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IMPORTANT: You must read the following disclaimer before continuing. This electronic transmission applies to the attached document and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached prospectus (the “**Prospectus**”) relating to National Grid plc (the “**Company**”) dated 23 May 2024 received by means of electronic communication. In accessing or making any other use of the attached document, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

You acknowledge that this electronic transmission and the delivery of the attached document is confidential and intended for you only and you agree you will not forward, reproduce, copy, download or publish this electronic transmission or the attached document to any other person. The Prospectus has been prepared solely in connection with the rights issue (the “**Rights Issue**”) of new ordinary shares (the “**New Shares**”) of the Company and the proposed admission of the New Shares (nil paid and fully paid) to the premium listing segment of the Official List of the UK Financial Conduct Authority (the “**FCA**”) and to trading on London Stock Exchange plc’s main market for listed securities (“**Admission**”).

The attached document comprises a prospectus relating to the Company prepared in accordance with the Prospectus Regulation Rules of the FCA made under section 73A of the FSMA and it has been drawn up as part of a simplified prospectus in accordance with Article 14 of Regulation (EU) 2017/1129, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK Prospectus Regulation**”). The Prospectus has been approved by the FCA (as competent authority under the UK Prospectus Regulation in accordance with section 85 of the FSMA). The FCA only approves this document as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation, and such approval should not be considered as an endorsement of the issuer that is, or the quality of the securities that are, the subject of this document. Investors should make their own assessment as to the suitability of investing in the New Shares.

The Prospectus has been filed with the FCA in accordance with the Prospectus Regulation Rules and will be made available to the public in accordance with Rule 3.2.1 of the Prospectus Regulation Rules by the same being made available, free of charge, at www.nationalgrid.com and at the Company’s registered office at 1-3 Strand, London, WC2N 5EH.

THIS ELECTRONIC TRANSMISSION AND THE ATTACHED DOCUMENT MAY ONLY BE DISTRIBUTED, OUTSIDE THE UNITED STATES, IN “OFFSHORE TRANSACTIONS” IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”) OR, WITHIN THE UNITED STATES, TO CERTAIN PERSONS REASONABLY BELIEVED TO BE QUALIFIED INSTITUTIONAL BUYERS (“**QIBs**”) AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (“**RULE 144A**”) OR TO OTHER PERSONS, IN OFFERINGS EXEMPT FROM OR IN A TRANSACTION NOT SUBJECT TO THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT, AND, IN EACH CASE, IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. NOTHING IN THIS ELECTRONIC TRANSMISSION AND THE ATTACHED DOCUMENT CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE NIL PAID RIGHTS, THE FULLY PAID RIGHTS, THE NEW SHARES AND THE PROVISIONAL ALLOTMENT LETTERS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR UNDER ANY SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED, TAKEN UP, EXERCISED, RESOLD, RENOUNCED, TRANSFERRED OR DELIVERED,

DIRECTLY OR INDIRECTLY, EXCEPT (1) WITHIN THE UNITED STATES TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QIB IN ACCORDANCE WITH RULE 144A, OR TO OTHER PERSONS PURSUANT TO AN APPLICABLE EXEMPTION FROM OR IN A TRANSACTION NOT SUBJECT TO THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, OR (2) OUTSIDE THE UNITED STATES, IN AN OFFSHORE TRANSACTION IN RELIANCE ON REGULATIONS UNDER THE SECURITIES ACT, IN EACH CASE IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THERE WILL BE NO PUBLIC OFFER OF THE NIL PAID RIGHTS, THE FULLY PAID RIGHTS OR THE NEW SHARES IN THE UNITED STATES. SUBJECT TO CERTAIN LIMITED EXCEPTIONS, PROVISIONAL ALLOTMENT LETTERS HAVE NOT BEEN, AND WILL NOT BE, SENT TO, AND NIL PAID RIGHTS HAVE NOT BEEN AND WILL NOT BE CREDITED TO THE CREST ACCOUNT OF, ANY QUALIFYING SHAREHOLDER WITH A REGISTERED ADDRESS IN OR THAT IS LOCATED IN THE UNITED STATES.

The distribution of this document or the provisional allotment letters and the transfer of Nil Paid Rights, Fully Paid Rights or New Shares into jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of such jurisdictions. In particular, subject to certain exceptions, this document, the enclosures and any other such documents should not be distributed, forwarded to or transmitted in, and the provisional allotment letters, the Nil Paid Rights, the Fully Paid Rights and the New Shares may not be transferred or sold to, or renounced or delivered in or into the United States, Canada, Hong Kong, Japan, Saudi Arabia, Singapore, South Africa, the United Arab Emirates or any other jurisdictions where the extension and availability of the Rights Issue would breach any applicable law. No offer of New Shares is being made by virtue of this document of the provisional allotment letters into the United States, Canada, Hong Kong, Japan, Saudi Arabia, Singapore, South Africa, the United Arab Emirates.

This electronic transmission and the attached document and the Rights Issue when made are only addressed to and directed at persons in member states of the European Economic Area who are “qualified investors” within the meaning of Article 2(e) of the Prospectus Regulation (Regulation (EU) 2017/1129) (“**Qualified Investors**”). This electronic transmission and the attached document must not be acted on or relied on in any member state of the European Economic Area by persons who are not Qualified Investors. Any investment or investment activity to which this electronic transmission and the attached document relates is available only, in any member state of the European Economic Area to Qualified Investors, and will be engaged in only with such persons.

The making or acceptance of the proposed offer of Nil Paid Rights, Fully Paid Rights and New Shares to persons who have registered addresses outside the United Kingdom, or who are resident in, or citizens of, countries other than the United Kingdom may be affected by the laws of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to participate in the Rights Issue.

It is also the responsibility of any person (including, without limitation, custodians, nominees and trustees) outside the United Kingdom wishing to take up rights under or otherwise participate in the Rights Issue to satisfy himself, herself or itself as to the full observance of the laws of any relevant territory in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories.

Confirmation of Your Representation: This electronic transmission and the attached document is delivered to you on the basis that you are deemed to have represented to the Company and Barclays Bank PLC (“**Barclays**”) and J.P. Morgan Securities plc (which conducts its UK investment banking activities under the marketing name J.P. Morgan Cazenove) (“**J.P. Morgan**”) and together with Barclays, the “**Underwriters**”) that (i) you are (a), if located within the United States, a QIB, in accordance with Rule 144A under the Securities Act, acquiring such securities for its own account or for the account of another QIB, or are a person who the Company has otherwise specifically permitted to access the attached document or (b), if located outside the United States, acquiring

such securities in “offshore transactions”, in accordance with Rule 904 of Regulation S under the Securities Act; (ii) if you are in the United Kingdom, you are a Qualified Investor to the extent you are acting on behalf of persons or entities in the EEA; (iii) if you are in any member state of the European Economic Area, you are a Qualified Investor and/or a Qualified Investor acting on behalf of Qualified Investors to the extent you are acting on behalf of persons or entities in the EEA; (iv) you are an institutional investor that is eligible to receive this document and you consent to delivery by electronic transmission and (v) you are not located in, Canada, Hong Kong, Japan, Saudi Arabia, Singapore, South Africa, the United Arab Emirates.

You are reminded that you have received this electronic transmission and the attached document on the basis that you are a person into whose possession this document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this document, electronically or otherwise, to any other person. This document has been made available to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Company, the Underwriters nor any of their respective affiliates, directors, officers, employees or agents accepts any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and the hard copy version. By accessing the attached document, you consent to receiving it in electronic form. Apart from the responsibilities and liabilities, if any, which may be imposed on the Underwriters by the FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of the Underwriters, nor any of their respective affiliates, directors, officers, employees or advisers accepts any responsibility or liability whatsoever for the contents of the attached document, including its accuracy, completeness or verification and makes no representation or warranty, express or implied, as to the contents of this document or for any statement made or purported to be made by it, or on its behalf, in connection with the Company or the Nil Paid Rights, the Fully Paid Rights or the New Shares. The Underwriters and each of their respective affiliates, each accordingly disclaims to the fullest extent permitted by law all and any liability whether arising in tort, contract or otherwise which they might otherwise have in respect of such document or any such statement. No representation or warranty express or implied, is made by any of the Underwriters or any of their respective affiliates as to the accuracy, completeness or sufficiency of the information set out in the attached document.

Restriction: Nothing in this electronic transmission constitutes, and may not be used in connection with, an offer of securities for sale to persons other than the specified categories of institutional buyers described above and to whom it is directed and access has been limited so that it shall not constitute a general solicitation. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

The Underwriters are acting exclusively for the Company and are acting for no one else in connection with the Rights Issue. They will not regard any other person (whether or not a recipient of this document) as their client in relation to the Rights Issue and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Rights Issue or any transaction or arrangement referred to in this document. You are responsible for protecting against viruses and other destructive items. Your receipt of this document via electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000 (“FSMA”) if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

This document comprises a prospectus for the purposes of Article 14 of the UK version of Regulation (EU) 2017/1129 as it forms part of retained EU law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”) as amended (the “**Prospectus Regulation**”) relating to National Grid plc (“**National Grid**” or the “**Company**”) prepared in accordance with the prospectus regulation rules of the FCA made under section 73(A) of the FSMA (the “**Prospectus Regulation Rules**”). This document has been approved by the FCA, as competent authority under the Prospectus Regulation, in accordance with the Prospectus Regulation Rules. The FCA only approves the prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation, such approval should not be considered as an endorsement of the issuer that is, or the quality of the securities that are, the subject of this document. Investors should make their own assessment as to the suitability of investing in the securities. This document has been drawn up as part of a simplified prospectus in accordance with Article 14 of the Prospectus Regulation.

This document together with the documents incorporated into it by reference (as set out in Part XIII (*Documentation Incorporated by Reference*) of this document) will be made available to the public in accordance with Rule 3.2.1 of the Prospectus Regulation Rules by the same being made available, free of charge, at www.nationalgrid.com and at the Company’s registered office at 1-3 Strand, London, WC2N 5EH.

The Company and its directors, whose names appear on page 34 of this document (the “**Directors**”), accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors, the information contained in this document is in accordance with the facts and the Prospectus makes no omission likely to affect its import.

Subject to the restrictions set out below, if you sell or have sold or have otherwise transferred all of your Shares (other than ex-rights) held in certificated form before 8.00 a.m. (London time) on 24 May 2024 (the “**Ex-Rights Date**”) please send this document, together with any Provisional Allotment Letter, if and when received, at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee except that such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including but not limited to the United States or any Excluded Territories. If you sell or have sold or have otherwise transferred all or some of your Existing Shares (other than ex-rights) held in uncertificated form before the Ex-Rights Date, a claim transaction will automatically be generated by Euroclear which, on settlement, will transfer the appropriate number of Nil Paid Rights to the purchaser or transferee. If you sell or have sold or otherwise transferred only part of your holding of Existing Shares (other than ex-rights) held in certificated form before the Ex-Rights Date, you should refer to the instruction regarding split applications in Part III (*Terms and Conditions of the Rights Issue*) of this document and in the Provisional Allotment Letter.

The distribution of this document, the Provisional Allotment Letter and the transfer of Nil Paid Rights, Fully Paid Rights and New Shares into jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of such jurisdictions. In particular, subject to certain exceptions, this document, the enclosures, the Provisional Allotment Letter and any other such documents should not be distributed, forwarded to or transmitted in or into the United States or the Excluded Territories.

