSE 100. This peer group is therefore weighted towards companies smaller than National Grid and positioning the package slightly below median against this group is considered to be appropriate for a large, international but predominately regulated business. For US-based Executive Directors, the primary focus is placed on US utility companies;
- a significant proportion of the Executive Directors' total reward should be performance based. Performance based incentives will be earned through the achievement of demanding targets for short-term business and individual performance as well as long-term shareholder value creation, consistent with our Framework for Responsible Business which can be found at: www.nationalgrid.com/corporate/About+Us/CorporateGovernance/Other;
- for higher levels of performance, rewards should be substantial but not excessive;
- incentive plans, performance measures and targets should be stretching and aligned as closely as possible with shareholders' long-term interests; and
- remuneration structures should motivate employees to enhance the Company's performance without encouraging them to take undue risks, whether financial or operational.

It is currently intended to continue this policy in subsequent years.

To ensure salary and employment benefits across the Company are taken into consideration when decisions regarding Executive Directors' remuneration are made, the Remuneration Committee is briefed on any key changes impacting employees; and depending on the scope of that change its approval is sought.

Executive Directors' remuneration

Remuneration packages for Executive Directors consist of the following elements:

- salary;
- Annual Performance Plan including the Deferred Share Plan;
- long-term incentive, the Performance Share Plan, to be replaced by the Long Term Performance Plan;
- all-employee share plans;
- pension contributions; and
- non-cash benefits.

Salary

Salaries are reviewed annually and targeted broadly at the median position against the relevant market. In determining the relevant market, the Remuneration Committee takes account of the regulated nature of the majority of the Company's operating activities along with the size, complexity and international scope of the business. For UK-based and US-based Executive Directors, UK and US markets are used respectively. In setting individual salary levels, the Remuneration Committee takes into account business performance, the individual's performance and experience in the role together with salary practices prevailing for other employees in the Company to ensure any increases are broadly in line with those for employees generally.

Annual Performance Plan including the Deferred Share Plan (DSP)

The Annual Performance Plan is based on the achievement of a combination of demanding Company, individual and, where applicable, divisional targets. The plan is cascaded through the management population, which provides a line of sight for employees to connect day to day activities with National Grid's vision, strategy and key financial and service provision metrics. The principal measures of Company performance in 2010/11 were adjusted earnings per share (EPS), see page 56 for further details, consolidated cash flow and regulated controllable costs. The main divisional measures were operating profit and line of business returns targets, with some employees having slightly different targets dependent upon their role and area of the business.

Financial targets for Executive Directors represent 70% of the plan. Individual targets, representing 30% of the plan, are set in relation to key operating and strategic objectives. These include, for example, stretch goals in regulatory management, business development activities, customer satisfaction improvement programmes and carbon efficiency targets. The split between financial targets and individual objectives changes at different levels of seniority in the Company to reflect line of sight and the impact of those different levels of seniority on the Company's performance.

The Remuneration Committee sets financial targets at the start of the year, including Executive Directors' individual objectives. It reviews performance against those targets and individual objectives at year end. When setting financial targets and individual objectives, and when reviewing performance against them, the Remuneration Committee takes into account the long-term impact and any risks that could be associated with those targets and objectives. In addition, the chairmen of the Audit and Risk & Responsibility Committees are both members of the Remuneration Committee and therefore are able to provide input from those Committees' reviews of the Company's performance.

The Remuneration Committee may use its discretion to reduce payments to take account of significant safety or service standard incidents; or to increase them in the event of exceptional value creation. The Remuneration Committee also has discretion to consider environmental, social and governance issues when determining payments to Executive Directors. Those principles may then be cascaded down the organisation to appropriate employee groups based on the specific circumstances.

In addition, the Remuneration Committee retains the right, in exceptional circumstances, to reclaim any monies based on financial misstatement and/or the misconduct of an individual through means deemed appropriate to those specific circumstances.

Directors' Remuneration Report continued

Performance against Company and divisional financial targets for this year is shown in the following table:

Financial measures	Level of performance achieved in 2010/11 as determined by the Remuneration Committee	
	Company targets	Divisional targets
Adjusted EPS	Between target and stretch	
Consolidated cash flow	Stretch	
Regulated controllable costs	Between target and stretch	
Operating profit		Varied performance (i), (ii)
Line of business returns targets		Varied performance (iii), (iv), (v)

(i) Transmission and Gas Distribution between target and stretch.

(ii) Electricity Distribution & Generation at stretch.

(iii) Transmission between target and stretch, UK and US.

(iv) Gas Distribution between threshold and target (UK), at stretch (US).

(v) Electricity Distribution & Generation at stretch (US only).

In 2010/11, the maximum opportunity under the Annual Performance Plan for Executive Directors was 150% of base salary, with 40% of the plan (60% of salary) being paid for target performance. One half of any award earned is automatically deferred into National Grid shares (ADSs for US-based Executive Directors) through the DSP. The shares are held in trust for three years before release. The Remuneration Committee may, at the time of release of the shares, use its discretion to pay a cash amount equivalent to the value of the dividends that would have accumulated on the deferred shares. The deferred shares may be forfeited if the Executive Director ceases employment during the three year holding period as a 'bad leaver', for example, resignation. We believe the forfeiture provision serves as a strong retention tool.

The Remuneration Committee believes that requiring Executive Directors to invest a substantial amount of their Annual Performance Plan award in National Grid shares increases the proportion of rewards linked to both short-term performance and longer-term Total Shareholder Return (TSR). This practice also ensures that Executive Directors share a significant level of risk with the Company's shareholders. Awards for UK-based Executive Directors are not pensionable but, in line with current US market practice, US-based Executive Directors' awards are pensionable.

Long-term incentive – Performance Share Plan (PSP) operated for awards between 2003 and 2010 inclusive

Executive Directors and approximately 400 other senior employees who have significant influence over the Company's ability to meet its strategic objectives, may receive an award which will vest subject to the achievement of performance conditions set by the Remuneration Committee at the date of grant. The value of shares (ADSs for US-based Executive Directors and relevant employees) constituting an award (as a percentage of salary) varies by grade and seniority subject to a maximum, for Executive Directors, of 200% of salary. Typically awards of 200% of salary have been awarded to Executive Directors. The provisions in the PSP rules allow awards up to a maximum value of 250% of salary.

