

Notice of General Meeting

Notice is hereby given that a General Meeting of National Grid plc (the “Company”) will be held at 9am (BST) on Friday 19 May 2017 at the offices of Linklaters LLP, One Silk Street, London EC2Y 8HQ.

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 an independent professional advisor. If you have sold or otherwise transferred all your shares, please pass this document together with the accompanying documents to the person who arranged the sale or transfer so they can pass these to the person who now holds the shares.

Letter from the Chairman

19 April 2017

Dear Shareholder

Return of Cash to Shareholders

Introduction

I am writing to you to provide further details of the return of £4 billion of net proceeds from the sale of a 61% equity interest in our U.K. gas distribution business (the “**Return of Cash**”) and to invite you to a General Meeting to be held at 9am (BST) on Friday 19 May 2017 at the offices of Linklaters LLP, One Silk Street, London EC2Y 8HQ. The notice of the General Meeting is set out on pages 9 to 13 of the circular included with this letter.

The Return of Cash is being implemented by way of a combination of a special dividend of approximately £3,165 million with the remainder by way of a share buyback programme.

Background

On 11 November 2015, we announced the decision to change the mix of our business portfolio to focus on higher growth areas, alongside our existing aim of delivering strong returns and a sustainable, growing dividend, and started a process to sell a majority stake in our U.K. gas distribution business. We also announced that we would return substantially all of the net proceeds of the sale to shareholders.

On 8 December 2016, we announced that we had entered into an agreement to sell a 61% equity interest in our U.K. gas distribution business to a consortium of long-term infrastructure investors. The Consortium comprises Macquarie Infrastructure and Real Assets, Allianz Capital Partners, Hermes Investment Management, CIC Capital Corporation, Qatar Investment Authority, Dalmore Capital and Amber Infrastructure Limited/International Public Partnerships. The sale of the 61% interest completed on 31 March 2017.

We also announced on 31 March 2017 that we had entered into an agreement with the Consortium for the potential sale of a further 14% equity interest in that business at the option of National Grid or the Consortium (as applicable) at any time between 1 March 2019 and 31 October 2019, subject to no less than six months’ prior written notice and the satisfaction of customary regulatory conditions.

Special dividend and share consolidation

We announced today, 19 April 2017, that an aggregate of approximately £3,165 million would be returned to shareholders through a special dividend of 84.375 pence per existing ordinary share (US\$5.4224 per existing American Depositary Share) to be paid to those shareholders on the register of members at 6pm (BST) on Friday 19 May 2017. In order to maintain the comparability of the Company’s share price before and after the special dividend, the Company is seeking shareholder approval to undertake a share consolidation.

The Board has approved the special dividend in accordance with the requirements of the 2006 Act and as it is authorised to do by the Company’s articles of association.

The payment of the special dividend will not impede the Company’s ability to pay dividends in the future. The Board believes that the expected growth and performance of the current portfolio of assets will continue to support the Group’s dividend policy, which is to grow the dividend per ordinary share at least in line with the rate of annual RPI inflation in the UK each year for the foreseeable future.

Share buyback

In addition to the special dividend, it is the intention of the Directors to return approximately £835 million to shareholders by way of the purchase of National Grid shares. This will take place by way of an on-market purchase of shares.

Details and explanation of resolutions

The purpose of this circular is to provide details of the special dividend, proposed share consolidation and share buyback, and to seek your approval for the share consolidation at a General Meeting.

In addition, at the General Meeting, shareholder approval will also be sought to renew the annual authorities to enable the Company to make market purchases of its own shares, as well as to allot ordinary shares and to disapply pre-emption rights, to cover the period between the date of the General Meeting and the 2017 AGM. A separate notice for the 2017 AGM, expected to be held on 31 July 2017, will be issued in due course.

Further details and a summary explanation of these resolutions are set out below.

Proposed resolutions

Share consolidation – approval of the consolidation of every 12 existing ordinary shares into 11 new ordinary shares

It is proposed that a consolidation of the existing ordinary shares into new ordinary shares takes place in order to ensure that, so far as possible, the market price per new ordinary share following the special dividend will be comparable to the price per existing ordinary share prior to the special dividend. The share consolidation will replace every 12 existing ordinary shares with 11 new ordinary shares.

The share consolidation will be conditional upon Admission of the new ordinary shares. Once effective, the new ordinary shares will be traded on the London Stock Exchange in the same way as the existing ordinary shares and will be equivalent in all respects to the existing ordinary shares, other than the new nominal value. As all existing ordinary shares will be consolidated, shareholders will still hold the same proportion of the Company’s ordinary share capital after the share consolidation as they did before, subject to adjustment for any fractional entitlements. As a consequence of the share consolidation, the nominal value of each share will become 12 204/473 pence (currently 11 17/43 pence).

Share buyback – authority to purchase the Company’s own ordinary shares

If the share consolidation is approved by the shareholders, approval will also be sought to replace the existing authority for the Company to make market purchases of its own ordinary shares. Although this authority was approved by the shareholders at the 2016 AGM, as a result of the change to the nominal value of the ordinary shares after the share consolidation, the existing authority will need to be replaced to reflect the new nominal value.

It is therefore proposed that this authority be renewed to cover the period between the date of the General Meeting and the 2017 AGM. Your approval is sought to preserve the position that would have been the case had the share consolidation not taken place. Shareholders will be asked to renew this authority in accordance with normal practice at the 2017 AGM.

Other resolutions – authority to allot ordinary shares and to disapply pre-emption rights

If the share consolidation is approved by the shareholders, approval will also be sought to replace the following existing authorities:

- (i) authority for the Directors to allot new ordinary shares in the Company or to grant rights to subscribe for or convert any security into new ordinary shares in the Company; and
- (ii) authority for the Directors to allot equity securities wholly for cash as if Section 561 of the 2006 Act did not apply.

The Board considers these authorities to be appropriate in order to allow the Company flexibility to finance business opportunities or to conduct a pre-emptive offer or rights issue without the need to comply with the strict requirements of the statutory pre-emption provisions. Although these authorities were approved by the shareholders at the 2016 AGM, as a result of the change to the nominal value of the ordinary shares after the share consolidation, the existing authorities will need to be replaced to reflect the new nominal value. Your approval is sought to preserve the position that would have been the case had the share consolidation not taken place and the Directors currently have no intention to exercise these authorities prior to the 2017 AGM. Shareholders will be asked to renew these authorities in accordance with normal practice at the 2017 AGM.