This document does not constitute an invitation or offer to sell or the solicitation of an invitation or an offer to buy New Shares or to take up entitlements to Nil Paid Rights or Fully Paid Rights in any jurisdiction in which such offer or solicitation is unlawful.

nationalgrid

National Grid plc

(incorporated and registered under the laws of England and Wales with registered number 04031152)

**7 for 24 Rights Issue of 1,085,448,980 New Shares at
645 pence per New Share**

*Joint Sponsor, Joint Global Co-ordinator, Joint
Bookrunner and Underwriter*

Barclays

*Joint Sponsor, Joint Global Co-ordinator, Joint
Bookrunner and Underwriter*

J.P. Morgan Cazenove

The Shares are listed on the premium listing segment of the Official List maintained by the FCA and traded on the London Stock Exchange's main market for listed securities. Application will be made to the FCA and to the London Stock Exchange for the New Shares to be admitted to the premium listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange, respectively. It is expected that Admission will become effective and that dealings on the London Stock Exchange in the New Shares (nil paid) will commence at 8.00 a.m. (London time) on 24 May 2024.

Your attention is drawn to the letter from the Chair (as set out in Part I (*Letter from the Chair of National Grid plc*) of this document). You should read the whole of this document and any documents incorporated herein by reference. Your attention is also drawn to the section headed "*Risk Factors*" at the beginning of this document, which sets out certain risks and other factors that should be considered by Shareholders when deciding on what action to take in relation to the Rights Issue, and by others when deciding whether or not to purchase Nil Paid Rights, Fully Paid Rights or New Shares.

Part II (Some Questions and Answers about the Rights Issue) of this document answers some of the questions most often asked by shareholders about rights issues, and full terms and conditions are set out in Part III (Terms and Conditions of the Rights Issue) of this document.

Barclays Bank PLC ("**Barclays**") and J.P. Morgan Securities plc (which conducts its UK investment banking activities under the marketing name J.P. Morgan Cazenove) ("**J.P. Morgan**") (together, the "**Banks**") are each authorised by the Prudential Regulation Authority ("**PRA**") and regulated in the United Kingdom by the FCA and the PRA. Robey Warshaw LLP (the "**Financial Adviser**") is authorised and regulated by the FCA. Each of the Banks and the Financial Adviser are acting exclusively for the Company and acting for no one else in connection with the Rights Issue. They will not regard any other person as a client in relation to the Rights Issue and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients, nor for providing advice in connection with the Rights Issue or any other matter, transaction or arrangement referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on each of Barclays and J.P. Morgan by FSMA or the regulatory regime established thereunder or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable none of the Banks and the Financial Adviser accepts any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification, or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Nil Paid Rights, the Fully Paid Rights, the New Shares, the Rights Issue, and nothing in this document should be relied upon as a promise or representation in this respect, whether or not to the past or future. The Banks, the Financial Adviser and their respective affiliates accordingly disclaim to the fullest extent permitted by law all and any liability whether arising in tort, contract or otherwise which they might otherwise have in respect of this document or any such statement.

It is expected that Qualifying Certificated Shareholders (other than, subject to certain exceptions, those with registered addresses in the United States or the Excluded Territories) will be sent a Provisional Allotment Letter on 23 May 2024, and that Qualifying CREST Shareholders (other than, subject to certain exceptions, those with registered addresses in the United States or the Excluded Territories) will receive a credit to their appropriate stock accounts in CREST in respect of the Nil Paid Rights to which they are entitled on 24 May 2024. The Nil Paid Rights so credited are expected to be enabled for settlement by Euroclear as soon as practicable after Admission.

In connection with the Rights Issue, the Underwriters and any of their respective affiliates may, in accordance with applicable legal and regulatory provisions, take up a portion of the Nil Paid Rights, the Fully Paid Rights and the New Shares in the Rights Issue as a principal position and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own account in securities of the Company and related or other securities and instruments (including Nil Paid Rights, Fully Paid Rights and New Shares) and may offer or sell such securities otherwise than in connection with the Rights Issue. Accordingly, references in this Prospectus to Nil Paid Rights, Fully Paid Rights and New Shares being offered or placed should be read as including any offering or placement of Nil Paid Rights, Fully Paid Rights and New Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Nil Paid Rights, Fully Paid Rights and New Shares. Except as required by applicable law or regulation, the Underwriters and their respective affiliates do not propose to make any public disclosure in relation to such transactions.

Further to any contractual obligations that may be in place between the Company and the Underwriters, in the event that the Underwriters or their respective affiliates subscribe for Nil Paid Rights, the Fully Paid Rights and the New Shares in the Rights Issue which are not taken up by Qualifying Shareholders, the Underwriters and their respective affiliates may for a limited period co-ordinate disposals of such shares in accordance with applicable law and regulation. Except as required by applicable law or regulation, the Underwriters and their respective affiliates do not propose to make any public disclosure in relation to such transactions.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit

default swaps) in the Company and its affiliates for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments.

In addition, certain of the Underwriters or their affiliates are, or may in the future be, lenders, and in some cases agents or managers for the lenders, under certain of the Group's credit facilities and other credit arrangements. In their capacity as lenders, such lenders may, in the future, seek a reduction of a loan commitment to the Company or their respective affiliates, or impose incremental pricing or collateral requirements with respect to such facilities or credit arrangements, in the ordinary course of business. In addition, certain of the Underwriters or their affiliates that have a lending relationship with the Company and/or its affiliates may routinely hedge their credit exposure to the Company and/or its affiliates consistent with their customary risk management policies; a typical hedging strategy would include these Underwriters or their respective affiliates hedging such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Company's ordinary shares.

Each of the Underwriters and their respective affiliates may have engaged in transactions with, and provided various commercial banking, investment banking, financial advisory transactions and services in the ordinary course of their business with the Company and/or its affiliates for which they would have received customary fees and commissions. Each of the Underwriters and their respective affiliates may provide such services to the Company and/or its affiliates in the future.

The latest time and date for acceptance and payment in full for the New Shares by holders of the Nil Paid Rights is expected to be 11.00 a.m. on 10 June 2024. The procedures for delivery of the Nil Paid Rights, acceptance and payment are set out in Part III (*Terms and Conditions of the Rights Issue*) of this document and, for Qualifying Certificated Shareholders (other than, subject to certain exceptions, those with registered addresses in the United States or the Excluded Territories), also in the Provisional Allotment Letter. Qualifying CREST Shareholders should refer to paragraph 2.2 of Part III (*Terms and Conditions of the Rights Issue*) of this document.

Notice to Shareholders in the United States and the Excluded Territories

The Nil Paid Rights, the Fully Paid Rights, the New Shares and the Provisional Allotment Letters have not been and will not be registered under the US Securities Act of 1933 (the "**US Securities Act**") or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from or in a transaction not subject to the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

The Underwriters may arrange for the offer of New Shares in the United States not taken up in the Rights Issue only to persons reasonably believed to be "qualified institutional buyers" ("**QIBs**") within the meaning of Rule 144A under the US Securities Act ("**Rule 144A**") in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Nil Paid Rights, the Fully Paid Rights and the New Shares offered outside the United States are being offered in reliance on Regulation S under the US Securities Act ("**Regulation S**").

In addition, until 40 days after the commencement of the Rights Issue, an offer, sale or transfer of the Nil Paid Rights, the Fully Paid Rights, the New Shares or the Provisional Allotment Letters within the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the US Securities Act.

The Nil Paid Rights, the Fully Paid Rights, the New Shares and the Provisional Allotment Letters have not been approved or disapproved by the United States Securities and Exchange Commission (the "**SEC**"), any state's securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Nil Paid Rights, the Fully Paid Rights or the New Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

This document does not constitute an offer of Nil Paid Rights, Fully Paid Rights or New Shares to any person with a registered address, or who is located, in the United States or the Excluded Territories or in any other jurisdiction in which such an offer or solicitation is unlawful. There will be no public offer of

the Nil Paid Rights, the Fully Paid Rights or the New Shares in the United States or any Excluded Territory.

All Overseas Shareholders and any person (including, without limitation, a nominee or trustee) who has a contractual or legal obligation to forward this document or any Provisional Allotment Letter, if and when received, or other document to a jurisdiction outside the United Kingdom should read the information set out in paragraph 2.5 of Part III (*Terms and Conditions of the Rights Issue*) of this document.

Notice to All Investors

Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information contained in this document for any purpose other than considering an investment in the Nil Paid Rights, Fully Paid Rights or New Shares is prohibited. By accepting delivery of this document, each offeree of the Nil Paid Rights, the Fully Paid Rights and/or the New Shares agrees to the foregoing.

The distribution of this document and/or the Provisional Allotment Letters and/or the transfer of the Nil Paid Rights, the Fully Paid Rights and/or the New Shares into jurisdictions other than the United Kingdom may be restricted by law. Persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, subject to certain exceptions, such documents should not be distributed, forwarded to or transmitted in or into the United States or the Excluded Territories. The Nil Paid Rights, the Fully Paid Rights, the New Shares and the Provisional Allotment Letters are not transferable, except in accordance with, and the distribution of this document is subject to, the restrictions set out in paragraph 2.5 of Part III (*Terms and Conditions of the Rights Issue*) of this document. No action has been taken by the Company or by the Underwriters that would permit an offer of the New Shares or rights thereto or possession or distribution of this document or any other offering or publicity material or the Provisional Allotment Letters, the Nil Paid Rights or the Fully Paid Rights in any jurisdiction where action for that purpose is required, other than in the United Kingdom.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by the Company or by the Underwriters. Neither the delivery of this document nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Group since the date of this document or that the information in this document is correct as at any time subsequent to its date.

Without limitation, the contents of the website of the Company (www.nationalgrid.com) other than the information as set out in Part XIII (*Documentation Incorporated by Reference*) do not form part of this document.

Information to Distributors

Solely for the purposes of the product governance requirements of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the UK Product Governance Requirements) may otherwise have with respect thereto, the Nil Paid Rights, the Fully Paid Rights and the New Shares have been subject to a product approval process, which has determined that they each are: (a) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in Chapter 3 of the FCA Handbook Conduct of Business Sourcebook; and (b) eligible for distribution through all permitted distribution channels (the “**Target Market Assessment**”). Notwithstanding the Target Market Assessment, “distributors” (for the purposes of the UK Product Governance Requirements) should note that: the price of the Nil Paid Rights, the Fully Paid Rights and/or the New Shares may decline and investors could lose all or part of their investment; the Nil Paid Rights, the Fully Paid Rights and/or the New Shares offer no guaranteed income and no capital protection; and an investment in the Nil Paid Rights, the Fully Paid Rights and/or the New Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an

investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to any contractual, legal or regulatory selling restrictions in relation to the offer. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (i) an assessment of suitability or appropriateness for the purposes of Chapters 9A or 10A, respectively, of the FCA Handbook Conduct of Business Sourcebook; or (ii) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to, the Nil Paid Rights, the Fully Paid Rights and/or the New Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Nil Paid Rights, the Fully Paid Rights and/or the New Shares and determining appropriate distribution channels.

Capitalised terms have the meanings ascribed to them, and certain technical terms are explained, in Part XIV (*Definitions*) of this document.