Shares vest after three years, conditional upon the satisfaction of the relevant performance criteria. Vested shares must then be held for a further period (the retention period) after which they are released to the participant on the fourth anniversary of the date of grant. During the retention period, the Remuneration Committee has discretion to pay an amount, in cash or shares, equivalent to the dividend which would have been paid on the vested shares.

Awards vest based on the Company's TSR performance when compared to the FTSE 100 at the date of grant (50% of the award) and the annualised growth of the Company's EPS (50% of the award).

In calculating TSR it is assumed that all dividends are reinvested. No shares will be released under the TSR part of the award if the Company's TSR over the three year performance period, when ranked against that of the FTSE 100 comparator group, falls below the median. For TSR at the median, 30% of those shares will be released, 100% will be released where National Grid's TSR performance on an annualised compound basis is 7.5% above that of the median company in the FTSE 100 (upper target).

The EPS measure is calculated by reference to National Grid's real EPS growth, see page 56 for further details. Where annualised growth in adjusted EPS (on a continuing basis and excluding exceptional items, remeasurements and stranded costs) over the three year performance period exceeds the average annual increase in RPI (the general index of retail prices for all items) over the same period by 3% (threshold performance), 30% of the shares under the EPS part of the award will be released. All the shares will be released where EPS growth exceeds RPI growth by 8% (upper target).

Vested 2007 PSP award

The upper target for the EPS performance criteria was reached and vesting on a partial basis occurred for the TSR performance measure for the 2007 award. This resulted in vesting at 65.15% of the award. The shares then entered the retention period. The Remuneration Committee agreed to pay a cash amount equivalent in value to the net dividends (after taxes, commissions and any other charges) that would be paid during the retention period in respect of the shares comprised in the vested award. These payments were made in August 2010 and February 2011, to align broadly with dividend payments to our shareholders.

New long-term incentive – Long Term Performance Plan (LTPP)

This plan will replace the PSP effective from the 2011 award which will be made after the 2011 AGM, subject to shareholder approval. Further details of the LTPP can be found in the Notice of the 2011 AGM.

The plan will operate largely on the basis of the current PSP with respect to participants and their award levels, except the Remuneration Committee has decided the maximum award level for the Chief Executive will increase from 200% to 225% of salary, in order to further emphasise longer term performance related pay in his package. The provisions in the LTPP rules allow awards up to a maximum value of 250% of salary, as permissible under the current plan, in order to provide a degree of flexibility for the future.

Shares will vest (over three and four years) conditional upon the satisfaction of the relevant performance criteria. Awards will vest based on the annualised growth of the Company's EPS (50% of the award), the Company's TSR performance when compared to the FTSE 100 at the date of grant (25% of the award) and a return on equity (ROE) target measuring performance against allowed regulatory returns established through price control reviews in the UK and rate case settlements in the US (25% of the award).

The TSR and EPS targets will be measured over a three year performance period and ROE will be measured over four years. This will result in partial vesting after three years, subject to performance and the remainder relating purely to ROE after four years.

The Remuneration Committee is taking the opportunity to introduce ROE into the LTPP as return measures are established key performance indicators for our shareholders and regulators. Inclusion of returns in the plan will focus participants further on increasing efficiency and enhancing returns for shareholders over the longer term.

The ROE measure is derived from returns on pages 31 and 35. In the UK, this is based on electricity and gas Transmission returns and the Gas Distribution return. For the US, it is based on US electricity Transmission, Gas Distribution and Electricity Distribution & Generation by jurisdiction. The Chief Executive and Finance Director will be targeted on both the UK and US targets. For the UK and US-based operational Directors, they will be targeted on their respective UK or US targets.

The performance range for ROE will be measured as follows: threshold performance will be met where the allowed regulatory returns in the UK and -1% of the allowed regulatory returns in the US are achieved. The upper target will represent out-performance of regulatory returns by 2% UK and 1% US.

The Remuneration Committee believes the level of challenge for the performance ranges in the UK and the US are broadly similar, to provide stretch in both cases while at the same time being motivational for participants. The performance ranges reflect the different impacts of regulated incentives in the UK and US. The targets will be subject to review prior to any subsequent awards being made to ensure they remain appropriate and stretching.

The TSR and EPS targets will remain unchanged from those operated under the PSP, as detailed on page 98. However, the percentage of each element of the award that will vest for threshold performance will be reduced from 30% to 25%.

For performance, under each measure, between threshold and the upper target, the number of shares released is pro rated on a straight-line basis.

These measures will be used because the Remuneration Committee believes they offer a balance between meeting the needs of shareholders (by measuring TSR performance against other large UK companies) and providing a measure of performance (EPS growth and now ROE) over which the Executive Directors have direct influence.

In order to better align the interests of participants with those of shareholders, the rules of the LTPP allow the Remuneration Committee to determine that dividends accrue on the shares comprised in the award. The dividends will be released in shares when the award vests, if and to the extent that the performance criteria are achieved.

Common elements of the PSP and LTPP

The Remuneration Committee believes the overall mix of measures used in the plans are appropriate as they align with the Company's strategy. In addition, the LTPP will ensure continued focus on returns (particularly in the US) and shareholders' interests through the continued use of TSR and EPS.

No re-testing of performance is permitted for the awards that do not vest after the performance periods and any such awards lapse.

If the Remuneration Committee considers, in its absolute discretion, the underlying financial performance of the Company does not justify the vesting of awards, even if some or all of the performance measures are satisfied in whole or in part, it can declare that some or all of the award lapses.

In addition, the Remuneration Committee retains the right, in exceptional circumstances, to reclaim any monies based on financial misstatement and/or the misconduct of an individual through means deemed appropriate to those specific circumstances.

Under the terms of the plans, the Remuneration Committee may allow shares to vest early to departing participants, including Executive Directors, to the extent the performance conditions have been met, in which event the number of shares that vest will be pro rated to reflect the proportion of the performance period that has elapsed at the date of departure.

Recruitment promise – Special Retention Award (SRA)

As part of a contractual commitment made at the time of Tom King's recruitment, Tom received an SRA in November 2007. This one-off award of National Grid ADSs vested in equal tranches, over three years, on the anniversary of the award (November 2008 through to November 2010) and was subject to his continued employment. There were no performance conditions attached to this award. Details of the final tranche of vested ADSs can be found on page 106.

Share ownership guidelines

The Chief Executive is required to build up and retain a shareholding representing at least 200% of annual salary. For other Executive Directors, the requirement is 125% of salary. This will be achieved by retaining at least 50% of the after-tax gain on any options exercised or shares received through the long-term incentive or all-employee share plans and will include any shares held beneficially. Each of the Executive Directors has surpassed the respective share ownership guideline (except for Andrew Bonfield who is newly appointed).