Although passed as a single resolution at the 2016 AGM, the authority to disapply pre-emption rights will be split into two separate resolutions at the General Meeting in accordance with the latest guidance from the Pre-Emption Group. This will also be the approach taken at the 2017 AGM.

General Meeting and voting

Details in relation to attending and voting at the General Meeting are set out in the Attendance Card and the Proxy Card provided with this letter.

Low cost share dealing

Low cost share dealing services are being offered by Capita Asset Services to all our shareholders (subject to certain restrictions). Please refer to the Shareholder Information section of this circular for more information.

Recommendation

The Board is of the opinion that the resolutions proposed are in the best interests of the shareholders as a whole and unanimously recommend that you vote in favour of each of the resolutions, as they intend to do in respect of their own holdings. A more detailed explanation of the proposed resolutions is set out in Part IV of this circular.

Yours sincerely,

Sir Peter Gershon CBE FREng
Chairman

National Grid plc

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

Part I – Expected Timetable for the Special Dividend and Share Consolidation

Latest time and date for receipt of forms of proxy for holders of Existing Ordinary Shares	9am (BST) on Wednesday 17 May 2017
General Meeting	9am (BST) on Friday 19 May 2017
Record date for the Special Dividend and Share Consolidation for holders of Existing Ordinary Shares	6pm (BST) on Friday 19 May 2017
Ex-entitlement date for the Special Dividend and effective date for Share Consolidation	Monday 22 May 2017
Commencement of dealings in New Ordinary Shares	As soon as practicable after 8am (BST) on Monday 22 May 2017
CREST accounts credited with New Ordinary Shares	As soon as practicable after 8am (BST) on Monday 22 May 2017
Despatch of payment (where applicable) of Special Dividend and any fractional entitlements by cheque and despatch of New Ordinary Share Certificates	1 June 2017
Payment (where applicable) of Special Dividend and any fractional entitlements by CREST payment or BACS	2 June 2017

If any of the above times and/or dates change, the revised times and/or dates will be notified to shareholders by announcement through a Regulatory Information Service. Unless otherwise stated, all references to times in this document are to British Summer Time (“**BST**”). All events in the above timetable following the General Meeting in respect of the Share Consolidation are conditional on the approval by shareholders of resolution 1 (approval of the Share Consolidation).

Please see paragraph 2.10 of Part II for details of the timetable applicable to ADS holders.

Part II – Further Details of the Special Dividend and Share Consolidation

1 Special Dividend

1.1 Scrip Dividend

The Scrip Dividend Scheme is not being offered in respect of the Special Dividend. Any Scrip Dividend Scheme elections will roll over to the New Existing Shares following the Share Consolidation. Further details about the Scrip Dividend in relation to the final dividend for the financial year 2016/2017 will be provided in the Company's preliminary results announcement, which is expected to be released on 18 May 2017.

1.2 U.K. Taxation

The comments set out in this paragraph 1.2 and paragraph 2.6 below are based on current U.K. tax law as applied in England and Wales and HM Revenue & Customs published practice (which may not be binding on HM Revenue & Customs) as at the date of this circular, both of which are subject to change, possibly with retrospective effect. They are intended as a general guide and apply only to shareholders of the Company resident and, in the case of an individual, domiciled for tax purposes in the U.K. and to whom "split year" treatment does not apply (except insofar as express reference is made to the treatment of non-U.K. residents), who hold shares in the Company as an investment and who are the absolute beneficial owners thereof. The discussion does not address all possible tax consequences relating to an investment in the shares. Certain categories of shareholders, including those carrying on certain financial activities, those subject to specific tax regimes or benefitting from certain reliefs or exemptions, those connected with the Company or Group and those for whom the shares are employment related securities may be subject to special rules and this summary does not apply to such shareholders.

Shareholders who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the U.K., should consult their own professional advisers immediately.

Taxation of dividends

The Company will not be required to withhold amounts on account of U.K. tax at source when paying a dividend.

Individual shareholders

With effect for the tax year beginning 6 April 2016, a U.K. resident individual shareholder will not be subject to income tax on a dividend such individual shareholder receives from the Company if the total amount of dividend income received by the individual in the tax year (including the dividend from the Company) does not exceed a dividend allowance of £5,000 (the U.K. government has announced that this will be reduced to £2,000 from the tax year beginning 6 April 2018), which will be taxed at a nil rate (the "**Dividend Allowance**").

In determining the income tax rate or rates applicable to a U.K. resident individual shareholder's taxable income, dividend income is treated as the highest part of such individual shareholder's income. Dividend income that falls within the Dividend Allowance will count towards the basic or higher rate limits (as applicable) which may affect the rate of tax due on any dividend income in excess of the Dividend Allowance.

To the extent that a U.K. resident individual shareholder's dividend income for the tax year exceeds the Dividend Allowance and, when treated as the top slice of such individual shareholder's income, falls above such individual shareholder's personal allowance but below the basic rate limit, such an individual shareholder will be subject to tax on that dividend income at the dividend basic rate of 7.5%. To the extent that

such dividend income falls above the basic rate limit but below the higher rate limit, such an individual shareholder will be subject to tax on that dividend income at the dividend upper rate of 32.5%. To the extent that such dividend income falls above the higher rate limit, such an individual shareholder will be subject to tax on that dividend income at the dividend additional rate of 38.1%.

Corporate shareholders

Shareholders who are within the charge to corporation tax will be subject to corporation tax on dividends paid by the Company, unless (subject to special rules for such shareholders that are small companies) the dividends fall within an exempt class and certain other conditions are met. Each shareholder's position will depend on its own individual circumstances, although it would normally be expected that the dividends paid by the Company would fall within an exempt class.

Tax exempt shareholders

Shareholders who are registered pension schemes (as defined in Part 4 of the Finance Act 2004) or who are not liable to U.K. taxation on the grounds of sovereign immunity should not be subject to U.K. taxation on dividend income.

Non-U.K. shareholders

A shareholder resident or otherwise subject to tax outside the U.K. (whether an individual or a body corporate) may be subject to foreign taxation on dividend income under local law. Shareholders to whom this may apply should obtain their own tax advice concerning tax liabilities on dividends received from the Company.