WHERE TO FIND HELP

Part II (*Some Questions and Answers about the Rights Issue*) of this document answers some of the questions most often asked by shareholders about rights issues. If you have further questions on the Rights Issue, you can visit www.nationalgridrightsissue.equiniti.com where there are answers to frequently asked questions (FAQs). In addition, if you are unable to find the answer to your question online there is a Shareholder Helpline available on +44(0) 371 384 2456. Lines are open from 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (except public holidays in England and Wales). For deaf and speech impaired shareholders, we welcome calls via Relay UK. Please see www.relayuk.bt.com for more information. Calls to the Shareholder Helpline from outside the United Kingdom will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that, for legal reasons, the Shareholder Helpline is only able to provide information contained in this document and information relating to the Company's register of members and is unable to give advice on the merits of the Rights Issue or to provide financial, tax or investment advice.

This document is dated 23 May 2024.

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SUMMARY INFORMATION

A. INTRODUCTION AND WARNINGS

A.1.1 *Name and international securities identifier number (ISIN) of the securities*

Ordinary shares: ISIN code GB00BDR05C01

Nil Paid Rights: ISIN code GB00BSRK4Y08

Fully Paid Rights: ISIN code GB00BSRK4X90

A.1.2 *Identity and contact details of the issuer, including its legal entity identifier (LEI)*

National Grid plc (the “**Company**”, and, together with its consolidated subsidiaries, the “**Group**”) is a public limited company. Its registered office is at 1-3 Strand, London, WC2N 5EH. The Company’s telephone number is +44 (0)20 7004 3000 and its legal entity identifier is 8R95QZMKZLJX5Q2XR704.

A.1.3 *Identity and contact details of the competent authority approving the prospectus*

This Prospectus has been approved by the FCA, as competent authority, with its head office at 12 Endeavour Square, London, E20 1JN and telephone number: +44 (0)20 7066 1000, in accordance with Regulation (EU) 2017/1129 as it forms part of retained EU law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”).

A.1.4 *Date of approval of the prospectus*

This document was approved on 23 May 2024.

A.1.5 *Warning*

This summary has been prepared in accordance with Article 7 of Regulation (EU) 2017/1129 as it forms part of retained EU law by virtue of EUWA as amended (the “**Prospectus Regulation**”) and should be read as an introduction to this document (the “**Prospectus**”). Any decision to invest in the New Shares, the Nil Paid Rights and/or the Fully Paid Rights should be based on consideration of this document as a whole by the investor. Any investor could lose all or part of their invested capital. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or if it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in the New Shares, the Nil Paid Rights and/or the Fully Paid Rights.

B. KEY INFORMATION ON THE ISSUER

B.1 *Who is the issuer of the securities?*

B.1.1 *Domicile, legal form, LEI, jurisdiction of incorporation and country of operation*

The Company is incorporated in England as a public limited company, limited by shares. Its registered office is situated in England and its registered number is 04031152. The legal entity identifier of the company is 8R95QZMKZLJX5Q2XR704. The principal legislation under which the Company operates is the Companies Act.

B.1.2 *Principal activities*

National Grid’s principal operations (its core regulated businesses) are the ownership and operation of electricity transmission and distribution infrastructure in the United Kingdom and electricity transmission and electricity and gas distribution infrastructure in the United States. It also has interests in related markets, including electricity interconnectors, liquefied natural gas storage and regasification, large-scale renewable generation, conventional generation and competitive transmission. The Group’s segments, reflecting the management responsibilities and economic characteristics of its core business activities, include:

- *UK electricity transmission*, through which the Group owns, operates and delivers critical regulated electricity transmission infrastructure across England and Wales, and includes the Strategic Infrastructure business unit;

- *UK electricity distribution*, through which the Group owns and operates the United Kingdom's largest regulated electricity distribution business;
- *UK electricity system operator*, the regulated electricity system operator for Great Britain⁽¹⁾;
- *New England*, through which the Group owns and operates regulated electricity transmission facilities and distribution networks across Massachusetts, New Hampshire and Vermont and regulated gas distribution networks in Massachusetts;
- *New York*, through which the Group owns and operates regulated electricity transmission facilities and distribution networks in upstate New York, as well as regulated gas distribution networks in upstate New York, New York City and on Long Island;
- *National Grid Ventures*, comprising the Group's diverse portfolio of energy businesses complementary to its core regulated businesses; and
- *Other*, comprising activities that do not form part of the Group's core regulated businesses or National Grid Ventures, including the National Grid Partners and UK property businesses, insurance and other corporate activities.

Note:

(1) As part of the UK Energy Act 2023, the UK Government has announced its intention to create a new, operationally independent system operator and planner to act as the National Energy System Operator for the United Kingdom. As a result, National Grid Electricity System Operator Limited is expected to transfer out of the Group in calendar year 2024.

B.1.3 *Major shareholders*

Insofar as the Company has been notified under the Disclosure Guidance and Transparency Rules, the names of the persons who, directly or indirectly, have an interest in three per cent. or more of the Company's issued share capital, and their respective interests, as at 20 May 2024 (being the latest practicable date prior to the date of this document (the "**Latest Practicable Date**") are as follows:

<u>Shareholder</u>	<u>Number of Shares</u>	<u>Percentage of Share Capital</u>
BlackRock, Inc	254,134,567	6.83
Bank of America Corporation	216,654,059	5.82
The Capital Group Companies, Inc	182,521,721	4.90

B.1.4 *Key managing directors*

John Pettigrew is the Company's Chief Executive and Andy Agg is the Company's Chief Financial Officer.

B.1.5 *Identity of the statutory auditor*

Deloitte LLP, with its address at 1 New Street Square, London EC4A 3HQ, United Kingdom, is the statutory auditor to the Company.

B.2 *What is the key financial information regarding the issuer?*

Selected historical financial information

The tables below set out selected key financial information for the Group as at and for the years ended 31 March 2024, 2023 and 2022. The financial information set out below has been extracted without material adjustment from the audited historical financial information of the Group as at and for the years ended 31 March 2024, 2023 and 2022, except where otherwise indicated.

Summary consolidated income statement

	For the year ended 31 March ⁽¹⁾		
	2024	2023	2022
	(£ millions)		
Revenue	19,850	21,659	18,449
Provision for bad and doubtful debts	(179)	(220)	(167)
Other operating costs ⁽²⁾	(15,208)	(17,549)	(14,139)
Other operating income ⁽²⁾	12	989	228
Operating profit	4,475	4,879	4,371
Finance income	248	138	50
Finance costs	(1,712)	(1,598)	(1,072)
Share of post-tax results of joint ventures and associates	37	171	92
Profit before tax	3,048	3,590	3,441
Tax	(831)	(876)	(1,258)
Profit after tax from continuing operations	2,217	2,714	2,183
Earnings per share from continuing operations			
Basic	60.0	74.2	60.6
Diluted	59.7	73.8	60.3

Note:

(1) From continuing operations.

(2) "Other operating income/costs" of £(13,911) million, as presented in the Group's audited results for the year ended 31 March 2022, has been re-presented on an unaudited (comparative) basis, as presented in the Group's audited results for the year ended 31 March 2023, to disclose other operating income separately from other operating costs.

Summary consolidated statement of financial position

	As at 31 March		
	2024	2023	2022
	(£ millions)		
Total non-current assets	87,946	83,584	76,897
Total current assets	10,379	9,113	17,963
Total assets	98,325	92,697	94,860
Total current liabilities	(11,389)	(9,130)	(24,770)
Total non-current liabilities	(57,044)	(54,005)	(46,234)
Total liabilities	(68,433)	(63,135)	(71,004)
Net assets	29,892	29,562	23,856

Summary consolidated cash flow statement

	For the year ended 31 March		
	2024	2023	2022
	(£ millions)		
Net cash inflow from operating activities—continuing operations	6,939	6,343	5,490
Net cash inflow from operating activities—discontinued operations	—	555	782
Net cash flow (used in)/from investing activities—continuing operations	(7,601)	804	(13,885)
Net cash flow from/(used in) investing activities—discontinued operations	102	(564)	(125)
Net cash flow from/(used in) financing activities—continuing operations	987	(6,966)	8,919
Net cash flow (used in)/from financing activities—discontinued operations	—	(207)	(1,150)
Net increase/(decrease) in cash and cash equivalents	427	(35)	31
Reclassification to held for sale	(30)	9	(11)
Exchange movements	(1)	7	5
Cash and cash equivalents at the start of the year	163	182	157
Cash and cash equivalents at end of year	559	163	182

The independent auditor's reports in respect of the financial information for each of the years ended 31 March 2024, 2023 and 2022 are unqualified.

Certain alternative performance measures

The financial information in the table below has been extracted without material adjustment from the audited historical financial information of the Group as at and for the years ended 31 March 2024, 2023 and 2022, except where otherwise indicated.

	For the year ended 31 March ⁽¹⁾								
	Operating Profit ⁽¹⁾			Profit after tax ⁽¹⁾			Earnings per share ⁽¹⁾		
	2024	2023	2022	2024	2023	2022	2024	2023	2022
	(£ millions)						(pence)		
Statutory results	4,475	4,879	4,371	2,217	2,714	2,183	60.0	74.2	60.6
Exceptional items	1,011	(935)	(166)	852	(619)	320	23.1	(16.9)	8.9
Remeasurements	(24)	350	(392)	32	240	(292)	0.9	6.5	(8.1)
Adjusted results	<u>5,462</u>	<u>4,294</u>	<u>3,813</u>	<u>3,101</u>	<u>2,335</u>	<u>2,211</u>	<u>84.0</u>	<u>63.8</u>	<u>61.4</u>
Timing ⁽²⁾	(915)	30	16	(688)	26	19	(18.6)	0.7	0.5
Deferred tax ⁽²⁾⁽³⁾	—	—	—	302	178	133	8.2	4.8	3.7
Major storm costs ⁽²⁾	226	258	163	165	188	121	4.4	5.2	3.4
Underlying results⁽²⁾⁽³⁾	<u>4,773</u>	<u>4,582</u>	<u>3,992</u>	<u>2,880</u>	<u>2,727</u>	<u>2,484</u>	<u>78.0</u>	<u>74.5</u>	<u>69.0</u>

Notes:

- (1) From continuing operations.
- (2) These items have been extracted without material adjustment from the Group's "Other unaudited financial information" as set out in its financial statements for the years ended 31 March 2024, 2023 and 2022. The Group discloses "adjusted results", which exclude exceptional items and remeasurements, and "underlying results", which further take account of: (i) volumetric and other revenue timing differences arising from regulatory contracts; (ii) major storm costs that are recoverable in future periods where these are in excess of \$100 million (in aggregate) in the financial year; and (iii) the impact of deferred tax on underlying results in its UK electricity transmission and UK electricity distribution segments.
- (3) Underlying results for the years ended 31 March 2023 and 2022 have been restated to exclude deferred tax amounts in respect of the Group's UK electricity transmission and UK electricity distribution segments, in line with the presentation in the annual reports and accounts of the Group for the year ended 31 March 2024 and are presented on an unaudited basis.

Pro forma financial information

The summary unaudited pro forma financial information set out below has been prepared to illustrate the effect of the Rights Issue on the consolidated statement of net assets of the Group as at 31 March 2024.

Unaudited pro forma statement of net assets

	As at 31 March 2024	Adjustment	Pro forma total
	(£ millions)		
Total non-current assets	87,946	—	87,946
Total current assets	<u>10,379</u>	<u>6,836</u>	<u>17,215</u>
Total assets	98,325	6,836	105,161
Total current liabilities	(11,389)	—	(11,389)
Total non-current liabilities	<u>(57,044)</u>	—	<u>(57,044)</u>
Total liabilities	(68,433)	—	(68,433)
Net assets	<u>29,892</u>	<u>6,836</u>	<u>36,728</u>

B.3 What are the key risks that are specific to the issuer?