Share dilution through the operation of share-based incentive plans

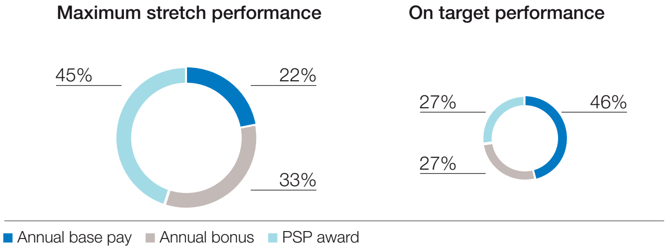
Where shares may be issued or treasury shares reissued to satisfy incentives, the aggregate dilution resulting from executive share-based incentives will not exceed 5% in any 10 year period. Dilution resulting from all incentives, including all-employee incentives, will not exceed 10% in any 10 year period. The Remuneration Committee reviews dilution against these limits regularly and under these limits, the Company currently has headroom of 4.00% and 7.14% respectively.

Directors' Remuneration Report continued

Executive Directors' remuneration package

Illustrated below is the current remuneration package for Executive Directors (excluding pensions, all-employee share plans and non-cash benefits) for both 'maximum stretch' performance and assuming 'on target' performance based on 40% (60% of salary) for the Annual Performance Plan; and TSR and EPS performance such that 30% (60% of salary) of PSP awards are released to participants at the end of the performance period and subsequent retention period. All Executive Directors have the same proportion of fixed and variable remuneration in this respect.

Executive Directors' remuneration package
2010/11 UK & US



Note: Excludes Tom King's SRA.

All-employee share plans

- Sharesave: Employees resident in the UK, including UK-based Executive Directors, are eligible to participate in HM Revenue & Customs approved all-employee Sharesave schemes. Under these schemes, participants may contribute between £5 and £250 in total each month, for a fixed period of three years, five years or both. Contributions are taken from net salary. At the end of the savings period, these contributions can be used to purchase ordinary shares in National Grid at a discount capped at 20% of the market price set at the launch of each scheme.
- Share Incentive Plan (SIP): Employees resident in the UK, including UK-based Executive Directors, are eligible to participate in the SIP. Contributions up to £125 are deducted from participants' gross salary and used to purchase ordinary shares in National Grid each month. The shares are placed in trust and if they are left in trust for at least five years, they can be removed free of UK income tax and National Insurance Contributions.
- US Incentive Thrift Plans: Employees of National Grid's US companies (including US-based Executive Directors) are eligible to participate in the Thrift Plans, which are tax-advantaged savings plans (commonly referred to as 401(k) plans). These are defined contribution pension plans that give participants the opportunity to invest up to applicable Federal salary limits ie for pre-tax contributions, a maximum of 50% of salary limited to $16,500 for those under the age of 50 and $22,000 for those over 50 for calendar years 2010 and 2011; for post-tax contributions, up to 15% of salary limited to the lesser of 100% of compensation or $49,000 for calendar years 2010 and 2011. Employees may invest their own and Company contributions in National Grid shares or various mutual fund options.

  With effect from 1 January 2011, the Company matches 50% of the first 8% of salary contributed. Prior to that, the Company matched 100% of the first 2% and 75% of the next 4% of salary contributed, resulting in a maximum matching contribution of 5% of salary up to the Federal salary cap. For employees in legacy KeySpan plans, the Company matched 50% of the first 6% of salary contributed. With effect from 1 January 2011, the Company no longer provides a discount to purchase Company stock, however, prior to this date legacy KeySpan employees invested in National Grid shares at a 10% discount.
- Employee Stock Purchase Plan (ESPP): Employees of National Grid's US companies (including US-based Executive Directors) are eligible to participate in the ESPP (commonly referred to as a 423b plan). Eligible employees have the opportunity to purchase ADSs on a monthly basis at a 10% discounted price. Under the plan employees may contribute up to 20% of base pay each year up to a maximum annual contribution of $18,888 to purchase ADSs in National Grid. Any ADSs purchased through the ESPP may be sold at any time, however, there are tax advantages for ADSs held for at least two years from the offer date.

Pensions

Steve Holliday and Nick Winser are provided with final salary pension benefits. These pension provisions are designed to provide a pension of one thirtieth of final salary at age 60 for each year of service subject to a maximum of two thirds of final salary, including any pension rights earned in previous employment. Within the pension schemes, the pensionable salary is normally the base salary in the 12 months prior to leaving the Company. Both Executive Directors participate in Flexible Pension Savings (FPS), a salary sacrifice arrangement available to all members of the Company's pension arrangements. Life assurance provision of four times pensionable salary and a spouse's pension equal to two thirds of the Executive Director's pension are provided on death.

Both aforementioned Executive Directors have elected to participate in the unfunded scheme in respect of any benefits in excess of the Lifetime Allowance or their Personal Lifetime Allowance. An appropriate provision in respect of the unfunded scheme has been made in the Company's balance sheet. Alternatively, these Executive Directors are able to cease accrual in the pension schemes and take a 30% cash allowance in lieu of pension if they so wish. These choices are in line with those offered to current senior employees in the Company, except the cash allowance varies depending upon organisational grade.

Andrew Bonfield is a member of the National Grid UK Pension Scheme – Defined Contribution Section. He has chosen to participate in FPS, the Company's salary sacrifice arrangement. Under this arrangement, if the Executive Director chooses the maximum standard contribution of 5% of salary, the Company will typically pay a pension contribution of 30%. Alternatively, the Company will pay a non-pensionable cash allowance to ensure the total value of the Company contribution (not including contributions paid via FPS) and the cash allowance is equal to 30% of base salary. The latter option was chosen by Andrew Bonfield. These benefits are in line with those offered to current senior employees in the Company, except the total value of the Company contribution and cash allowance varies depending upon organisational grade. Life assurance provision of four times pensionable salary and a spouse's pension equal to one third of the Executive Director's base salary are provided on death.

Following the changes to pensions tax relief introduced from April 2011, the Company has reviewed the pension benefits offered to members. The Company has agreed that senior employees most likely to be affected by the legislative changes will be offered more flexibility to take cash in lieu of Company contributions. The total level of benefits offered in the form of cash and/or pension contributions will not change. The Company continues to honour existing unfunded promises, however, no new unfunded promises have been granted since April 2006.