1.3 United States Taxation

The summaries of U.S. federal income tax consequences of the Special Dividend in this paragraph 1.3 and the Share Consolidation under Paragraph 2.7 deal only with U.S. Shareholders (as defined below) that hold Existing Ordinary Shares and ADSs as capital assets. These summaries do not cover all aspects of U.S. federal income taxation that may be relevant to the receipt of the Special Dividend, New Ordinary Shares and, if any, cash in lieu of fractional entitlements to New Ordinary Shares by particular U.S. Shareholders (including consequences under the alternative minimum tax or Medicare tax on net investment income) and does not address state, local, non-U.S. or other tax laws. These summaries also do not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under U.S. federal income tax laws (including persons holding Existing Ordinary Shares or ADSs through an entity or arrangement treated as a partnership for U.S. federal income tax purposes). This summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, as well as on the income tax treaty between the United States and U.K., all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

As used herein, the term "U.S. Shareholder" means a beneficial owner of Existing Ordinary Shares or ADSs that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S.

Part II – Further Details of the Special Dividend and Share Consolidation continued

persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The Special Dividend generally will be reported as dividend income for U.S. federal income tax purposes. While dividend income received from non-U.S. corporations is generally taxable to non-corporate U.S. Shareholders as ordinary income for U.S. federal income tax purposes, dividend income received by a non-corporate U.S. Shareholder from “qualified foreign corporations” is generally taxable at the same favourable rates applicable to long-term capital gains, provided that the corporation is not a “passive foreign investment company” (“PFIC”) for the corporation’s taxable year in which the dividend is paid or its prior taxable year. The Company expects to be treated as a “qualified foreign corporation” for these purposes and does not expect to be treated as a PFIC for its current taxable year or its taxable year ended 31 March 2017. On this basis, the Company expects that the Special Dividend will (like an ordinary dividend from the Company) generally be taxable to a non-corporate U.S. Shareholder as a dividend at the same favourable rates applicable to long-term capital gains. The Special Dividend generally is expected to be treated as foreign source “passive category income” for purposes of the rules governing foreign tax credits. The amount of the Special Dividend to be included in a U.S. Shareholder’s income generally will be the U.S. dollar amount of such Special Dividend calculated by reference to the exchange rate in effect on the day the Special Dividend is received by the U.S. Shareholder, regardless of whether the Special Dividend is converted into U.S. dollars at that time. If the Special Dividend is converted into U.S. dollars on the day it is received, the U.S. Shareholder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income.

All shareholders should consult their tax advisers as to the particular tax consequences to them of the receipt of the special dividend, the applicability and effect of U.S. federal, state, local, non-U.S. and other tax laws and possible changes in tax law.

2 Share Consolidation

2.1 Proposals

The Share Consolidation will replace every 12 Existing Ordinary Shares with 11 New Ordinary Shares.

The ratio used for the Share Consolidation has been set by reference to the closing middle market price of 1,012.5 pence per Existing Ordinary Share on 18 April 2017 (being the latest practicable date prior to the publication of this circular) after adjusting for the Special Dividend of 84.375 pence per Existing Ordinary Share. The effect of this will be to reduce the number of Existing Ordinary Shares to reflect the amount of the Special Dividend and shareholders will own the same proportion of the Company’s issued share capital after the Share Consolidation as they did before, subject to any adjustments for fractional entitlements resulting from the Share Consolidation.

For purely illustrative purposes, examples of the effects of the Special Dividend and the Share Consolidation in respect of certain holdings of Existing Ordinary Shares are set out below:

Existing Ordinary Shares	New Ordinary Shares	Special Dividend (£)
1	0	0.84
10	9	8.44
12	11	10.13
50	45	42.19
100	91	84.38
200	183	168.75
500	458	421.88
1,000	916	843.75

These examples do not show fractional entitlements, the value of which will depend on the market value of New Ordinary Shares at the time of sale.

To effect the Share Consolidation, it may be necessary to cancel such minimum number of Existing Ordinary Shares held in treasury (not exceeding 11 in total) so that the number of Existing Ordinary Shares is exactly divisible by 12.

Following the Share Consolidation, and assuming no further Existing Ordinary Shares are issued or repurchased or cancelled by the Company between 18 April 2017 (being the latest practicable date prior to the publication of this circular) and the date on which the Share Consolidation becomes effective (other than as required to ensure the number of Existing Ordinary Shares is exactly divisible by 12), the Company’s total issued share capital will comprise 3,614,401,483 New Ordinary Shares (including treasury shares). No change in the total aggregate nominal value of the Company’s issued share capital will occur; it will still be approximately £427.52 million (excluding treasury shares).

2.2 Fractional Entitlements to New Ordinary Shares

Unless a holding of Existing Ordinary Shares is exactly divisible by 12, a shareholder will have a fractional entitlement to a New Ordinary Share following the Share Consolidation. For example, a shareholder having 100 Existing Ordinary Shares would, after the Share Consolidation, be entitled to 91 New Ordinary Shares and a fractional entitlement to 2/3 of a New Ordinary Share.

The fractional entitlements of all shareholders will be aggregated and sold in the market on their behalf. The net proceeds of sale will be distributed pro rata to the relevant shareholders. Cheques in respect of the proceeds of sale of any fractional entitlements and the Special Dividend are expected to be despatched to relevant shareholders on 1 June 2017. Any payments in respect of the Special Dividend and the proceeds of sale of any fractional entitlements to be made by CREST payment or BACS are expected to be made on 2 June 2017. Please note that any payment made to a relevant shareholder by cheque or BACS will combine the proceeds of sale of any fractional entitlements and the Special Dividend into one single sum. Payments made by CREST may be made separately.

2.3 Shareholders holding only one Existing Ordinary Share

Note that if you hold only one Existing Ordinary Share then, as a result of the Share Consolidation, you will receive no New Ordinary Shares and will no longer be a shareholder; however, you will receive cash representing your fractional entitlement to a New Ordinary Share. Please refer to paragraph 2.2 for further information on how fractional entitlements will be dealt with by the Company after the Share Consolidation.

2.4 Share Certificates

With effect from the Share Consolidation, your Existing Ordinary Share Certificates will no longer be valid. New Ordinary Share Certificates will only be issued following the Share Consolidation. It is therefore important that, if you hold certificates in respect of your Existing Ordinary Shares, you retain them for the time being until New Ordinary Share Certificates are despatched, which is expected to be on 1 June 2017. Following this date, the Existing Ordinary Share Certificates can be destroyed. Share certificates are despatched to shareholders at their own risk.

For shareholders wishing to hold any New Ordinary Shares through the CREST system, the relevant CREST accounts are expected to be credited as soon as practicable after 8am (BST) on 22 May 2017. Shareholders holding New Ordinary Shares through the CREST system will not receive any share certificates.

2.5 ISIN

The current ISIN (GB00B08SNH34) in relation to Existing Ordinary Shares will be disabled in CREST as at 6pm (BST) on 19 May 2017. A new ISIN (GB00BDR05C01) in relation to the New Ordinary Shares will come into effect at 8am (BST) on 22 May 2017.