- *Cyber or physical security breaches may impact National Grid's ability to operate its networks, initiate the loss of critical operating or confidential data and expose National Grid to significant liabilities.*

- *Aspects of National Grid's activities could potentially harm employees, contractors, members of the public or the environment.*
- *National Grid may suffer a major network failure or interruption, or may not be able to carry out critical operations due to the failure of infrastructure or technology or a lack of supply, including as a result of bulk power system failure.*
- *A failure of the National Grid's information technology infrastructure could adversely impact its business and results of operations.*
- *Supply chain disruption may materially and adversely affect National Grid's results of operations.*
- *Customers, suppliers and counterparties may not perform their obligations.*
- *National Grid's capital investment projects are subject to a number of risks and uncertainties, including from availability of supplies and personnel, cost and scheduling oversight, and regulatory requirements, approvals and consents.*
- *If National Grid fails to meet its regulatory obligations, commitments or targets in relation to climate change and the energy transition, its reputation and business may be materially and adversely affected.*
- *Changes in law or regulation, or decisions by governmental bodies or regulators and increased political and economic uncertainty, could materially adversely affect National Grid.*
- *Failure by National Grid to respond to external market developments and execute its growth strategy may negatively affect its performance. Conversely, new businesses or activities that National Grid undertakes alone, or with partners, or the cessation of existing businesses or activities, may not deliver target outcomes and may expose National Grid to additional operational and financial risk.*
- *An inability to access capital markets on commercially acceptable terms could affect how National Grid maintains and grows its businesses.*

C. KEY INFORMATION ON THE SECURITIES

C.1 What are the main features of the securities?

C.1.1 Type, class and ISIN

Pursuant to the Rights Issue, the Company will issue 1,085,448,980 new ordinary shares of 12 and 204/473 pence each in the capital of the Company (the "**New Shares**"). Each New Share is expected to be issued at a premium of 633 pence to its nominal value of 12 and 204/473 pence. The Rights Issue will be made on the basis of 7 New Shares for every 24 existing ordinary shares in the Company (the "**Existing Shares**"). When admitted to trading, the New Shares will be registered with ISIN number GB00BDR05C01 and SEDOL number BDR05C0 and trade under the symbol "NG". The ISIN number for the Nil Paid Rights will be GB00BSRK4Y08 and the ISIN number for the Fully Paid Rights will be GB00BSRK4X90.

C.1.2 Currency, denomination, par value, number of securities issued and duration

The currency of the issue is United Kingdom pounds sterling. On the Latest Practicable Date, the share capital of the Company (excluding treasury shares) comprised of 3,721,539,361 Existing Shares of 12 and 204/473 pence each, all of which were fully paid or credited as fully paid. The issued and fully paid share capital (excluding treasury shares) of the Company immediately following completion of the Rights Issue is expected to be 4,806,988,341 Shares of 12 and 204/473 pence each.

C.1.3 Rights attached to the Shares

The New Shares will, when issued and fully paid, rank equally in all respects with the Existing Shares, including the right to receive all dividends and other distributions made, paid or declared after the date of issue of the New Shares, save for the right to receive the final dividend of 39.12 pence per Share proposed to be paid in respect of the year ended 31 March

2024 and subject to approval by the Shareholders at the 2024 annual general meeting of the Company (“**2024 AGM**”), which shall only be paid in respect of the Existing Shares (“**FY24 Final Dividend**”).

C.1.4 Rank of securities in the issuer’s capital in the event of insolvency

The Shares do not carry any rights to participate in a distribution (including on a winding-up) other than those that exist under the Companies Act. The New Shares and the Existing Shares will rank *pari passu* in all respects, save for the right to receive the FY24 Final Dividend, which shall only be paid in respect of the Existing Shares.

C.1.5 Restrictions on the free transferability of the securities

The Shares are freely transferable and there are no restrictions on transfer.

C.1.6 Dividend or payout policy

The Board will aim to grow the annual dividend per Share (“**DPS**”) in line with UK CPIH, thus maintaining the DPS in real terms. The Board will review this policy regularly, taking into account a range of factors including expected business performance and regulatory developments. The scrip dividend alternative will continue to be offered, and the Group does not expect to buy back Shares whilst it continues to deliver strong asset growth.

The Board intends to maintain a progressive total level of dividend, growing from the current level of approximately £2,168 million the Board has recommended for the financial year ended 31 March 2024 (“**FY24**”).

To achieve this, the Board’s recommendation for the DPS for the financial year ending 31 March 2025 (“**FY25**”) will use a base level of FY24 adjusted for an estimated rebase of 15 per cent. from approximately 53 pence (being the FY24 DPS adjusted to take account of the bonus element of the Rights Issue as calculated using the closing middle-market price on 22 May 2024 (being the last business day before the announcement of the terms of the Rights Issue) of 1,127.5 pence per Share, adjusted for the recommended final dividend for FY24 of 39.12 pence per Share).

C.2 Where will the securities be traded?

Application will be made to the FCA for the New Shares (nil paid and fully paid) to be admitted to the premium listing segment of the Official List of the FCA and to the London Stock Exchange for such Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities.

C.3 What are the key risks that are specific to the securities?

- *The price of the New Shares, the Nil Paid Rights or the Fully Paid Rights may fluctuate.*
- *A trading market for the New Shares, the Nil Paid Rights or the Fully Paid Rights may not develop.*
- *Shareholders who do not (or are not permitted to) take up their Nil Paid Rights may not receive compensation for their Nil Paid Rights and will be subject to a dilution of their ownership upon the issue of New Shares.*
- *Shareholders located outside the United Kingdom may not be able to subscribe for New Shares in the Rights Issue.*

D. KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND ADMISSION TO TRADING ON A REGULATED MARKET

D.1 Under which conditions and timetable can I invest in this security?

It is expected that Admission of the New Shares (nil paid) will become effective on 24 May 2024 and that dealings in New Shares will commence, nil paid, as soon as practicable after 8.00 a.m. on that date. The latest time and date for acceptance and payment in full under the Rights Issue is expected to be no later than 11.00 a.m. on 10 June 2024.

The Company proposes to issue 1,085,448,980 New Shares in connection with the Rights Issue. Pursuant to the Rights Issue, New Shares will be offered by way of rights to Qualifying Shareholders on the terms and conditions set out in this Prospectus and, in the case of Qualifying Certificated Shareholders only, the Provisional Allotment Letter or in the case of Qualifying Corporate Sponsored Nominee Participants, the Qualifying Corporate Sponsored Nominee Participants Letter. The offer is to be made at 645 pence per New Share, payable in full on acceptance by no later than 11.00 a.m. on 10 June 2024 for Qualifying CREST and Certificated Shareholders and in the case of Qualifying Corporate Sponsored Nominee Participants, by no later than 5.00 p.m. on 7 June 2024. The Rights Issue is expected to raise proceeds of approximately £6.8 billion, net of expenses. The aggregate costs and expenses of the Rights Issue and Admission (including the listing fees of the FCA and the London Stock Exchange, professional fees and expenses and the costs of printing and distribution of documents) payable by the Company are estimated to be £165 million. There are no commissions, fees or expenses to be charged to investors by the Company in connection with the Rights Issue.

The Issue Price represents a discount of 40.7 per cent. to the closing middle-market price on 22 May 2024 (being the last business day before the announcement of the terms of the Rights Issue) of 1,127.5 pence per Share, adjusted for the recommended FY24 Final Dividend of 39.12 pence per Share which will not be payable on the New Shares, and a discount of 34.7 per cent. to the theoretical ex-rights price based on the same closing middle-market price on 22 May 2024 of 1,127.5 pence per Share, adjusted on the same basis.

The Rights Issue will be made on the basis of 7 New Shares at 645 pence per New Share for every 24 Existing Shares held on the Record Date (and so in proportion for any other number of Existing Shares then held) and otherwise on the terms and conditions as set out in this Prospectus and, in the case of Qualifying Certificated Shareholders only, the Provisional Allotment Letter or in the case of Qualifying Corporate Sponsored Nominee Participants, the Qualifying Corporate Sponsored Nominee Participants Letter.

If a Qualifying Shareholder does not take up any of his or her Rights to subscribe for New Shares, such Qualifying Shareholder's holding, as a percentage of the enlarged issued share capital of the Company, will be diluted by 22.6 per cent. as a result of the Rights Issue.

There are no conflicting interests of any natural or legal person involved in the Rights Issue known to the Company that are material to the Rights Issue or Admission.

D.2 *Why is this prospectus being produced?*

This document has been prepared in connection with the Rights Issue to be undertaken by the Company.

Pursuant to the Rights Issue, the Company proposes to issue 1,085,448,980 New Shares. Through the issue of the New Shares, the Company expects to raise gross proceeds of £7.0 billion. The aggregate expenses of, or incidental to, the Rights Issue to be borne by the Company are estimated to be approximately £165 million, which the Company intends to pay out of the proceeds of the Rights Issue.

The Rights Issue net proceeds of £6.8 billion will principally be utilised to fund a higher-growth investment phase for the Group, with around £60 billion of capital investment expected during the five-year period from FY25 to the financial year ending 31 March 2029 ("**FY29**"). In the near term, to support efficient management of funding costs, approximately £750 million of the net proceeds will be used to refinance a portion of the Group's outstanding hybrid bonds that have first call dates in the next 15 months.

This Rights Issue is fully underwritten by Barclays Bank PLC and J.P. Morgan Securities plc (the "**Underwriters**") pursuant to the terms of a rights issue underwriting and sponsors' agreement dated 23 May 2024 between the Company and the Underwriters.

RISK FACTORS

The Rights Issue and any investment in the Shares (including by acquiring the Nil Paid Rights, the Fully Paid Rights and/or subscribing for the New Shares) are subject to a number of risks and uncertainties. Accordingly, Shareholders and prospective investors should carefully consider the factors and risks associated with any investment in Shares, the Group's business and the industry in which it operates, together with all other information contained in this document and all of the information incorporated by reference into this document, including, in particular, the risk factors described below, and their personal circumstances prior to making any investment decision. Some of the following factors relate principally to the Group's businesses. Other factors relate principally to the Rights Issue and an investment in the New Shares (including by way of a purchase of the Nil Paid Rights or the Fully Paid Rights and/or by way of a subscription for the New Shares). The Group's businesses, operating results, financial condition and prospects could be materially and adversely affected by any of the risks described below. In such case, the market price of the Nil Paid Rights, the Fully Paid Rights and/or New Shares may decline and investors may lose all or part of their investment.

Prospective investors should note that the risks relating to the Group, its industry and the Shares summarised in the section of this document headed "Summary Information" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this document headed "Summary Information" but also, amongst other things, the risks and uncertainties described below.

The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Shares and should be used as guidance only. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, prospects, operating results and financial position and, if any such risk should materialise, the price of the Shares (including the Nil Paid Rights and the Fully Paid Rights, if still trading) may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Shares is suitable for them in the light of the information in this document and their personal circumstances.

National Grid has categorised risks related to the Group as (i) operational risks, (ii) strategic risks and (iii) financial risks. Operational risks relate to losses resulting from inadequate or failed internal processes, people and systems, or due to external events. Operational risks could have a high level of impact, if they arise without effective prevention or mitigation controls, including National Grid's policies, standards, procedure-based controls, active prevention and monitoring. Strategic risk is the risk of failing to achieve National Grid's overall strategic business plans and objectives, as well as failing to have the "right" strategic plan. As the majority of National Grid's businesses are regulated utilities and networks, its strategic vision is driven by, and dependent on, compliance with the regulatory environment in which it operates, relations with relevant regulators and consistency of the applicable regulatory regimes. Financial risks are those, in particular, which relate to financial objectives and performance—i.e., beyond the risks of financial liability to the Group that are inherent in many of the other risks set out in this section.