US-based Executive Directors participate in a qualified pension plan and an executive supplemental retirement plan provided by National Grid's US companies. These plans are non-contributory defined benefit arrangements. The qualified plan is directly funded, while the executive supplemental retirement plan is indirectly funded through a 'rabbi trust'. Benefits are calculated using a formula based on years of service and highest average compensation over five or three consecutive years. In line with many US plans, the calculation of benefits under the arrangements takes into account salary, Annual Performance Plan awards and incentive share awards (DSP) but not share options or PSP awards. The normal retirement age under the qualified pension plan is 65. The executive supplemental retirement plan provides unreduced pension benefits from age 55. On the death of the Executive Director, the plans also provide for a spouse's pension of at least 50% of that accrued by the Executive Director. Benefits under these arrangements do not increase once in payment.

Non-cash benefits

The Company provides competitive benefits to Executive Directors, such as a fully expensed car or a cash alternative in lieu of car, use of a driver when required, private medical insurance and life assurance. Business expenses incurred are reimbursed in such a way as to give rise to no benefit to the Executive Director.

Flexible benefits plan

Additional benefits may be purchased under the flexible benefits plan (the Plan), in which UK-based Executive Directors, along with most other UK employees, have been given the opportunity to participate. The Plan operates by way of salary sacrifice, that is, the participants' salaries are reduced by the monetary value used to purchase benefits under the Plan. Many of the benefits are linked to purchasing additional healthcare and insurance products for employees and their families. A number of the Executive Directors participate in this Plan and details of the impact on their salaries are shown in Table 1A on page 103.

Similar plans are offered to US-based employees. However, they are not salary sacrifice plans and therefore do not affect salary values. Tom King was a participant in such a plan during the year.

Executive Directors' service contracts, termination and mitigation

In its consideration of these matters, the Remuneration Committee takes into account the Companies Act 2006, the UK Listing Authority's Listing Rules, the Combined Code on Corporate Governance, as revised in 2008, and other requirements of legislation, regulation and good governance. Service contracts for all Executive Directors provide for one year's notice by either party.

In the event of early termination by the Company of an Executive Director's employment, contractual base salary reflecting the notice period would normally be payable. The Remuneration Committee operates a policy of mitigation in these circumstances with any payments being made on a monthly basis. The departing Executive Director would generally be expected to mitigate any losses where employment is taken up during the notice period, however, this policy remains subject to the Remuneration Committee's discretion, based on the circumstances of the termination.

	Date of contract	Notice period
Executive Directors		
Steve Holliday	1 April 2006	12 months
Andrew Bonfield (i)	1 November 2010	12 months
Nick Winser	28 April 2003	12 months
Tom King	11 July 2007	12 months
Steve Lucas (ii)	13 June 2002	12 months
Mark Fairbairn (iii)	23 January 2007	12 months

(i) Andrew Bonfield joined the Board on 1 November 2010.

(ii) Steve Lucas retired from the Board on 31 December 2010.

(iii) Mark Fairbairn left the Company on 31 March 2011.

External appointments and retention of fees

With the approval of the Board in each case, Executive Directors may normally accept an external appointment as a non-executive director of another company and retain any fees received for this appointment. The table below details the Executive Directors who served as non-executive directors in other companies during the year ended 31 March 2011.

	Company	Retained fees (£)
Executive Directors		
Steve Holliday	Marks and Spencer Group plc	81,000
Andrew Bonfield (i)	Kingfisher plc	30,000
Nick Winser	Kier Group plc	43,000
Steve Lucas (ii)	Compass Group PLC	71,000

(i) Andrew Bonfield's paid external appointment was taken up prior to joining the Board on 1 November 2010. The retained fees shown reflect the period 1 November 2010 to 31 March 2011.

(ii) The retained fees for Steve Lucas reflect the period 1 April 2010 to 31 December 2010 when he was an Executive Director of National Grid.

Non-executive Directors' remuneration – pre January 2011

Non-executive Directors' fees are determined by the Executive Directors subject to the limits applied by National Grid's Articles of Association. Non-executive Directors' remuneration comprised an annual fee (£45,000) and a fee for each Board meeting attended (£1,500) with a higher fee for meetings held outside the Non-executive Director's country of residence (£4,000). An additional fee of £12,500 pa was payable for chairmanship of a Board Committee and for holding the position of Senior Independent Director. The Audit Committee chairman received a chairmanship fee of £15,000 pa to recognise the additional responsibilities commensurate with this role. The Chairman is covered by the Company's personal accident and private medical insurance schemes and the Company provides him with life assurance cover, a car (with driver when appropriate) and fuel expenses.

Directors' Remuneration Report continued

Non-executive Directors' remuneration – post January 2011

From 1 January 2011, the framework for Non-executive Directors' fees has been amended to reflect market practice more generally, fees having last been adjusted in January 2007. Non-executive Directors' remuneration now comprises a basic fee (£60,000 pa for those who are UK-based and £72,000 pa for those who are US-based), a Committee membership fee of £8,000 pa per membership and for those who are chairmen of committees, an additional fee of £12,500 pa. The Audit Committee chairman will continue to receive a fee of £15,000 pa to recognise the additional responsibilities commensurate with that role and the Senior Independent Director fee has been increased to £20,000 pa.

Non-executive Directors do not participate in the Annual Performance Plan or the long-term incentive plan, nor do they receive any pension benefits from the Company.

Non-executive Directors' letters of appointment

The Chairman's letter of appointment provides for a period of six months' notice by either party to give the Company reasonable security with regard to his service. The terms of engagement of Non-executive Directors other than the Chairman are also set out in letters of appointment. For all Non-executive Directors, their initial appointment and any subsequent reappointment is subject to election by shareholders. The letters of appointment do not contain provision for termination payments.

	Date of appointment to the Board	Date of next election
Non-executive Directors		
Sir John Parker	21 October 2002	2011 AGM
Ken Harvey	21 October 2002	2011 AGM
Linda Adamany	1 November 2006	2011 AGM
Philip Aiken	15 May 2008	2011 AGM
John Allan	1 May 2005	–
Stephen Pettit	21 October 2002	2011 AGM
Maria Richter	1 October 2003	2011 AGM
George Rose	21 October 2002	2011 AGM

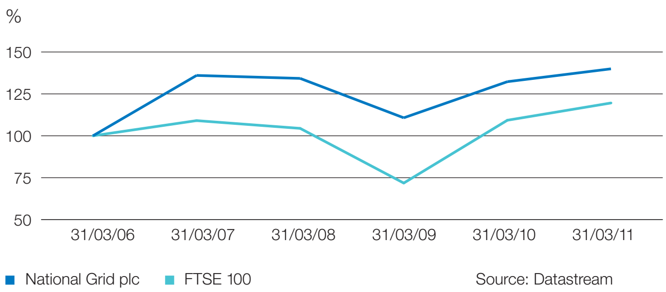
Performance graph

The graph below represents the comparative TSR performance of the Company from 31 March 2006 to 31 March 2011.