2.6 U.K. Taxation

For the purposes of U.K. taxation of chargeable gains, the Share Consolidation should be treated as follows:

2.6.1 A shareholder should not generally be treated as making a disposal or part disposal of their Existing Ordinary Shares as a result of the Share Consolidation. Shareholders should treat their New Ordinary Shares as being the same asset as, and having been acquired at the same time and for the same consideration as, the shareholder's Existing Ordinary Shares.

2.6.2 To the extent that a shareholder receives cash by virtue of a sale on his or her behalf of any New Ordinary Shares to which he or she has a fractional entitlement, the shareholder will not, in practice, normally be treated as making a part disposal of his or her holding of Existing Ordinary Shares, the proceeds instead being deducted from the base cost of the shareholder's new holding. However, if those proceeds exceed that base cost or a shareholder holds only one Existing Ordinary Share on the effective date of the Share Consolidation and accordingly is not entitled to any New Ordinary Shares, the shareholder will be treated as disposing of part or all of his or her holding of Existing Ordinary Shares and may, depending on his or her circumstances (including the availability of any exemptions, reliefs and available losses), be subject to tax in respect of any chargeable gains thereby realised.

2.6.3 On a subsequent disposal of the whole or part of the New Ordinary Shares comprised in his or her new holding, a shareholder may, depending on his or her circumstances (including the availability of any exemptions, reliefs and available losses), have a tax liability on the amount of chargeable gain realised.

2.7 United States Taxation

Generally

Except as set forth below in respect of cash received in lieu of fractional entitlements to New Ordinary Shares, a U.S. Shareholder generally will not recognise any gain or loss for U.S. federal income tax purposes as a result of the Share Consolidation. A U.S. Shareholder's aggregate adjusted tax basis in the New Ordinary Shares received pursuant to the Share Consolidation generally will be the same as its aggregate adjusted tax basis in the Existing Ordinary Shares or ADSs held immediately prior to the Share Consolidation, and the U.S. Shareholder's holding period of the New Ordinary Shares received generally will include its holding period in its Existing Ordinary Shares or ADSs.

Receipt of Cash in Lieu of Fractional Entitlements to New Ordinary Shares

Though not free from doubt, a U.S. Shareholder that receives cash in lieu of its fractional entitlements to New Ordinary Shares generally is expected to be treated as having sold a portion of its Existing Ordinary Shares or ADSs attributable to fractional entitlements to New Ordinary Shares in a taxable disposition. Under such a taxable disposition, a U.S. Shareholder generally would be treated as recognising U.S. source capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the U.S. dollar value of the cash received by the U.S. Shareholder on the date of the Share Consolidation and the U.S. Shareholder's adjusted tax basis in the Existing Ordinary Shares or ADSs deemed sold. Such capital gain or loss would be long-term capital gain or loss if the U.S. Shareholder's holding period in the Existing Ordinary Shares or ADSs exceeds one year. The deductibility of capital losses is subject to limitations. If the receipt of cash in lieu of fractional entitlements to New Ordinary Shares were not treated as a sale of a portion of the U.S. Shareholder's Existing Ordinary Shares or ADSs, cash received by a U.S. Shareholder generally would be expected to be treated as dividend income as described above with respect to the Special Dividend under Paragraph 1.3.

All shareholders should consult their tax advisers as to the particular tax consequences to them of the receipt of the new ordinary shares and, if any, cash in lieu of fractional entitlements to new ordinary shares, the applicability and effect of U.S. federal, state, local, non-U.S. and other tax laws and possible changes in tax law.

2.8 Employee Share Schemes

Employees holding Existing Ordinary Shares acquired under the Company's employee share plans at the record date for the Special Dividend and the Share Consolidation will have the same entitlement as other shareholders on the Return of Cash. Unvested awards and unexercised options held by employees as at that record date will not be impacted by the Return of Cash. Following the Return of Cash, the Board may adjust any applicable performance conditions of any outstanding awards or options, if determined appropriate.

Part II – Further Details of the Special Dividend and Share Consolidation continued

2.9 American Depositary Shares

The Share Consolidation will not result in a change to the ratio of ordinary shares represented by each ADS. However, following the Share Consolidation becoming effective, the Existing Ordinary Shares held by the ADS Depositary will be replaced with a smaller number of New Ordinary Shares. As a result, holders of ADSs will, upon cancellation of their existing ADSs, be issued with and receive a smaller number of new ADSs in such amount as represents their holding following the Share Consolidation (and, in connection with the Special Dividend, will also be paid US\$5.4224 per existing ADS to be distributed in accordance with the ADS Deposit Agreement after giving effect to the fee of 1.5 cents per existing ADS).

Fractions of new ADSs will not be issued to holders of existing ADSs. All fractions to which holders of existing ADSs would otherwise have been entitled will be aggregated and sold in the market as soon as practicable after the Share Consolidation becomes effective and the net proceeds of sale will be paid to the holders of the existing ADSs entitled thereto. Following the Share Consolidation becoming effective, the ADS Depositary will mail a notice to registered holders of ADSs regarding the mechanics of the cancellation of their existing ADSs.

The ADS Depositary will call for surrender of outstanding American Depositary Receipts (“**ADRs**”) evidencing ADSs. Uncertificated new ADSs will be registered in the name of holders upon surrenders by them of their ADRs. Registered holders that have uncertificated ADSs (not evidenced by an ADR) and persons that hold ADSs through brokers or securities intermediaries will not need to take any action and new ADSs will be automatically registered to them or credited to their securities accounts.

Further details in relation to voting are set out in the voting instruction form provided to ADS holders together with this circular.

2.10 Summary Expected Timetable for the Special Dividend and ADS Consolidation

Voting record date for ADSs	Tuesday 11 April 2017
Latest date for receipt by the ADS Depositary of completed voting instruction forms from holders of ADSs	Monday 15 May 2017
Record date for the Special Dividend and ADS consolidation for holders of ADSs	5pm (EDT) on Friday 19 May 2017
Commencement of dealings in new ADSs	9am (EDT) on Monday 22 May 2017

Part III – Resolutions

The General Meeting will consider the following resolutions, which in the case of resolutions 3, 4 and 5 will be proposed as special resolutions with the remainder being proposed as ordinary resolutions.

Resolutions 2 to 5 are technical replacements of the existing authorities granted by shareholders at the 2016 AGM and are required in order to preserve the position that would have been the case had the Share Consolidation not taken place. Shareholders will be asked to renew these authorities at the 2017 AGM.