Risks related to the Group

Operational risks

The risks described under this heading have been categorised as operational risks. Operational risks relate to losses resulting from inadequate or failed internal processes, people and systems, or due to external events.

- National Grid fails to adequately anticipate and manage disruptive forces on its systems because of a cyber-attack, poor recovery of critical systems or malicious external or internal parties resulting in an inability to operate the network, damage to assets, loss of confidentiality and integrity and/or availability of systems. See "Cyber or physical security breaches" below.
- Failure to predict and respond adequately to significant energy disruption events to National Grid's assets resulting from asset failure (including third-party interactions, for example control

systems protection), climate change, storms, attacks, or other emergency events leading to significant customer harm, lasting reputational damage with customers, regulators and politicians, material financial losses, loss of franchise or significant damage to investor confidence. See “*Cyber or physical security breaches*” and “*Supply chain disruptions*” below.

- Failure to predict or respond adequately to disruptions in upstream energy supply because of energy falling short of capacity needs, leading to challenges in balancing supply and customer demand, with adverse impacts on customers and/or the public, reputational damage and regulatory impacts. See “*Potentially harmful activities*” and “*Customers, suppliers and counterparties*” below.
- Catastrophic asset failure or bulk power system failure because of failure of a critical asset or system, substandard operational performance or inadequate maintenance, third-party damage and undetected system anomalies leading to a significant public or employee safety and/or environmental event. See “*Potentially harmful activities*” and “*Infrastructure and systems*” below.
- Failure to deliver on National Grid’s major capital project programme within the required timeframes because of misalignment or lack of clarity with regulatory expectations; unclear financial frameworks to incentivise investment; complex planning requirements; external impacts on supply chain; or a failure to demonstrate clear long-term economic benefits to communities, leading to increased costs, compromised quality, reputational damage and detrimentally impacting National Grid’s ability to deliver its clean energy transition strategy. See “*Investment projects*”, “*Customers, suppliers and counterparties*” and “*Supply chain disruptions*” below.

Further context on National Grid’s operational risks is set out below:

Cyber or physical security breaches: Cyber or physical security breaches may impact National Grid’s ability to operate its networks, initiate the loss of critical operating or confidential data and expose National Grid to significant liabilities.

As an owner and operator of critical infrastructure assets, National Grid is subject to cyber and physical threats, including from parties who wish to disrupt its operations. In response to the conflict in Ukraine, the UK Government warned of heightened cyber threat to national infrastructure, and there can be no certainty that National Grid’s security measures will be sufficient to prevent breaches from wherever they originate.

Malicious attack, sabotage or other intentional acts may also damage its assets (which include critical national infrastructure), systems or data or otherwise significantly affect corporate activities and, as a consequence, have a material adverse impact on its reputation, business, results of operations and financial condition. Third-party technology systems, hardware, software, and technical applications and platforms used by National Grid may also be subject to attempts to disrupt the services they provide to National Grid or used as a conduit to attack National Grid.

Unauthorised access to, or deliberate breaches of, National Grid’s information technology (“IT”) systems may also lead to manipulation of National Grid’s proprietary business data or customer information. Unauthorised access to private customer information may make National Grid liable for a violation of data privacy regulations, which may in turn expose it to significant regulatory fines or liabilities. Even where National Grid establishes business continuity controls and security against threats to its systems, these may not be sufficient. As threats related to cyber security develop and grow, National Grid may also find it necessary to make further investments to protect its data and infrastructure, which may impact its results of operations and financial condition.

Potentially harmful activities: Aspects of National Grid’s activities could potentially harm employees, contractors, members of the public or the environment.

Various potentially hazardous activities arise in connection with National Grid’s business. For example, electricity and gas utilities typically use and generate hazardous and potentially hazardous products and by-products. In addition, there may be other aspects of National Grid’s operations that are not currently regarded or proved to have adverse effects but could become so. A significant safety or environmental incident, a catastrophic failure of National Grid’s assets or a failure of its safety processes or of its occupational health plans, as well as the breach of National Grid’s regulatory or contractual obligations or its climate change targets, could materially adversely affect National Grid’s results of operations and its reputation.

Safety is a fundamental priority for National Grid and it commits significant resources and expenditure to process safety and to monitoring personal safety, occupational health and environmental performance, and to meeting its obligations under negotiated settlements. National Grid is subject to laws and regulations in the United Kingdom and United States governing health and safety matters to protect the public and its employees and contractors, who could potentially be harmed by these activities, as well as laws and regulations relating to pollution, the protection of the environment, and the use and disposal of hazardous substances and waste materials, which are subject to change in the future. These expose National Grid to costs and liabilities relating to National Grid's operations and properties, including those inherited from predecessor bodies, whether currently or formerly owned by National Grid, and sites used for the disposal of its waste. The cost of future environmental remediation obligations is often inherently difficult to estimate and uncertainties can include the extent of contamination, the appropriate corrective actions and National Grid's share of the liability. National Grid is increasingly subject to regulation in relation to climate change and related reporting requirements, which are subject to significant change, and is affected by requirements to reduce its own carbon emissions as well as to enable a reduction in energy use by its customers. If more onerous requirements are imposed on National Grid's own operating and reporting requirements or its ability to recover these costs under regulatory frameworks changes, then this could have a material adverse impact on National Grid's business, reputation, results of operations and financial position.

Infrastructure and systems: National Grid may suffer a major network failure or interruption, or may not be able to carry out critical operations due to the failure of infrastructure or technology or a lack of supply, including as a result of bulk power system failure.

Operational performance could be materially adversely affected by a failure to maintain the health of National Grid's assets or networks, inadequate forecasting of demand or inadequate record keeping or control of data, as well as third-party energy generators, including upstream failure or inability to produce adequate or reliable supply. Such events, in turn, could cause National Grid to fail to meet agreed standards of service, incentive and reliability targets, or to be in breach of a licence, approval, regulatory requirement or contractual obligation. Even incidents that do not amount to a breach could result in adverse regulatory and financial consequences, as well as harming National Grid's reputation. Where demand for electricity or gas exceeds supply, including where National Grid does not adequately forecast and respond to disruptions in energy supplies, and National Grid's balancing mechanisms are not able to mitigate this fully, a lack of supply to consumers may damage National Grid's reputation.

In addition to these risks, National Grid may be affected by other potential events that are largely outside its control, such as the impact of weather (including as a result of climate change and major storms), unlawful or unintentional acts of third parties, outbreaks of hostilities or terrorist acts, insufficient or unreliable supply, or force majeure. These items can affect financial performance, and National Grid discloses in its underlying results to reflect, among other items, major storm costs that are recoverable in future periods where these are in excess of \$100 million (in aggregate) in the financial year. Severe weather that causes outages or damages infrastructure, together with National Grid's actual or perceived response, could materially adversely affect operational and potentially business performance and National Grid's reputation.

National Grid's insurance coverage may not cover all of the costs and liabilities it incurs as the result of any damage or disruptions, including from these types of events outside its control, which in addition to any of the factors mentioned above may materially and adversely impact National Grid's business, results of operations and financial condition.

Reliance on IT systems: A failure of National Grid's information technology infrastructure could adversely impact its business and results of operations.

National Grid relies upon the capacity, reliability and security of its IT hardware and software infrastructure and its ability to expand and update this infrastructure in response to changing needs. National Grid's systems may be vulnerable to damage from a variety of attacks or disruptions (including cyber-attacks), natural disasters, failures in hardware or software (including disruption to information systems of supporting technology, the possibility of obsolescence and the risk of serial defects on technology implemented by the Group), power fluctuations, unauthorised access to data and systems, loss or destruction of data (including confidential client information), human error, and other similar disruptions. Not all of these sources of threat are within National Grid's control, including

fraud or malice on the part of third parties, accidental technological failure, electrical or telecommunication outages, failures of computer servers or other damage to its property or assets, outbreaks of hostilities, or terrorist acts. In addition, National Grid relies on third parties to support the operation of its IT hardware, software infrastructure and software-as-a-service applications, and cloud services. The security and privacy measures implemented by such third parties may not be sufficient to identify or prevent disruptions or cyber-attacks. The Group cannot give assurance that any security measures it has implemented or may in the future implement will be sufficient to identify and prevent or mitigate such disruptions. Maintenance of these IT systems is important for National Grid's ongoing service delivery, and investment may be required in the future to further develop the Group's IT capabilities and to protect against disruptions or security breaches in the future.

The failure of the Group's IT systems or those of its vendors to perform as anticipated for any reason or any significant breach of security could disrupt the Group's business and result in numerous adverse consequences, including reduced effectiveness and efficiency of operations, inappropriate disclosure of confidential and proprietary information, potentially significant reputational harm, increased overhead costs and loss of important information, and regulatory fine or other liability, any of which could have a material adverse effect on the Group's business and results of operations. In addition, significant disruptions or breaches may require remedial steps to be taken, which could require National Grid to incur significant costs. Although National Grid maintains business continuity and/or disaster recovery plans, they may not in all circumstances be effective to timely resolve issues resulting from a disruption.

Supply chain disruptions: Supply chain disruption may materially and adversely affect National Grid's results of operations.

National Grid may be impacted by supply chain disruptions and shortages of materials, equipment, labour and other resources that are critical to its business operations, including the delivery of major projects. Long lead times for critical equipment, network components and replacement parts could restrict the availability and delay the construction, maintenance or repair of items that are needed to support National Grid's normal operations and may result in prolonged customer outages which could in turn lead to unrecovered costs for such service interruptions. Demand for electric equipment is increasing due to utilities' efforts to meet clean energy goals, planned capital expenditure projects and in order to prepare for more frequent extreme weather events at a time when manufacturing capacity and supply are decreasing. Prices of materials, equipment, transportation and other resources have increased as a result of these supply chain disruptions and shortages and may furthermore continue to increase as a result of inflation. A prolonged continuation or a further increase in the severity of supply chain and inflationary pressures could result in additional increases in the cost of certain goods, services and cost of capital, and may lead to projects delays, which may materially and adversely impact National Grid's business, results of operations and financial condition.

Customers, suppliers and counterparties: Customers, suppliers and counterparties may not perform their obligations.

National Grid's operations are exposed to the risk that customers, suppliers, banks and other financial institutions, and others with whom National Grid does business will not satisfy their obligations, which could materially adversely affect its financial position. This risk is significant where National Grid's subsidiaries have concentrations of receivables from gas and electricity utilities and their affiliates, as well as industrial customers and other purchasers, and may also arise where customers are unable to pay National Grid as a result of increasing commodity prices or adverse economic conditions.

To the extent that counterparties are contracted with it for physical commodities (gas and electricity) and they experience events that impact their own ability to deliver, National Grid may suffer supply interruption.

There is also a risk to National Grid where it invests excess cash or enters into derivatives and other financial contracts with banks or other financial institutions. Banks that provide National Grid with credit facilities may also fail to perform under those contracts.

Investment projects: National Grid's capital investment projects are subject to a number of risks and uncertainties, including availability of supplies and personnel, cost and scheduling oversight, and regulatory requirements, approvals and consents.

National Grid's regulated utility businesses are highly capital intensive, and require significant ongoing investments in network infrastructure including generation, transmission and distribution technologies and projects necessary to achieve its own, and wider, environmental goals.