This graph represents the Company's performance against the performance of the FTSE 100 index, which is considered suitable for this purpose as it is a broad equity market index of which National Grid is a constituent. This graph has been produced in accordance with the requirements of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

In drawing this graph, it has been assumed that all dividends have been reinvested. The TSR level shown at 31 March each year is the average of the closing daily TSR levels for the 30 day period up to and including that date.

National Grid plc
TSR v FTSE 100



Remuneration during the year ended 31 March 2011

Sections 1, 2, 3, 4 and 6 comprise the 'auditable' part of the Directors' Remuneration Report, being the information required by Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

1. Directors' emoluments

The following tables set out the pre-tax emoluments for the years ended 31 March 2011 and 2010, including Annual Performance Plan awards but excluding pensions, for individual Directors who held office in National Grid during the year ended 31 March 2011.

Table 1A	Year ended 31 March 2011						Year ended 31 March 2010
	Salary (i) £000s	Annual Performance Plan £000s	Benefits in kind (ii) (cash) £000s	Benefits in kind (ii) (non-cash) £000s	Other emoluments £000s	Total £000s	Total £000s
Executive Directors							
Steve Holliday	946	1,154	12	14	–	2,126	2,273
Andrew Bonfield (iii)	281	346	83	1	–	711	–
Nick Winser	482	573	–	15	–	1,070	1,129
Tom King (iv)	684	855	5	17	–	1,561	1,582
Steve Lucas (v)	375	500	–	12	201	1,088	1,270
Mark Fairbairn (iii), (vi), (vii)	469	540	2	13	–	1,024	1,002
Total	**3,237**	**3,968**	**102**	**72**	**201**	**7,580**	**7,256**

(i) With effect from 1 June 2011, the Executive Directors' salaries are as follows: Steve Holliday £975,000; Andrew Bonfield £695,000; Nick Winser £530,000 and Tom King £714,740.

(ii) Benefits in kind comprise benefits such as private medical insurance, life assurance, either a fully expensed car or cash in lieu of a car and the use of a driver when required. In the case of Andrew Bonfield, a cash allowance in lieu of additional Company pension contributions is included (see Table 2 for further details).

(iii) These Executive Directors participate in the UK flexible benefits plan which operates by way of salary sacrifice, therefore, their salaries are reduced by the benefits they have purchased. The value of these benefits is included in the Benefits in kind (non-cash) figure. The values are: Andrew Bonfield £155.68 and Mark Fairbairn £543.36.

(iv) For the US-based Executive Director, the exchange rate averaged over the year 1 April 2010 to 31 March 2011 to convert dollars to UK pounds sterling is $1.574:£1.

(v) Steve Lucas left National Grid on 31 December 2010. He had a contractual entitlement of one year's salary on leaving, of which he worked three months. He therefore was entitled to nine months salary, which is payable in six monthly instalments and is subject to mitigation, at the Remuneration Committee's discretion, should he take employment during the period. Payment of £201,000 referred to above in Other emoluments reflects the first three months of those instalments.

(vi) Mark Fairbairn left National Grid on 31 March 2011. He had a contractual entitlement to one year's salary on leaving, of which he worked two months. He therefore was entitled to 10 months salary, which is payable in six monthly instalments and is subject to mitigation, at the Remuneration Committee's discretion, should he take employment during the period.

(vii) In addition to the amounts shown in the above table, Mark Fairbairn, on leaving, was entitled to a statutory redundancy payment of £10,200.

Table 1B	Year ended 31 March 2011			Year ended 31 March 2010
	Fees £000s	Other emoluments £000s	Total £000s	Total £000s
Non-executive Directors				
Sir John Parker (i)	550	71	621	615
Ken Harvey	83	–	83	80
Linda Adamany	74	–	74	78
Philip Aiken	68	–	68	68
John Allan	81	–	81	82
Stephen Pettit	83	–	83	82
Maria Richter	89	–	89	94
George Rose	79	–	79	81
Total	**1,107**	**71**	**1,178**	**1,180**

(i) Sir John Parker's Other emoluments comprise private medical insurance, life assurance and a fully expensed car.

Directors' Remuneration Report continued

2. Directors' pensions

The table below provides details of the Executive Directors' pension benefits.

Table 2	Additional benefit earned during year ended 31 March 2011 pension £000s	Accrued entitlement as at 31 March 2011 pension £000s	Transfer value of accrued benefits as at 31 March (i) 2011 £000s	Transfer value of accrued benefits as at 31 March (i) 2010 £000s	Increase in transfer value less Director's contributions (ii) £000s	Additional benefit earned in the year ended 31 March 2011 (excluding inflation) pension £000s	Transfer value of increase in accrued benefit in the year ended 31 March 2011 (excluding inflation & Director's contributions) (ii) £000s
Steve Holliday (iii)	39	352	7,122	5,995	1,127	24	478
Andrew Bonfield (iv)	–	–	–	–	–	–	–
Nick Winser (v)	18	215	3,888	3,379	509	9	157
Tom King (vi)	62	222	1,212	832	380	62	341
Steve Lucas (vii)	30	299	6,985	6,006	979	23	543
Mark Fairbairn (viii)	30	229	7,200	3,714	3,486	21	657

(i) The transfer values shown at 31 March 2010 and 2011 represent the value of each Executive Director's accrued benefits based on total service to the relevant date. Transfer values for the UK-based Executive Directors have been calculated in line with transfer value bases agreed by the UK Pension Scheme Trustees. The transfer values for the US-based Executive Director have been calculated using discount rates based on high quality US corporate bonds and associated yields at the relevant dates.

(ii) The UK-based Executive Directors participate in Flexible Pension Savings (FPS), a salary sacrifice arrangement, the effects of which have not been taken into account in the table above. Contributions paid via FPS should be deducted from the figures shown above.