1. To approve, subject to, and conditional upon, Admission becoming effective by 8am (BST) on 22 May 2017 (or such later time and/or date as the Directors of the Company may determine) every 12 Existing Ordinary Shares of 11 17/43 pence each in the capital of the Company in issue and as shown in the register of members of the Company (including any such shares held as treasury shares) at 6pm (BST) on 19 May 2017 (or such other time and/or date as the Directors of the Company may determine) be and are hereby consolidated into 11 New Ordinary Shares of 12 204/473 pence each in the capital of the Company, such shares having the same rights and being subject to the same restrictions (save as to nominal value) as the Existing Ordinary Shares in the capital of the Company as set out in the Company's current Articles.

2. To authorise the Directors generally and unconditionally, in accordance with Section 551 of 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 up to an aggregate nominal amount of £142,508,292.

This authority shall expire at the earlier of the close of the 2017 AGM and 25 October 2017 except that the Directors shall be entitled, at any time prior to the expiry of this authority, to make an offer or enter into an agreement which would, or might, require shares to be allotted or subscription or conversion rights to be granted after such expiry and the Directors may allot shares or grant rights in accordance with such offer or agreement as if the authority conferred had not expired.

3. Subject to the passing of resolutions 1 and 2 set out above and the Share Consolidation taking effect, to authorise the Directors, in accordance with 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 or sale, provided that this authority shall be limited to:

- (i) any such allotment or sale in connection with a pre-emptive offer; and
- (ii) any such allotment or sale, otherwise than pursuant to a pre-emptive offer, of equity securities up to an aggregate nominal value of £21,376,244.

This authority shall expire at the earlier of the close of the 2017 AGM and 25 October 2017 except that the Directors shall be entitled, at any time prior to the expiry of this authority, to make an offer or enter into an agreement which would, or might, require equity securities to be allotted wholly or partly and treasury shares to be sold after such expiry and the Directors may allot equity securities and sell treasury shares in accordance with such offer or agreement as if the authority conferred had not expired.

4. Subject to the passing of resolutions 1 and 2 set out above and the Share Consolidation taking effect, and in addition to any authority granted under resolution 3, to authorise the Directors, in accordance with 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 or sale, provided that this authority shall be:

- (i) limited to the allotment of equity securities or sale of treasury shares up to an aggregate nominal amount of £21,376,244; and
- (ii) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice.

This authority shall expire at the earlier of the close of the 2017 AGM and 25 October 2017 except that the Directors shall be entitled, at any time prior to the expiry of this authority, to make an offer or enter into an agreement which would, or might, require equity securities to be allotted wholly or partly and treasury shares to be sold after such expiry and the Directors may allot equity securities and sell treasury shares in accordance with such offer or agreement as if the authority conferred had not expired.

5. Subject to the passing of resolution 1 set out above and the Share Consolidation taking effect, to authorise the Company generally and unconditionally, for the purpose of Section 701 of the 2006 Act, to make market purchases of its New Ordinary Shares provided that:

- (i) the maximum number of New Ordinary Shares that may be acquired is 343,910,318 being approximately 10% of the Company's issued share capital (excluding treasury shares) immediately after the Share Consolidation referred to in resolution 1;
- (ii) the minimum price per share that may be paid for any such shares is 12 204/473 pence; and
- (iii) the maximum price per share that may be paid for any such shares is not more than the higher of: (a) 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; and (b) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System.

This authority shall expire at the earlier of the close of the 2017 AGM and 25 October 2017 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.

The Directors believe the proposals set out in resolutions 1 to 5 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

Alison Kay

Group General Counsel & Company Secretary

19 April 2017

National Grid plc

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

Registered in England and Wales No. 4031152

Part IV – Explanation of resolutions to be put to the General Meeting

Resolutions 3, 4 and 5 will be proposed as special resolutions and will be passed if at least 75% of the votes cast (not counting votes withheld) are in favour.

The remaining resolutions are being proposed as ordinary resolutions and will be passed if more than 50% of the votes cast (not counting votes withheld) are in favour.

Resolutions 2 to 5 are technical replacements of the existing authorities granted by shareholders at the 2016 AGM and are required in order to preserve the position that would have been the case had the Share Consolidation not taken place. Shareholders will be asked to renew these authorities at the 2017 AGM.

Resolution 1:

To approve the Share Consolidation

The purpose of resolution 1 is so that, subject to normal market movements, the market price of one New Ordinary Share immediately after the Special Dividend is approximately equal to the market price of one Existing Ordinary Share immediately prior to the Special Dividend. It is common practice in the U.K. for payment of a significant special dividend by a company to be combined with a share consolidation.

The New Ordinary Shares will be traded on the London Stock Exchange in the same way as the Existing Ordinary Shares and will be equivalent in all material respects to the Existing Ordinary Shares, including their dividend, voting and other rights.

The New Ordinary Share Certificates will be issued to those shareholders who hold their shares in certificated form. Holders of Existing Ordinary Shares whose holdings are registered in CREST will automatically have any New Ordinary Shares credited to their CREST account.

Please read Part II (*Further Details of the Special Dividend and Share Consolidation*) above for additional information concerning the Share Consolidation.

Resolution 2:

To authorise the Directors to allot New Ordinary Shares

The purpose of resolution 2 is to replace the Directors' existing authority to allot shares. A replacement of this authority is required as a result of the change to the nominal value of the ordinary shares after the Share Consolidation to reflect the new nominal value, provided that resolution 1 is passed, and the Directors currently have no intention to use this authority prior to the 2017 AGM.

As the intention of this resolution is to replace the existing authority granted at the 2016 AGM and preserve the position that would have been the case had the Share Consolidation not taken place, if the resolution is passed, the authority will expire at the earlier of the close of the 2017 AGM and 25 October 2017. A renewal of this authority is intended to be proposed at each subsequent AGM.

The authority will allow the Directors to allot New Ordinary Shares, or to grant rights to subscribe for or convert any security into shares, up to a nominal value of £142,508,292 (representing approximately 1,146,367,726 New Ordinary Shares of 12 204/473 pence each), which is equivalent to approximately 33% of the issued share capital of the Company, exclusive of treasury shares, immediately after the Share Consolidation referred to in resolution 1.

The Directors consider that the Company will have sufficient flexibility with this lower level of authority to respond to market developments. This authority is in line with investor guidelines.