The successful completion of any such project depends on, or could be affected by, a variety of factors, including: effective cost and schedule management of the projects; availability of qualified construction personnel, both internal and contracted; changes in commodity and other prices, applicable tariffs, and/or availability of supplies, materials and equipment needed for undertaking such projects and maintaining assets once in use; governmental approvals and consents, permitting and planning; clarity in regulatory requirements and expectations, including open communication with regulators and relevant stakeholders throughout the planning, approval, investment and operational stages; changes in environmental, legislative, and regulatory requirements; regulatory cost recovery; inflation, including of labour rates; increases in lead times; and disruptions in supply chain distribution.

In 2022, the UK Office of Gas and Electricity Markets ("**Ofgem**") announced its Accelerated Strategic Transmission Investment ("**ASTI**") framework, aimed at achieving the UK Government's ambition of connecting 50 GW of offshore wind by 2030. Delivery of the 17 ASTI projects awarded to National Grid is expected to require an increase in the annual level of capital investment over the next decade. National Grid's capacity to meet its commitments under the ASTI framework depends on a number of factors, including, the timely progression of awarded projects (including the planning stages and receipt of relevant approvals and consents), avoidance of significant supply chain disruptions and the continued availability of critical components, access to necessary labour, and its ability to execute the relevant projects in line with regulatory standards and expectations.

National Grid also plans to undertake significant capital investments in the United States, including various renewable investment projects and leak-prone pipe replacements, further electric sector modernisation plans in Massachusetts, the Propel NY Energy Transmission Project in New York (a collaboration between The New York Power Authority and New York Transco, a joint venture between National Grid Ventures, Avangrid, Central Hudson, and Con Edison), and investments in furtherance of New York's Climate Leadership and Community Protection Act ("**CLCPA**").

Adverse events associated with any of the factors set out above could materially impact National Grid's ability to achieve the benefits of such projects, including its ability to comply with licensing and regulatory requirements and to further its own, and the relevant governmental, net zero targets and commitments.

Pandemics and epidemics: National Grid faces risks related to health epidemics and other outbreaks.

As seen in the context of COVID-19, pandemics and their associated countermeasures may affect countries, communities, supply chains and markets, including the United Kingdom and National Grid's service territory in the United States. The spread of such pandemics could have adverse effects on National Grid's workforce, which could affect National Grid's ability to maintain its networks and provide service. In addition, disruption of supply chains could adversely affect National Grid's systems or networks. Pandemics can also result in extraordinary economic circumstances in National Grid's markets, which could negatively affect National Grid's customers' ability to pay their invoices in the United States or the charges payable to the suppliers for transmission and distribution services in the United Kingdom. Measures such as the suspension of debt collection and customer termination activities across National Grid's service area in response to such pandemics are likely to result in near-term lower customer collections, and could result in increasing levels of bad debt and associated provisions. The extent to which pandemics may affect National Grid's liquidity, business, financial condition, results of operations and reputation will depend on future developments, which are highly uncertain, and will depend on the severity of the relevant pandemic, the scope, duration, cost to National Grid and overall economic impact of actions taken to contain it or treat its effects.

Strategic risks

The risks described under this heading have been categorised as strategic risks. Strategic risk is the risk of failing to achieve National Grid's overall strategic business plans and objectives, as well as failing to have the 'right' strategic plan.

- Failure to influence future energy policies and secure satisfactory regulatory agreements because of a lack of insight or unsuccessful negotiations, leading to poor regulatory outcomes, energy policies that negatively impact National Grid's operations, impacts on market prices, reduced financial performance, fines/penalties, increased costs to remain compliant and/or reputational damage. See "*Climate change commitments and targets*" below.
- Failure to identify and/or deliver upon the actions necessary to meet its climate change targets and enable the wider energy transition because of poor management of threats and opportunities associated with mitigating climate change, leading to legal risks of greenwashing or reputational impacts of not meeting its climate change targets, which include to (i) reduce absolute scope 1 and scope 2 greenhouse gas emissions from an FY19 baseline by 60 per cent. by FY31 and absolute scope 3 emissions from the same baseline by 37.5 per cent. by FY34 and (ii) in the longer-term reach net zero by 2050, or playing its part in supporting economy-wide decarbonisation in the United Kingdom and northeastern United States. See "*Climate change commitments and targets*" below. The climate change related risk is classed as a strategic risk but is also an operational risk, see "*Potentially harmful activities*" and "*Infrastructure and systems*" above.
- Failure to set its strategic and investment objectives appropriately to societal and political expectations because of a failure to proactively monitor the landscape or to anticipate and respond to changes leading to reputational damage, political intervention, threats to National Grid's licences to operate, and its ability to achieve its objectives. See "*Climate change commitments and targets*" and "*Law, regulation and political and economic uncertainty*" below.
- There is a risk that National Grid does not have, across its workforce and within its leadership, the capability or capacity necessary to deliver on existing or future commitments because of ineffective planning for future people needs, insufficient development of people and failure to attract and retain people in a competitive market for skills and talent, leading to failure to deliver on its business goals, strategic priorities and vision to be at the heart of a clean, fair and affordable energy future. See "*Employees and others*" below.

Further context on National Grid's strategic risks is set out below:

Climate change commitments and targets: If National Grid fails to meet its regulatory obligations, commitments or targets in relation to climate change and the energy transition, its reputation and business may be materially and adversely affected.

National Grid has set ambitious climate performance targets and commitments, including on reductions to greenhouse gas emissions, and it aims to deliver critical infrastructure necessary to achieve wider climate change objectives. If National Grid is unable to identify and/or deliver upon actions necessary to meet such targets, including due to third-party action or inaction, this could undermine its ability to deliver its clean energy transition strategy, subject it to accusations of (or legal challenges related to) greenwashing, damage its reputation and limit its ability to influence future energy policy. Achievement of National Grid's climate commitments and targets is subject to risks and uncertainties, many of which are outside of its control and depend on, among other factors, investment and changes in operating practices by other energy sector participants, in particular risks related to generation of electricity by third parties and advances in technology and regulatory requirements that could impact how individuals and households use electricity, as well as regulatory, commercial and social trends in the jurisdictions where the Group operates.

These risks and uncertainties include, but are not limited to, the availability and cost of alternative fuels, global electrical charging infrastructure, off-site renewable energy and other materials and components; the outcome of research efforts and future technology developments, including the ability to scale projects and technologies on a commercially competitive basis such as carbon sequestration, hydrogen blending (and other uses of hydrogen) and/or other related processes; labour-related regulations and requirements that restrict or prohibit its ability to impose requirements on third-party contractors; customer acceptance of sustainable supply chain solutions; and the consummation of an

acquisition of or merger with another company that has not adopted similar goals or whose progress toward reaching its goals is not as advanced as that of National Grid. Failure by National Grid to achieve or maintain its climate performance targets, credentials and leadership may result in significant reputational harm, damage National Grid's relationship with key stakeholders, or result in regulatory enforcement and fines.

National Grid measures and reports on certain climate-related metrics where required by regulation, as well as for strategic and management purposes. The processes involved in formulating and reporting against the Group's climate and emissions targets are complex, and are subject to significant uncertainties, including with respect to the methodology, collection, timeliness and verification of data, underlying estimates and assumptions and the use of third-party information. In particular, it is not possible to rely on historical data as a strong indicator of future trajectories, and the climate scenarios employed in relation to climate metrics (and the models that analyse such scenarios) have limitations that are sensitive to key assumptions and parameters, which are themselves subject to some uncertainty and cannot fully capture all of the potential effects of climate, policy and technology driven outcomes. In addition, climate change and emissions data, models and methodologies are relatively new, rapidly evolving and have not historically been subject to the same or equivalent disclosure standards, historical reference points, benchmarks or globally accepted accounting principles as financial and other information. As a result, such data may subsequently be determined to be erroneous, and implementing systems to meet regulatory requirements may be complex, require significant investment or impose additional demands on management time.

If National Grid's climate-related practices, reporting, regulatory compliance and performance do not meet investor or other stakeholder expectations, it could be subject to significant fines or penalties and its reputation and consequently its financial performance may be materially and adversely affected.

Law, regulation and political and economic uncertainty: Changes in law or regulation, or decisions by governmental bodies or regulators and increased political and economic uncertainty, could materially adversely affect National Grid.

Most of National Grid's businesses are utilities or networks subject to regulation by governments and other authorities. Changes in law or regulation or regulatory policy and precedent, as well as legislation introduced to facilitate the attainment of net zero emissions targets and decisions of governmental bodies or regulators, in the countries or states in which National Grid operates could materially adversely affect it. In addition, regulatory priorities may change following elections, the effects of which remain highly uncertain. In the longer term, significant changes to law or regulation regarding usage of electricity or gas in jurisdictions where the Group operates or on its operating activities could limit the return expected on investment or regulated assets. More widely, the impacts of international political and economic uncertainty and disruption could also have a material adverse consequence on National Grid. National Grid may fail to deliver any one of its customer, investor and wider stakeholder propositions due to increased political and economic uncertainty.

Decisions or rulings concerning the following (as examples) could have a material adverse impact on National Grid's results of operations, cash flows, the financial condition of its businesses and the ability to develop those businesses in the future: (i) the RIIO (revenue = incentives + innovation + outputs) framework ("**RIIO**") established by Ofgem, including the implementation of the RIIO-T2 and RIIO-ED2 price controls and upcoming determination of RIIO-T3 and RIIO-ED3 in the United Kingdom; (ii) the implementation of and periodic determination of US rate plans; (iii) whether licences, approvals or agreements to operate or supply are granted, amended or renewed, whether consents for construction projects are granted in a timely manner or whether there has been any breach of the terms of a licence, approval or regulatory requirement; and (iv) timely recovery of incurred expenditure or obligations, the ability to pass through commodity costs, a decoupling of energy usage and revenue, and other decisions relating to the impact of general economic conditions on National Grid, its markets and customers, implications of climate change and of advancing energy technologies, whether aspects of its activities are contestable and the level of permitted revenues and dividend distributions for National Grid's businesses. In October 2023, Ofgem published its decision on the Future Systems and Networks Regulation consultation, which confirmed Ofgem's framework for RIIO-3 price controls expected to commence from 1 April 2026, and in March 2024 concluded its Sector Specific Methodology Consultation for the RIIO-T3 price control period. The outcome of such consultation could have a significant impact on National Grid's permitted returns in the five years starting on 1 April 2026, its results of operations, cash flows and financial condition.

Growth and business development activity: Failure by National Grid to respond to external market developments and execute its growth strategy may negatively affect its performance. Conversely, new businesses or activities that National Grid undertakes alone, or with partners, or the cessation of existing businesses or activities, may not deliver target outcomes and may expose National Grid to additional operational and financial risk.