(iii) In addition to the pension above, for Steve Holliday there is an accrued lump sum entitlement of £111,000 as at 31 March 2011. The increase to the accumulated lump sum including inflation was £2,000 and excluding inflation was nil in the year to 31 March 2011. The transfer value information above includes the value of the lump sum. Contributions were paid via FPS of £19,000.

(iv) Andrew Bonfield does not participate in either of the Company's defined benefit pension arrangements. Andrew joined the Defined Contribution Section of the National Grid UK Pension Scheme and the Company has made contributions of £9,000 to this arrangement. In addition, £4,500 was paid via FPS. Andrew also received a cash allowance in lieu of additional Company contributions equal to 26% of base salary. This allowance is included in Table 1A on page 103.

(v) In addition to the pension above, for Nick Winser there is an accrued lump sum entitlement of £271,000 as at 31 March 2011. The increase to the accumulated lump sum including inflation was £11,000 and excluding inflation was nil in the year to 31 March 2011. The transfer value information above includes the value of the lump sum. Contributions were paid via FPS of £29,000.

(vi) For Tom King, the exchange rate as at 31 March 2011 was $1.60700:£1 and as at 31 March 2010 was $1.51845:£1. In addition to the pension quoted above, through participation in the 401(k) plan in the US, the Company made contributions worth £5,497 to a defined contribution arrangement.

(vii) Contributions were paid via FPS of £24,000. It was agreed that £293,000, representing the value of 52,984 shares which Steve Lucas would otherwise have received in respect of his PSP awards (see Table 4 on page 107), instead be transferred into his pension fund. This is equivalent to nine months additional pension credit and is included above. Steve received a deferred pension on cessation of employment. He opted to take an immediate pension which was reduced for early retirement under the standard terms of the Trust Deed and Rules of the Pension Scheme.

(viii) In addition to the pension above, for Mark Fairbairn there is an accrued lump sum entitlement of £306,000 as at 31 March 2011. The increase to the accumulated lump sum including inflation was £26,000 and excluding inflation was £13,000 in the year to 31 March 2011. The transfer value information above includes the value of the lump sum. Contributions were paid via FPS of £28,000. Mark left the Company on 31 March 2011 and received an immediate unreduced pension on cessation of employment under the standard redundancy terms of the Trust Deed and Rules of the Pension Scheme.

3. Directors' interests in share options

Executive Share Option Plan (ESOP)

No further awards will be made under this plan but there are outstanding options granted in previous years. Such options will normally be exercisable between the third and tenth anniversary of the date of grant, subject to a performance condition.

Options worth up to 100% of an optionholder's base salary will become exercisable in full if TSR, measured over the period of three years beginning with the financial year in which the option is granted, is at least median compared with a comparator group of energy distribution companies; and UK and international utilities.

Grants in excess of 100% of salary vest on a sliding scale and become fully exercisable if the Company's TSR is in the top quartile.

The outstanding options have reached the required performance criteria and remain subject to exercise only.

The table below provides details of the Executive Directors' holdings of share options awarded under the ESOP, the Share Matching Plan (Share Match) and Sharesave schemes.

Table 3	Adjusted no. of options held at 1 April 2010 or, if later, on appointment * (i)	Adjusted no. options exercised or lapsed during the year (i)	Market price at exercise (pence)	Options granted during the year	Adjusted no. of options held at 31 March 2011 or, if earlier, on retirement † (i)	Adjusted exercise price per share (pence) (ii)	Normal exercise period
Steve Holliday							
ESOP	77,129	–	–	–	77,129	421.36	Jun 2005 to Jun 2012
Share Match	11,827	–	–	–	11,827	100 in total	Jun 2005 to Jun 2012
	16,092	–	–	–	16,092	100 in total	Jun 2006 to Jun 2013
	21,383	–	–	–	21,383	nil	May 2007 to May 2014
Sharesave	3,921	–	–	–	3,921	427.05	Apr 2014 to Sep 2014
Total	**130,352**	**–**		**–**	**130,352**		
Andrew Bonfield							
Sharesave	– *	–	–	3,421	3,421	445	Apr 2016 to Sep 2016
Total	**– ***	**–**		**3,421**	**3,421**		
Steve Lucas (iii)							
ESOP	62,167 (iv)	–	–	–	62,167 †	380.02	Jan 2011 to Dec 2011
Sharesave	3,416 (iv)	–	–	–	3,416 †	455.06	Jan 2011 to Jun 2011
Total	**65,583**	**–**		**–**	**65,583** †		
Mark Fairbairn (iii)							
Sharesave	2,011 (v)	–	–	–	2,011	488.31	Apr 2011 to Sep 2011
	585 (v)	–	–	–	585	573.19	Apr 2011 to Sep 2011
Total	**2,596**	**–**		**–**	**2,596**		

(i) The option numbers shown, for awards granted prior to the rights issue which completed on 14 June 2010, were adjusted using an adjustment factor of 1.14271765.

(ii) The exercise prices shown above, for awards granted prior to the rights issue which completed on 14 June 2010, were adjusted using an adjustment factor of 0.87510681.

(iii) On 1 April 2010, the first day of the financial year, Steve Lucas and Mark Fairbairn exercised Sharesave options over 1,693 and 862 shares respectively as reported in footnote (i) of Table 3 of the 2009/10 Directors' Remuneration Report. As a result, these options were not adjusted for the rights issue which completed on 14 June 2010 and are not included in this table.

(iv) On leaving, Steve Lucas was permitted 12 months from his termination date in which to exercise his ESOP options and six months to exercise his Sharesave options.

(v) On leaving, Mark Fairbairn was permitted six months from his termination date in which to exercise his Sharesave options.

Directors' Remuneration Report continued

4. Directors' interests in the PSP, DSP and SRA

The table below provides details of the Executive Directors' holdings of shares awarded under the PSP whereby Executive Directors receive a conditional award of shares, up to a current maximum of 200% of salary, which is subject to performance criteria over a three year performance period. Awards vest based on the Company's TSR performance when compared to the FTSE 100 at the date of grant (50% of the award) and the annualised growth of the Company's EPS (50% of the award), see page 98 for further information. Shares are then released on the fourth anniversary of the date of grant, following a retention period. The table includes share awards under the DSP, where Executive Directors receive an award of shares representing one half of any Annual Performance Plan award earned in the year. The deferred shares are held in trust for three years before release. As part of a contractual commitment made at the time of Tom King's recruitment, he received a SRA. The one-off award of National Grid ADSs vested in equal tranches, over three years, on the anniversary of the award (November 2008 through to November 2010). There were no performance conditions attached to the award.