The Directors currently have no intention of issuing New Ordinary Shares, or of granting rights to subscribe for or to convert any security into New Ordinary Shares, except in relation to, or in connection with, the operation and management of the Scrip Dividend Scheme and the exercise of options under the Company's share plans.

The Company expects to actively manage the dilutive effect of share issuance arising from the operation of the Scrip Dividend Scheme. In some circumstances, additional ordinary shares may be allotted to the market for this purpose under the authority provided by this resolution. The Company believes these circumstances are unlikely to arise. However, if required for this purpose, it is expected that the associated allotment of New Ordinary Shares (or rights to subscribe for or convert any security into New Ordinary Shares) will not exceed 1% of the issued share capital (excluding treasury shares) per annum.

During the period from the date of the 2016 AGM to 18 April 2017 (being the latest practicable date prior to the publication of this circular), the Company allotted and issued 18,945,361 Existing Ordinary Shares in the capital of the Company, representing approximately 0.5% of the issued share capital of the Company (excluding treasury shares) as at 18 May 2016, being the reference date used for the purposes of the authority granted at the 2016 AGM.

As at 18 April 2017, the number of Existing Ordinary Shares in issue was 3,942,983,447 and the Company held 191,234,524 treasury shares, representing 4.85% of the issued share capital of the Company (excluding treasury shares).

Resolutions 3, 4 and 5 are special resolutions and will be passed if at least 75% of the votes cast (not counting votes withheld) are in favour.

Resolutions 3 and 4:

To disapply pre-emption rights

If the Directors allot new shares or other equity securities, or sell treasury shares, for cash (other than in connection with an employee share plan), they must first offer them to existing shareholders in proportion to their existing holdings (known as pre-emption rights). A replacement of this authority is required as a result of the change to the nominal value of the ordinary shares after the Share Consolidation to reflect the new nominal value, provided that resolution 1 is passed.

The Board considers the authorities in resolutions 3 and 4 to be appropriate in order to allow the Company flexibility to finance business opportunities or to conduct a pre-emptive offer or rights issue without the need to comply with the strict requirements of the statutory pre-emption provisions.

The authorities sought in resolutions 3 and 4 were approved as a single resolution at the 2016 AGM. However, in accordance with the Pre-Emption Group's Monitoring Report published in May 2016, the Company has split the authority into two resolutions for the purposes of the General Meeting. This will also be the approach taken at the 2017 AGM. As the intention of these resolutions is to replace the existing authority granted at the 2016 AGM and preserve the position that would have been the case had the Share Consolidation not taken place, if the resolutions are passed, the authorities will expire at the earlier of

the close of the 2017 AGM and 25 October 2017. A renewal of these authorities is intended to be proposed at each subsequent AGM.

Part (i) of resolution 3 seeks shareholders' approval to allot a limited number of New Ordinary Shares or other equity securities, or sell treasury shares, for cash on a pre-emptive basis but subject to such exclusions or arrangements as the Directors may deem appropriate to deal with certain legal, regulatory or practical difficulties. For example, in a pre-emptive rights issue, there may be difficulties in relation to fractional entitlements or the issue of new shares to certain shareholders, particularly those that are resident in certain overseas jurisdictions. The Board has no current intention of exercising the authority under part (i) of resolution 3 but considers the authority to be appropriate in order to allow the Company flexibility to finance business opportunities or to conduct a pre-emptive offer or rights issue having made appropriate exclusions or arrangements to address such difficulties.

In addition, there may be circumstances when the Directors consider it in the best interests of the Company to allot a limited number of ordinary shares or other equity securities, or sell treasury shares for cash on a non pre-emptive basis. The Pre-Emption Group's Statement of Principles, as updated in March 2015, supports the annual disapplication of pre-emption rights in respect of allotments of shares and other equity securities and sales of treasury shares for cash representing no more than 5% of issued ordinary share capital (exclusive of treasury shares), without restriction as to the use of proceeds of those allotments.

Accordingly, the purpose of part (ii) of resolution 3 is to authorise the Directors to allot New Ordinary Shares and other equity securities pursuant to the allotment authority given by resolution 2, or sell treasury shares, for cash up to a nominal value of £21,376,244, equivalent to 5% of the total issued ordinary share capital of the Company excluding treasury shares and 4.76% of the total issued ordinary share capital of the Company including treasury shares immediately after the Share Consolidation referred to in resolution 1 without the shares first being offered to existing shareholders in proportion to their existing holdings.

The Pre-Emption Group's Statement of Principles also supports the annual disapplication of pre-emption rights in respect of allotments of shares and other equity securities and sales of treasury shares for cash representing no more than an additional 5% of issued ordinary share capital (exclusive of treasury shares), to be used only in connection with an acquisition or specified capital investment. The Pre-Emption Group's Statement of Principles defines "specified capital investment" as meaning one or more specific capital investment related uses for the proceeds of an issue of equity securities, in respect of which sufficient information regarding the effect of the transaction on the Company, the assets the subject of the transaction and (where appropriate) the profits attributable to them is made available to shareholders to enable them to reach an assessment of the potential return.

Accordingly, and in line with the template resolutions published by the Pre-Emption Group in May 2016, the purpose of resolution 4 is to authorise the Directors to allot New Ordinary Shares and other equity securities pursuant to the allotment authority given by resolution 2, or sell treasury shares, for cash up to a further nominal amount of £21,376,244, equivalent to 5% of the total issued ordinary share capital of the Company excluding treasury shares and 4.76% of the total issued ordinary share capital of the Company including treasury

shares immediately after the Share Consolidation referred to in resolution 1 only in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment, or which has taken place in the preceding six-month period and is disclosed in the announcement of the issue. If the authority given in resolution 4 is used, the Company will publish details of the placing in its next annual report.

The Board intends to adhere to the provisions in the Pre-Emption Group's Statement of Principles and not to allot shares or other equity securities or sell treasury shares for cash on a non pre-emptive basis pursuant to the authority in resolution 3 in excess of an amount equal to 7.5% of the total issued ordinary share capital of the Company, excluding treasury shares, within a rolling three-year period, other than:

- (i) with prior consultation with shareholders; or
- (ii) in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

Resolution 5:

To authorise the Company to purchase its own New Ordinary Shares

In some circumstances, the Company may find it advantageous to have the authority to purchase its own shares in the market. The Directors believe that it is an important part of the financial management of the Company to have the flexibility to repurchase issued shares in order to manage its capital base.

The Company's authority is required to be replaced as a technical matter as a result of the change to the nominal value of the ordinary shares after the Share Consolidation to reflect the new nominal value, provided that resolution 1 is passed.