Failure by National Grid to grow its core business sufficiently and have viable options for new future business over the longer term or failure to respond to the threats and opportunities presented by emerging technology or innovation (including for the purposes of adapting its networks to meet the challenges of increasing distributed energy resources) could negatively affect its credibility and reputation and jeopardise the achievement of intended financial returns. National Grid's business development activities, including the delivery of its growth ambition, involve acquisitions, disposals, joint ventures, partnering and organic investment opportunities such as development activities relating to changes to the energy mix and the integration of distributed energy resources and other advanced technologies. These are subject to a wide range of both external uncertainties (including the availability of potential investment targets and attractive financing and the impact of competition for onshore transmission in both the United Kingdom and the United States), and internal uncertainties (including actual performance of National Grid's existing operating companies and its business planning model assumptions and ability to integrate acquired businesses effectively). As a result, National Grid may suffer unanticipated costs and liabilities and other unanticipated effects. National Grid may also be liable for the past acts, omissions or liabilities of companies or businesses it has acquired, which may be unforeseen or greater than anticipated. In the case of joint ventures, National Grid may have limited control over operations and its joint venture partners may have interests that diverge from National Grid's interests. National Grid may also be required to seek additional licences or permits in connection with any such activities or initiatives, in particular with respect to transmission lines or renewable or other generation projects, which it may not be able to obtain on the timing or terms anticipated or at all. The occurrence of any of these events could have a material adverse impact on National Grid's results of operations or financial condition, and could also impact its ability to enter into other transactions.

National Grid may also be required to undertake certain acquisitions, investments or divestitures as mandated by regulatory bodies in the regions in which it operates, which could create financial or reputational risks or lead to changes to, or limitations being placed on, regulated activities and potentially over the longer term result in impairment of regulated assets and anticipated returns. As part of the UK Energy Act 2023, the UK Government has announced its intention to create a new, operationally independent system operator and planner ("ISOP") to act as the National Energy System Operator for Great Britain. As a result, National Grid Electricity System Operator Limited ("ESO") is expected to transfer out of the Group in calendar year 2024. National Grid is expected to provide services to the National Energy System Operator following separation, which could subject the Group to public and/or regulatory scrutiny related to the terms, cost and timeliness of the anticipated separation as well as operational practices of the National Energy System Operator once independent, any of which may have a material adverse impact of National Grid's results of operations or financial condition.

Business performance: Current and future business performance may not meet National Grid's expectations or those of its regulators and shareholders.

Earnings maintenance and growth from National Grid's regulated gas and electricity businesses will be affected by its ability to meet or exceed efficiency and cost targets and service quality standards set by, or agreed with, its regulators. If National Grid does not meet these targets and standards, or if it is not able to deliver its price controls and rate plans successfully, it may not achieve the expected returns and benefits, its business may be materially adversely affected and its performance, results of operations and reputation may be materially harmed and it may be in breach of regulatory or contractual obligations.

Employees and others: National Grid may fail to attract, develop and retain employees at all levels with the competencies (including leadership and business capabilities), values and behaviours required to deliver its strategy and vision and ensure they are engaged to act in National Grid's best interests.

National Grid's ability to implement its strategy depends on the capabilities and performance of its employees and leadership at all levels of the business. Its ability to implement its strategy and vision may be negatively affected by the loss of key personnel or an inability to adequately identify and plan for personnel requirements, including to attract, integrate, engage and retain appropriately qualified personnel (including people with the skills to help National Grid deliver across its investment projects), or if significant disputes arise with its employees, such as failure to extend or renegotiate, as and when applicable, agreements with relevant trade unions. As a result, there may be a material adverse effect on National Grid's business, financial condition, results of operations and prospects. There is a risk that an employee or someone acting on National Grid's behalf may breach its internal controls or internal governance framework or may contravene applicable laws and regulations. This could have an impact on National Grid's results of operations, its reputation and its relationship with its regulators and other stakeholders.

Financial risks

The risks described under this heading have been categorised as financial risks. While all risks have a financial liability, financial risks are those which relate to financial objectives and performance.

- There is a risk, over the longer term and outside the 12-month period from the date of this document, that National Grid is unable to fund its business efficiently as a result of a lack of access to a wide pool of investors, market volatility, unsatisfactory regulatory outcomes or unsatisfactory financial or operational performance of the business, or that access may be impacted by strategic and operational risks described elsewhere herein, leading to a lack of access to capital, impacting its ability to achieve its strategic objectives, including its proposed capital investment programme. See "*Financing and liquidity*" and "*Exchange rates, interest rates and commodity price indices*" below.

Further context on National Grid's financial risks is set out below:

Financing and liquidity: An inability to access capital markets on commercially acceptable terms could affect how National Grid maintains and grows its businesses.

National Grid has historically financed its growth through a combination of funding sources, including retained operating cashflows, use of the scrip dividend programme and issuances of senior and hybrid debt securities. As part of its updated 5-year financial framework, the Group anticipates making around £60 billion of capital investments between FY25 and FY29, which it intends to finance through a package of funding sources that includes a combination of these sources of liquidity, as well as the net proceeds of the Rights Issue. As further discussed below, reliance on these sources of liquidity can expose the Group to the risk of higher financing costs and the imposition of restrictions on its business.

Some of the debt issued by National Grid is rated by credit rating agencies and changes to these ratings may affect both National Grid's borrowing capacity and borrowing costs. In addition, restrictions imposed by regulators, such as mandatory debt to equity or regulatory capital values ratios, may also limit how National Grid services the financial requirements of its current businesses or the financing of newly acquired or developing businesses.

Financial markets can be subject to periods of volatility, including with respect to interest rates, and shortages of liquidity—for example, as a result of unexpected political or economic events (such as pandemics or the conflict in Ukraine). If National Grid were unable to access the capital markets or other sources of finance on commercially acceptable terms, its cost of financing may increase and the manner in which it implements its strategy may need to be reassessed. Such events could have a material adverse impact on National Grid's business, results of operations and prospects.

Some of National Grid's regulatory agreements and/or specific regulatory entities impose lower limits for the credit ratings that certain companies or securities issued by certain companies within the National Grid Group must hold or the amount of equity within their capital structures, including a limit requiring certain entities within the National Grid Group or securities issued by them to hold an

investment-grade credit rating. In addition, some of National Grid's regulatory arrangements impose restrictions on the way it can operate. These include regulatory requirements for National Grid to maintain adequate financial resources within certain parts of its operating businesses and may restrict the ability of National Grid and some of its subsidiaries to engage in certain transactions, including paying dividends, lending cash and levying charges. The inability to meet such requirements or the occurrence of any such restrictions may have a material adverse impact on National Grid's business and financial condition.

National Grid's debt agreements and banking facilities contain covenants, including those relating to the periodic and timely provision of financial information by the issuing entity, restrictions on disposals and financial covenants, such as restrictions on the level of subsidiary indebtedness and minimum credit rating requirements. Failure to comply with these covenants, or to obtain waivers of those requirements, could in some cases trigger a right, at the lender's discretion, to require repayment of some of National Grid's debt and may restrict National Grid's ability to draw upon its facilities or access the capital markets, albeit the Company does not believe there is a material risk of this happening in the 12 months from the date of this Prospectus.

Exchange rates, interest rates and commodity price indices: Changes in foreign currency rates, interest rates or commodity prices could materially impact National Grid's earnings or financial condition.

National Grid has significant operations in the United States and is therefore subject to the exchange rate risks normally associated with non-UK operations, including the need to translate US assets and liabilities, and income and expenses, into sterling, National Grid's reporting currency. As part of National Grid's ongoing capital expenditure requirements and investment projects, as well as projects planned under the ASTI programme, National Grid is also exposed to currency fluctuations related to the purchase of equipment and components in currencies other than sterling. In addition, National Grid's results of operations and net debt position may be affected because a significant proportion of its borrowings, derivative financial instruments and commodity contracts are affected by changes in interest rates, commodity price indices and exchange rates, in particular the dollar-to-sterling exchange rate. Furthermore, National Grid's cash flow may be materially affected as a result of settling hedging arrangements entered into to manage its exchange rate, interest rate and commodity price exposure (such as those relating to the purchase of electricity and gas in the United States), or by cash collateral movements relating to derivative market values, which also depend on the sterling or US dollar exchange rate into Euro and other currencies.

Post-retirement benefits: National Grid may be required to make significant contributions to fund pension and other post-retirement benefits.

National Grid participates in a number of pension schemes that together cover substantially all of its employees. In both the United Kingdom and the United States, such schemes include various large defined benefit schemes where the scheme assets are held independently of National Grid's own financial resources. In the United States, National Grid also has other post-retirement benefit schemes. Estimates of the amount and timing of future funding for the UK and US schemes are based on actuarial assumptions and other factors including: the actual and projected market performance of the scheme assets; future long-term bond yields; average life expectancies; and relevant legal requirements. Actual performance of scheme assets may be affected by volatility in debt and equity markets. Changes in these assumptions or other factors may require National Grid to make additional contributions to these pension schemes which, to the extent they are not recoverable under its price controls or state rate plans, could materially adversely affect National Grid's results of operations and financial condition.

Risks related to the Shares and the Rights Issue

The price of the New Shares, the Nil Paid Rights or the Fully Paid Rights may fluctuate

The market price of the New Shares, the Nil Paid Rights or the Fully Paid Rights could be subject to significant fluctuations due to a change in sentiment in the market or in response to various facts and events, including variations in the Company's operating results, business developments or strategy (including in relation to environmental focus and investment) of the Company. Stock markets have from time to time, experienced significant price and volume fluctuations that have affected the market prices for securities and which may be unrelated to the Company's operating performance or

prospects. Furthermore, the Company's operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of the Nil Paid Rights, Fully Paid Rights and/or New Shares. As a result, Shareholders may not be able to sell their New Shares at a price equal to or greater than the acquisition price for those New Shares.

A trading market for the New Shares, the Nil Paid Rights or the Fully Paid Rights may not develop

Application has been made to admit the Nil Paid Rights, Fully Paid Rights and New Shares to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective at 8.00 a.m. on 24 May 2024. There can be no assurance, however, that Admission will become effective or that an active trading market in the Nil Paid Rights, the Fully Paid Rights or the New Shares will develop upon or following Admission. In addition, because the trading price of the Nil Paid Rights and Fully Paid Rights depends on the trading price of the Shares, the Nil Paid Rights and the Fully Paid Rights prices may be volatile and subject to the same risks as noted above.

Shareholders who do not (or are not permitted to) take up their Nil Paid Rights may not receive compensation for their Nil Paid Rights and will be subject to a dilution of their ownership upon the issue of New Shares

If a Shareholder, including a Shareholder with a registered address in the United States or the Excluded Territories, does not respond to the Rights Issue by 11.00 a.m. on 10 June 2024, being the latest time and date for acceptance and payment in full for that Shareholder's provisional allotment of New Shares, that Shareholder's Nil Paid Rights will lapse and the Company has made arrangements under which the Joint Global Co-ordinators, within two business days following the expiration of the latest time and date for acceptance and payment, will endeavour to find subscribers for New Shares not taken up by Shareholders. There is no assurance that this procedure will be successful. Consequently, such Shareholders may not receive compensation for their Nil Paid Rights.

Such Shareholders' proportionate ownership and voting interests in National Grid plc will be reduced by approximately 22.6 per cent. and the percentage that their existing Shares will represent of the total share capital and National Grid plc will be reduced accordingly. Even if a Shareholder elects to sell its unexercised Nil Paid Rights, or such Nil Paid Right are sold on its behalf in accordance with the process described above, the consideration, it receives may not be sufficient to compensate it fully for the dilution of its percentage ownership of National Grid plc's share capital that will be caused as a result of the Rights Issue.

Shareholders located outside the United Kingdom may not be able to subscribe for New Shares in the Rights Issue

In the case of an allotment of Shares for cash, Shareholders have certain statutory pre-emption rights (unless those rights are disapplied by a special resolution of the Shareholders at a general meeting) and a non-pre-emptive issue could dilute the interests of Shareholders.