Table 4	Type of award	Adjusted no. of PSP, DSP and SRA conditional awards at 1 April 2010 or, if later, on appointment * (i)	Adjusted no. of awards lapsed during year (i)	Adjusted no. of awards vested in year (i)	Release of PSP awards in year	Awards granted during year	Adjusted market price at award (pence except #) (ii)	Date of award	Adjusted no. of conditional awards at 31 March 2011 or, if earlier, on retirement † (i)	Release date
Steve Holliday										
	PSP	159,085	55,441 (iii)	103,644 (iii)	–	–	648.24	Jun 2007	103,644	Jun 2011
	PSP	88,271	30,763 (iii)	57,508 (iii)	–	–	700.95	Nov 2007	57,508	Nov 2011
	PSP	316,472	–	–	–	–	584.57	Jun 2008	316,472	Jun 2012
	PSP	391,212	–	–	–	–	472.89	Jun 2009	391,212	Jun 2013
	PSP	–	–	–	–	384,220	494.5076	Jun 2010	384,220	Jun 2014
	DSP	97,481	–	–	–	–	610.37	Jun 2008	97,481	Jun 2011
	DSP	68,960 (iv)	–	–	–	–	541.14	Jun 2009	68,960	Jun 2012
	DSP	–	–	–	–	130,636	506.294	Jun 2010	130,636	Jun 2013
Total		**1,121,481**	**86,204**	**161,152**	**–**	**514,856**			**1,550,133**	
Andrew Bonfield										
	PSP	– *	–	–	–	236,464 (v)	570.9098	Nov 2010	236,464	Nov 2014
Total		**– ***	**–**	**–**	**–**	**236,464**			**236,464**	
Nick Winser										
	PSP	85,712	29,871 (iii)	55,841 (iii)	–	–	648.24	Jun 2007	55,841	Jun 2011
	PSP	47,559	16,574 (iii)	30,985 (iii)	–	–	700.95	Nov 2007	30,985	Nov 2011
	PSP	158,166	–	–	–	–	584.57	Jun 2008	158,166	Jun 2012
	PSP	195,521	–	–	–	–	472.89	Jun 2009	195,521	Jun 2013
	PSP	–	–	–	–	196,356	494.5076	Jun 2010	196,356	Jun 2014
	DSP	41,146	–	–	–	–	610.37	Jun 2008	41,146	Jun 2011
	DSP	33,804 (iv)	–	–	–	–	541.14	Jun 2009	33,804	Jun 2012
	DSP	–	–	–	–	64,370	506.294	Jun 2010	64,370	Jun 2013
Total		**561,908**	**46,445**	**86,826**	**–**	**260,726**			**776,189**	
Tom King										
	PSP	ADSs 27,432	9,560 (iii)	17,872 (iii)	–	–	$72.907 #	Nov 2007	17,872	Nov 2011
	PSP	ADSs 36,680	–	–	–	–	$57.2505 #	Jun 2008	36,680	Jun 2012
	PSP	ADSs 54,403	–	–	–	–	$38.6002 #	Jun 2009	54,403	Jun 2013
	PSP	–	–	–	–	ADSs 57,762 (vi)	$37.4465 #	Jun 2010	57,762	Jun 2014
	SRA	ADSs 13,517	–	13,517 (vii)	–	–	$73.978 #	Nov 2007	–	Nov 2008 to Nov 2010
	DSP	ADSs 5,534	–	–	–	–	$59.61 #	Jun 2008	5,534	Jun 2011
	DSP	ADSs 13,804	–	–	–	–	$39.2373 #	Jun 2009	13,804	Jun 2012
	DSP	–	–	–	–	ADSs 18,776 (vi)	$37.7474 #	Jun 2010	18,776	Jun 2013
Total ADSs		**ADSs 151,370**	**ADSs 9,560**	**ADSs 31,389**	**–**	**ADSs 76,538**			**ADSs 204,831**	

Table 4	Type of award	Adjusted no. of PSP, DSP and SRA conditional awards at 1 April 2010 or, if later, on appointment * (i)	Adjusted no. of awards lapsed during year (i)	Adjusted no. of awards vested in year (i)	Release of PSP awards in year	Awards granted during year	Adjusted market price at award (pence except #) (ii)	Date of award	Adjusted no. of conditional awards at 31 March 2011 or, if earlier, on retirement † (i)	Release date
Steve Lucas										
	PSP	97,051	33,822 (iii)	63,229 (iii)	–	–	648.24	Jun 2007	63,229 †	Jan 2011
	PSP	53,850	18,767 (iii)	35,083 (iii)	–	–	700.95	Nov 2007	35,083 †	Jan 2011
	PSP	179,619 (viii)	–	–	–	–	584.57	Jun 2008	179,619 †	Jan 2011
	PSP	222,039 (viii)	–	–	–	–	472.89	Jun 2009	222,039 †	Jan 2011
	PSP	–	–	–	–	216,579 (viii)	494.5076	Jun 2010	216,579 †	Jan 2011
	DSP	54,008 (ix)	–	–	–	–	610.37	Jun 2008	54,008 †	Jan 2011
	DSP	38,656 (iv), (ix)	–	–	–	–	541.14	Jun 2009	38,656 †	Jan 2011
	DSP	–	–	–	–	72,073 (ix)	506.294	Jun 2010	72,073 †	Jan 2011
Total		**645,223**	**52,589**	**98,312**	**–**	**288,652**			**881,286 †**	
Mark Fairbairn										
	PSP	77,132	26,881 (iii)	50,251 (iii)	–	–	648.24	Jun 2007	50,251	Apr 2011
	PSP	42,798	14,916 (iii)	27,882 (iii)	–	–	700.95	Nov 2007	27,882	Apr 2011
	PSP	158,065 (x)	–	–	–	–	584.57	Jun 2008	158,065	Apr 2011
	PSP	195,394 (x)	–	–	–	–	472.89	Jun 2009	195,394	Apr 2011
	PSP	–	–	–	–	190,694 (x)	494.5076	Jun 2010	190,694	Apr 2011
	DSP	46,446 (x)	–	–	–	–	610.37	Jun 2008	46,446	Apr 2011
	DSP	32,605 (iv), (x)	–	–	–	–	541.14	Jun 2009	32,605	Apr 2011
	DSP	–	–	–	–	52,015 (x)	506.294	Jun 2010	52,015	Apr 2011
Total		**552,440**	**41,797**	**78,133**	**–**	**242,709**			**753,352**	

(i) The award numbers shown, for awards granted prior to the rights issue which completed on 14 June 2010, except those shares detailed in note (iv) below, were adjusted using an adjustment factor of 1.14271765.