As the intention of this resolution is to replace the existing authority granted at the 2016 AGM and preserve the position that would have been the case had the Share Consolidation not taken place, if the resolution is passed, the authority will expire at the earlier of the close of the 2017 AGM and 25 October 2017. A renewal of this authority is intended to be proposed at each subsequent AGM.

If this resolution is passed, the Directors intend to return approximately £835 million to shareholders by way of market purchases of New Ordinary Shares.

In addition, the Company will seek to purchase shares where the Directors believe this would be in the best interests of shareholders generally, for example, to manage share dilution created by take-up of the Scrip Dividend Scheme that is above the level required to maintain appropriate balance sheet strength. The authority will only be used after careful consideration, taking into account market conditions prevailing at the time, other investment and financing opportunities and the overall financial position of the Company.

It is intended that, in line with recent practice, repurchased shares will be held as treasury shares. Repurchased shares may be held as treasury shares by the Company, and resold for cash, cancelled, either immediately or at some point in the future, or used for the purposes of employee share schemes.

Part IV – Explanation of resolutions to be put to the General Meeting continued

Further to the explanatory note to resolution 2, share issuance arising from the operation of the Scrip Dividend Scheme may be actively managed through the repurchase of the Company's shares. It is expected that such issuance under the Scrip Dividend Scheme, or such associated repurchases, will not exceed 2.5% of the issued share capital (excluding treasury shares) per annum.

New Ordinary Shares repurchased as part of the management of share issuance arising from the Scrip Dividend Scheme may be held as treasury shares by the Company, and resold for cash, cancelled, either immediately or at some point in the future, or used for the purposes of employee share schemes.

During the period from the date of the 2016 AGM to 18 April 2017 (being the latest practicable date prior to the publication of this circular), the Company purchased 18,945,361 Existing Ordinary Shares in the capital of the Company, representing approximately 0.5% of the issued share capital of the Company as at 18 May 2016 (excluding treasury shares) at a total cost of £175,684,844.13.

As at 18 April 2017, options were outstanding over 25,683,551 Existing Ordinary Shares, representing approximately 1% of the issued share capital (excluding treasury shares). If the proposed market purchase authority were used in full, shares over which these options were outstanding would represent approximately 1% of the adjusted share capital (excluding treasury shares).

Part V – Notes

1. To be entitled to attend and vote at the General Meeting, shareholders must be included in the register of members of the Company as at close of business on 17 May 2017 or, in the event that this General Meeting is adjourned, in the register of members 48 hours before the time of any adjourned general meeting. They shall be entitled to vote at the General Meeting in respect of the number of ordinary shares registered in their name at that time. Changes to entries in the register of members after close of business on 17 May 2017 or, in the event that this General Meeting is adjourned, in the register of members 48 hours before the time of any adjourned general meeting, shall be disregarded in determining the rights of any person to attend or vote at the General Meeting.
2. As at 18 April 2017 (being the latest practicable date prior to the publication of this circular), there were 3,942,983,447 Existing Ordinary Shares in issue, each carrying one vote each, and 191,234,524 shares in treasury. Shares held in treasury do not have voting rights. Therefore, the total number of voting rights exercisable as at 18 April 2017 is 3,751,748,923.
3. Holders of ordinary shares are entitled to attend, speak and vote, either in person or by proxy, at general meetings of the Company.
4. Each of the resolutions to be put to the meeting will be voted on by a poll and not by a show of hands. A poll reflects the number of voting rights exercisable by each shareholder and so the Directors consider it a more democratic method of voting. The results will be published on the Company's website and notified to the U.K. Listing Authority once the votes have been verified.
5. A shareholder of the Company who is entitled to attend, speak and vote at the General Meeting 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 General Meeting 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, as applicable, have been sent a personalised Proxy Card or alternatively will be able to complete a proxy form online at www.nationalgridshareholders.com
6. To be valid, Proxy Cards must be received by no later than 9am (BST) on 17 May 2017, using the pre-paid envelope provided or delivered by post or (during normal business hours) by hand to: Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Alternatively, shareholders can complete the proxy form online at www.nationalgridshareholders.com by no later than 9am (BST) on 17 May 2017. The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting in person. Please see paragraph 2.10 of Part II for details of the timetable applicable to ADS holders.
7. For further details relating to the voting and participation rights of shareholders, please refer to the Company's Articles, copies of which are available on the Company's website at www2.nationalgrid.com/about-us/corporate-governance/
8. 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. 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 General Meeting, and you are advised to contact them. Alternatively, if you do not have such a right, or do not wish to exercise it, you may have a right under such agreement to give instructions to the registered member holding the shares as to the exercise of voting rights.
9. A corporate shareholder may appoint one or more corporate representatives on its behalf who may exercise all of its powers as a shareholder provided they do not do so in relation to the same shares.
10. 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 available via www.euroclear.com 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.
11. 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 9am on 17 May 2017. After this time, any change to instructions to proxies appointed through CREST should be communicated to the agent by other means. It is the responsibility of the CREST member concerned to take (or if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members (and, where applicable, their CREST sponsors or voting service providers) are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings. 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.
12. Shareholders have the right to ask questions at the General Meeting which the Company must cause to have answered if they relate to the business being dealt with at the meeting unless (a) answering such questions would unduly interfere with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on the Company's website in the form of an answer to a question, or (c) answering the questions would be undesirable in the interests of the Company or the good order of the meeting.
13. Copies of this circular and information required by Section 311A of the 2006 Act are available on the Company's website at www.nationalgrid.com

Shareholder Information

The General Meeting

The General Meeting will take place at 9am (BST) on Friday 19 May 2017 at the offices of Linklaters LLP, One Silk Street, London EC2Y 8HQ. Registration for the General Meeting will open at 8.30am.

Venue

For location and travel details to the offices of Linklaters LLP, please visit www.linklaters.com/ContactUs/Pages/London. For walking route details, please visit www.walkit.com.

If you can attend the meeting

Please bring your Attendance Card if received in hard copy, or a copy of the email notification if we communicate with you electronically, as this will help with registration.

For your personal safety and security there may be checks and searches conducted. Please do not bring suitcases, large bags or rucksacks. If you do we may ask you to leave the item in the cloakroom.

Recording equipment, cameras and other items that might interfere with the good order of the meeting will not be permitted. Mobile phones must be turned off or on silent during the meeting.

Capita Asset Services will be available before the meeting to answer any questions you may have regarding your shareholding.

Accessibility

The offices of Linklaters LLP are easily accessible by wheelchair users and has lift access inside. An induction loop is available for shareholders with hearing difficulties.