(ii) The market prices of awards above, for awards granted prior to the rights issue which completed on 14 June 2010, except those shares detailed in note (iv) below, were adjusted using an adjustment factor of 0.87510681.

(iii) The 2007 PSP award vested partially in June 2010 at a vesting level of 65.15% of the award. The award then entered a retention period. Cash payments in lieu of dividends accrued during the retention period were paid as follows: Steve Holliday £44,478 in August 2010 and £23,098 in February 2011; Nick Winser £23,964 and £12,445; Tom King £20,139 and £11,626; Steve Lucas £27,134 in August 2010; and Mark Fairbairn £21,565 and £11,199 respectively.

(iv) Exceptionally, the 2009 DSP award for UK-based Executive Directors was made over restricted shares. The award was subject to income tax and National Insurance Contributions on grant and therefore shares shown reflect the net number of shares. As these shares are beneficially owned, UK-based Executive Directors were able to participate in the rights issue. They chose to take up their rights in full and these additional shares are included in Table 5 on page 108.

(v) Andrew Bonfield was appointed after the June 2010 PSP award was granted and he received a full award in November 2010.

(vi) Awards were made over ADSs and each ADS represents five ordinary shares.

(vii) Tom King received a SRA as part of a contractual commitment made at the time of his recruitment. The award vested in three equal tranches over three years, the final vesting for which was November 2010 for 13,517 ADSs. The ADS price on vesting for the final tranche was $44.8449.

(viii) Shortly after leaving, Steve Lucas received 246,712 PSP shares that vested as a result of time pro ration from the date of grant to his leave date, taking into account the performance criteria achieved for each award. In order to recognise his significant contribution to the business, the Remuneration Committee exercised its discretion and allowed a further 52,984 shares to vest. Instead of receiving the additional 52,984 shares, it was agreed an equivalent monetary value (using a share price of 553p) would be transferred into his pension fund. See Table 2 on page 104. All remaining PSP shares shown in the table above lapsed.

(ix) Shortly after leaving, Steve Lucas received the DSP shares awarded to him, as detailed in the table above. This treatment aligns with normal practice for such leavers under the plan rules.

(x) Shortly after leaving, Mark Fairbairn received the PSP shares for each award that vested as a result of time pro ration from the date of grant to his leave date, taking into account the performance criteria achieved for each award. This amounted to 231,407 shares. All remaining PSP shares shown in the table above lapsed. He also received his DSP shares, as detailed in the table above. This treatment aligns with normal practice for such leavers under the plan rules.

Directors' Remuneration Report continued

5. Directors' beneficial interests

The Directors' beneficial interests (which include those of their families) in National Grid ordinary shares of $11\frac{17}{43}$ pence each are shown below.

Table 5	Ordinary shares at 31 March 2011 or, if earlier, on retirement † (i)	Ordinary shares at 1 April 2010 or, if later, on appointment *	Adjusted no. of options/awards over ordinary shares at 31 March 2011 or, if earlier, on retirement † (ii)	Adjusted no. of options/awards over ordinary shares at 1 April 2010 or, if later, on appointment * (ii)
Sir John Parker	134,712	81,635	–	–
Steve Holliday (iii), (iv), (v)	339,451	221,472	1,680,485	1,251,839
Andrew Bonfield (iii), (iv), (v)	44	– *	239,885	– *
Nick Winser (iv)	325,914	223,138	776,189	561,912
Tom King	155,195	97,640	1,024,155	756,856
Steve Lucas (iv), (vi), (vii)	214,720 †	167,503	946,869 †	712,743
Mark Fairbairn (iv), (viii)	219,781	143,372	755,948	556,023
Ken Harvey	5,236	3,740	–	–
Linda Adamany	2,800	2,000	–	–
Philip Aiken	4,900	3,500	–	–
John Allan	14,500	7,000	–	–
Stephen Pettit	3,906	2,632	–	–
Maria Richter	14,357	10,255	–	–
George Rose	6,792	4,852	–	–

(i) The number of shares shown represent beneficial holdings, including those shares subscribed for by Directors under the rights issue.

(ii) The option/award numbers shown, for awards granted prior to the rights issue which completed on 14 June 2010, except those shares detailed in Table 4 note (iv) on page 107, were adjusted using an adjustment factor of 1.14271765.

(iii) There has been no other change in the beneficial interests of the Directors in ordinary shares between 1 April 2011 and 18 May 2011, except in respect of routine monthly purchases under the SIP (see note (v) below).

(iv) Each of the Executive Directors, with the exception of Tom King, was for Companies Act purposes deemed to be a potential beneficiary under the National Grid plc 1996 Employee Benefit Trust and the National Grid Employee Share Trust; Steve Holliday, Andrew Bonfield, Nick Winser, Steve Lucas and Mark Fairbairn thereby have an interest in 178,690 and 693,481 ordinary shares in the aforementioned trusts respectively, as at 31 March 2011 (with the latter trust holding 9,977 ADSs in addition).

(v) Beneficial interests includes shares purchased under the monthly operation of the SIP in the year to 31 March 2011. In April and May 2011 a further 42 shares were purchased on behalf of Steve Holliday and a further 41 shares were purchased on behalf of Andrew Bonfield thereby increasing their beneficial interests.

(vi) Steve Lucas was for Companies Act purposes deemed to be a potential beneficiary in 6,188 ordinary shares held by Lattice Group Trustees Limited as trustee of the Lattice Group Employee Share Ownership Trust as at 31 March 2011.

(vii) Steve Lucas retired from the Board as a Director on 31 December 2010.

(viii) Mark Fairbairn left the Company on 31 March 2011.

6. National Grid share price range

The closing price of a National Grid ordinary share on 31 March 2011 was 594p. The rights issue adjusted range during the year was 596.17p (high) and 484.20p (low). The Register of Directors' Interests contains full details of shareholdings and options/awards held by Directors as at 31 March 2011.

The Remuneration Report has been approved by the Board and signed on its behalf by:

John Allan

Chairman of the Remuneration Committee

18 May 2011

The Directors' Report on pages 10 to 108 was approved by the Board and signed on its behalf by:

Helen Mahy

Company Secretary & General Counsel

18 May 2011

National Grid plc, 1-3 Strand, London WC2N 5EH

Registered in England and Wales No. 4031152