If you cannot attend

In order to vote on the resolutions being proposed at the General Meeting, you will need to appoint a proxy using one of the following methods (as applicable):

- Complete the proxy form online at www.nationalgridshareholders.com
- Complete, date and sign the paper Proxy Card enclosed with this circular and return it using the pre-paid envelope provided or deliver it by hand during normal business hours to:

Capita Asset Services
PXS
34 Beckenham Road
Beckenham
Kent BR3 4TU

If you are a CREST member you can submit a message via CREST, please see notes 10 and 11 on page 13 for details.

To be valid, Proxy Cards must be received by 9am (BST) on 17 May 2017 and CREST Proxy Instructions by 9am (BST) on 17 May 2017. Please see paragraph 2.10 of Part II for details of the timetable applicable to ADS holders.

Please note that proxy votes can only be submitted via paper Proxy Cards returned to the address stated, electronically via www.nationalgridshareholders.com or via CREST. Proxy votes cannot be submitted via any other means of communication.

The return of a completed Proxy Card or CREST Proxy Instruction will not prevent you from attending the General Meeting and voting in person if you wish to do so.

Voting

Each of the resolutions to be put to the meeting will be voted on by a poll and not by a show of hands. A poll reflects the number of voting rights exercisable by each shareholder and so the Directors consider it a more democratic method of voting. The results will be published on the Company's website and notified to the U.K. Listing Authority once the votes have been verified.

For further details relating to the voting and participation rights of shareholders, please refer to the Company's Articles, copies of which are available on the Company's website at www2.nationalgrid.com/about-us/corporate-governance/.

Beware of Share Fraud

Fraudsters use persuasive and high pressure tactics to lure investors into scams. Shareholders are advised to be wary of any unsolicited advice or offers, whether over the telephone, through the post, by email or visits at home. If you receive any such unsolicited contact, please check the company or person contacting you is properly authorised by the Financial Conduct Authority (FCA) before getting involved.

You can check at www.fca.org.uk/consumers/protect-yourself and can report calls from unauthorised firms to the FCA by calling 0800 111 6768.

Buying and selling National Grid plc Shares

Capita Asset Services offer a range of low cost dealing services, designed especially for National Grid shareholders, including, for a limited time, **20% discount to online dealing commission**** for all our shareholders and **fee free postal dealing** on share sales for shareholders with up to 100 shares***.

Visit www.capitadeal.com/nationalgrid or call **Capita on 0800 022 3374** for details and terms and conditions. Calls to this Freephone number will vary by provider and calls from outside the U.K. will be charged at the applicable international rate. **This is not a recommendation to take any action. The value of shares may fall as well as rise and you may not get back your original investment. If you are in any doubt as to what action to take, please contact an authorised financial advisor.**

* services are available to private shareholders resident within the European Economic Area, Channel Islands or the Isle of Man. If you hold your shares in CREST, you are not eligible to use this service.

** available on instructions up to the value of £25,000 received by 30 September 2017. Instructions received after this date will be charged 0.5% commission (minimum £19.00, maximum £76.50).

*** available on instructions received by 30 September 2017. Instructions received after this date will incur fees of 10p per share.

Want more information or help?

Call Capita Asset Services

0371 277 1013

Calls are charged at the standard geographic rate and will vary by provider.

Lines are open 8.30am to 5.30pm, Monday to Friday, excluding public holidays.

From outside the UK call: +44(0) 371 277 1013

Calls outside the UK will be charged at the applicable international rate.

Visit the National Grid share portal

www.nationalgridshareholders.com

Email: nationalgrid@capita.co.uk

National Grid Share Register

Capita Asset Services

The Registry

34 Beckenham Road

Beckenham,

Kent BR3 4TU

Alternatively, this circular is available at www.nationalgrid.com in the Investors section.

Glossary

2006 Act the Companies Act 2006

2016 AGM the annual general meeting of the Company held on 25 July 2016

2017 AGM the annual general meeting of the Company expected to be held on 31 July 2017

Admission the admission of the New Ordinary Shares to the Official List of the United Kingdom Listing Authority with a premium listing and to trading on the London Stock Exchange plc's Main Market

ADS American Depositary Shares

ADS Deposit Agreement the amended and restated deposit agreement dated 23 May 2013 among the ADS Depository, the Company and the owners and holders of ADSs

ADS Depository The Bank of New York Mellon

AGM annual general meeting

Articles the Articles of Association of the Company

Attendance Card the attendance card provided with this circular

Capita Asset Services is a trading name of Capita Registrars Limited

Consortium the consortium which purchased a 61% equity interest in the UK Gas Distribution business on 31 March 2017, comprising Macquarie Infrastructure and Real Assets, Allianz Capital Partners, Hermes Investment Management, CIC Capital Corporation, Qatar Investment Authority, Dalmore Capital and Amber Infrastructure Limited/International Public Partnerships.

CREST the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI/3755)) in respect of which Euroclear UK & Ireland Limited is the operator

Directors the directors of National Grid plc

Existing Ordinary Share Certificates share certificates in respect of Existing Ordinary Shares

Existing Ordinary Shares issued ordinary shares of 11 17/43 pence each in the capital of the Company

General Meeting the general meeting of the Company to be held on Friday 19 May 2017

London Stock Exchange the London Stock Exchange plc

National Grid or **Company** National Grid plc

New Ordinary Share Certificates share certificates in respect of New Ordinary Shares

New Ordinary Shares following the Share Consolidation, the new ordinary shares of 12 204/473 pence each in the capital of the Company

Ordinary shares Existing Ordinary Shares or New Ordinary Shares, as the context may require

Pre-Emption Group an independent body representing investors and listed companies which publishes guidance on the application of pre-emption rights and monitors how such guidance is used

Proxy Card the proxy card provided with this circular

RPI Retail Price Index published by the Office for National Statistics

Scrip Dividend Scheme the National Grid plc Scrip Dividend Scheme subject to the terms and conditions approved by shareholders at the AGM held on 28 July 2014, as amended from time to time

Share Consolidation the consolidation of the Existing Ordinary Shares set out in the first resolution in this circular

Shareholder a holder of ordinary shares in the capital of the Company

Share portal the National Grid share portal, www.nationalgridshareholders.com

Special Dividend the special dividend of 84.375 pence per ordinary share (US\$5.4224 per ADS) as declared by the Board to be paid to shareholders on the register at 6pm on 19 May 2017

U.K. the United Kingdom of Great Britain and Northern Ireland

U.S. the United States of America