Securities laws of certain jurisdictions may restrict the Company's ability to allow participation by Shareholders in the Rights Issue. In particular, holders of Shares who are located in the United States may not be able to take up their rights under the Rights Issue unless a registration statement under the US Securities Act is effective with respect to such rights or an exemption from the registration requirements is available thereunder. The Rights Issue will not be registered under the US Securities Act. Securities laws of certain other jurisdictions may restrict the Company's ability to allow participation by Shareholders in such jurisdictions in any future issue of Shares carried out by the Company. Qualifying Shareholders who have a registered address in or who are resident in, or who are citizens of, countries other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their Nil Paid Rights or to acquire Fully Paid Rights or New Shares.

New Shares will be provisionally allotted (nil paid) to all Shareholders on the register at the Record Date, including Overseas Shareholders. If a Shareholder is not able to (or does not) take up its Nil Paid Rights under the Rights Issue, then it will suffer dilution, as described above, and it may not receive the economic benefit of such Nil Paid Rights because there is no assurance that the

procedure in respect of Nil Paid Rights not taken up, will be successful either in selling the Nil Paid Rights or in respect of the prices obtained.

Any future issue of Shares may further dilute the holdings of Shareholders

Other than the Rights Issue, the Company has no current plans for an offering of Shares (other than the scrip option it has historically offered, and expects to continue offering, in respect of the interim and full-year dividend). However, it is possible that the Company may decide to offer additional Shares in the future, either to raise capital or for other purposes. If Shareholders of the Company do not take up such offer of Shares or are not eligible to participate in such offering, their proportionate ownership and voting interests in the Company would be reduced and the percentage that their Shares would represent of the total share capital of the Company would be reduced accordingly. An additional offering, or significant sales of Shares by major Shareholders, could have a material adverse effect on the market price of Shares.

Investors in the Nil Paid Rights, the Fully Paid Rights and/or New Shares may be subject to exchange rate risk

The New Shares, Nil Paid Rights and Fully Paid Rights are priced in pounds sterling. Accordingly, any investor outside the United Kingdom is subject to adverse movements to their local currency against pounds sterling.

RIGHTS ISSUE STATISTICS

Price per New Share	645 pence
Basis of Rights Issue	7 New Shares for every 24 Existing Shares ⁽¹⁾
Number of Shares in issue as at 20 May 2024 ⁽²⁾ (being the latest practicable date prior to the publication of this document)	3,721,539,361
Number of New Shares to be issued by the Company	1,085,448,980
Number of Shares in issue immediately following completion of the Rights Issue ⁽²⁾⁽³⁾	4,806,988,341
New Shares as a percentage of the enlarged issued share capital of the Company immediately following completion of the Rights Issue ⁽²⁾⁽³⁾	22.6 per cent.
Estimated net proceeds receivable by the Company after expenses	£6.8 billion
Estimated expenses in connection with the Rights Issue	£165 million

Notes:

- (1) Held by Qualifying Shareholders (being Shareholders on the register of members of the Company at the Record Date with the exclusion of persons with a registered address or located or resident in (subject to certain exceptions) the United States or an Excluded Territory).
- (2) Excludes 245,598,853 Shares held in treasury.
- (3) On the assumption that no further Shares are issued as a result of the exercise of any options or awards vesting under any company share option plans between the Latest Practicable Date and Admission becoming effective.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates in the table below is indicative only and may be subject to change.

Announcement of Rights Issue	23 May 2024
Publication and posting of this document	23 May 2024
Record Date for entitlement under the Rights Issue	6.00 p.m. on 20 May 2024
Despatch of Provisional Allotment Letters (to Qualifying Certificated Shareholders only)	23 May 2024
Despatch of Corporate Sponsored Nominee Letters (to participants in the Corporate Sponsored Nominee)	23 May 2024
Admission and commencement of dealings in New Shares, nil paid, on the London Stock Exchange	8.00 a.m. on 24 May 2024
Existing Shares marked “ex-rights” by the London Stock Exchange	8.00 a.m. on 24 May 2024
Nil Paid Rights credited to stock accounts in CREST (Qualifying CREST Shareholders only)	As soon as practicable after 8.00 a.m. on 24 May 2024
Nil Paid Rights and Fully Paid Rights enabled in CREST	As soon as practicable after 8.00 a.m. on 24 May 2024
Latest time and date for requesting the sale of Nil Paid Rights through the Special Dealing Service	5.00 p.m. on 31 May 2024
Recommended latest time for requesting withdrawal of Nil Paid Rights or Fully Paid Rights from CREST (i.e., if your Nil Paid Rights and Fully Paid Rights are in CREST and you wish to convert them to certificated form)	4.30 p.m. on 4 June 2024
Latest time for depositing renounced Provisional Allotment Letters, nil paid or fully paid, into CREST or for dematerialising Nil Paid Rights or Fully Paid Rights into a CREST stock account (i.e., if your Nil Paid Rights and Fully Paid Rights are represented by a Provisional Allotment Letter and you wish to convert them to uncertificated form)	3.00 p.m. on 5 June 2024
Latest time and date for splitting Provisional Allotment Letters, nil or fully paid	3.00 p.m. on 6 June 2024
Latest time and date for acceptance and payment in full for Qualifying Corporate Sponsored Nominee Participants	5.00 p.m. on 7 June 2024
Latest time and date for acceptance, payment in full and registration of renunciation of Provisional Allotment Letters	11.00 a.m. on 10 June 2024
Expected date of announcement of results of the Rights Issue through a Regulatory Information Service	12 June 2024
Commencement of dealings in New Shares, fully paid, to commence on the London Stock Exchange	8.00 a.m. on 12 June 2024
New Shares credited to CREST stock accounts (to Qualifying CREST Shareholders only)	As soon as practicable after 8.00 a.m. on 12 June 2024
Expected despatch of definitive share certificates for the New Shares in certificated form (to Qualifying Certificated Shareholders only) and premium payments (if applicable) credited to mandated accounts in respect of the Nil Paid Rights not taken up	By no later than 24 June 2024

General Note:

- (a) The times and dates set out in the expected timetable of principal events above and mentioned throughout this document may be adjusted by the Company, in which event details of the new times and dates will be notified to the FCA and to the London Stock Exchange, and an announcement will be made on a Regulatory Information Service and, if appropriate, will be otherwise directly notified to Shareholders. Notwithstanding the foregoing, Shareholders may not receive any further written communication.
- (b) References to times in this document are to London times unless otherwise stated.

- (c) The expected timetable of principal events above and the actions contemplated thereby are subject to certain restrictions relating to Overseas Shareholders. See paragraph 2.5 of Part III (*Terms and Conditions of the Rights Issue*).
- (d) Different deadlines and procedures for applications may apply in certain cases. For example, if you hold your Existing Shares through a CREST member or other nominee, that person may set an earlier date for application and payment than the dates noted above.

IMPORTANT INFORMATION

General

Investors should only rely on the information in this document. Any investment decision relating to the Shares (including a decision to buy or sell the Nil Paid Rights or the Fully Paid Rights and/or a decision to subscribe or not to subscribe for the New Shares) should be based on the consideration of this document in its entirety (and of the information incorporated by reference into it). In making an investment decision, prospective investors must rely upon their own examination of the Company and the terms of this document and any document incorporated by reference, including the risks involved.

No person has been authorised to give any information or to make any representations other than those contained in this document in connection with the Rights Issue and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Directors, the Banks or the Financial Adviser. None of the Company, the Directors, the Banks or the Financial Adviser, or any of their respective representatives, is making any representation to any Shareholder or purchaser of the New Shares or Existing Shares regarding the legality of an investment by such Shareholder under the laws applicable to such Shareholder or purchaser. No representation or warranty, express or implied, if made by the Banks or the Financial Adviser or any of their respective affiliates as to the accuracy, completeness, verification or sufficiency of such information, and nothing contained in this document is, or shall be relied upon as, a promise or representation by the Banks or the Financial Adviser as to the past, present or future.

Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to Article 23 of the Prospectus Regulation and Rule 3.4.1 of the Prospectus Regulation Rules, neither the delivery of this document nor any subscription or sale made under this document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or of the Group taken as a whole since the date of this document or that the information contained herein is correct as of any time subsequent to its date.

The Company will update the information provided in this document by means of a supplement hereto if required by law or regulation pursuant to Article 23 of the Prospectus Regulation and Rule 3.4 of the Prospectus Regulation Rules. The Prospectus and any supplement thereto will be subject to approval by the FCA and will be made public in accordance with the Prospectus Regulation Rules.

The contents of this document are not to be construed as legal, business or tax advice. Each prospective investor should consult their own lawyer, financial adviser or tax adviser for legal, financial or tax advice in relation to any action in respect of the New Shares or Existing Shares.

Without limitation, the contents of the websites of the Group (or any other websites, including the content of any website accessible from hyperlinks on the websites of the Group) do not form part of this document unless that information is specifically incorporated by reference into this document.

Notice to investors in the United States of America

Subject to certain exceptions, neither this document, the Provisional Allotment Letter, nor any crediting of Nil Paid Rights to your CREST account constitutes, or will constitute, or forms part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, Nil Paid Rights, Fully Paid Rights and/or New Shares to any Shareholder with a registered address in, or who is resident of, the United States or to any ADS holder.

If you are in the United States, you may not exercise your Nil Paid Rights or Fully Paid Rights and/or acquire any New Shares offered hereby. Notwithstanding the foregoing, National Grid reserves the right to offer and deliver the Nil Paid Rights to, and the Fully Paid Rights and the New Shares may be offered to and acquired by, a limited number of Shareholders in the United States reasonably believed to be QIBs, as defined in Rule 144A under the US Securities Act, in offerings exempt from, or in transactions not subject to, the registration requirements under the US Securities Act. The Nil Paid Rights, the Fully Paid Rights and the New Shares being offered outside the United States are being offered in reliance on Regulation S. If you are a QIB, in order to exercise your Nil Paid Rights or Fully Paid Rights and/or acquire any New Shares upon exercise thereof, you must sign and deliver an investor letter.

If you sign such an investor letter, you will be, amongst other things: representing that you and any account for which you are acquiring the New Shares, the Nil Paid Rights or the Fully Paid Rights are a

QIB; and agreeing not to reoffer, sell, pledge or otherwise transfer the New Shares, the Nil Paid Rights, the Fully Paid Rights or the Provisional Allotment Letters, except: in an offshore transaction in accordance with Rule 904 of Regulation S; or with respect to the New Shares only, pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, and, in each case, in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

No representation has been, or will be, made by the Company or the Banks as to the availability of Rule 144 under the US Securities Act or any other exemption under the US Securities Act or any state securities laws for the reoffer, pledge or transfer of the New Shares.

Any envelope containing a Provisional Allotment Letter and post-marked from the United States will not be valid unless it contains a duly executed investor letter in the appropriate form as described above, any Provisional Allotment Letter in which the exercising holder requests New Shares to be issued in registered form and gives an address in the United States will not be valid unless it contains a duly executed investor letter.

Any payment paid in respect of Provisional Allotment Letters that do not meet the foregoing criteria will be returned without interest.

Any person in the United States who obtains a copy of this document and who is not a QIB is required to disregard it.

Overseas territories other than the United States of America

The distribution of this document in certain jurisdictions other than the United Kingdom may be restricted by law. No action has been taken by the Company or the Underwriters to distribute this document (or any other offering or publicity materials relating to the Nil Paid Rights, Fully Paid Rights or New Shares) in any other jurisdiction where action for that purpose may be required or doing so is restricted by law. Accordingly, neither this document nor any advertisement may be distributed or published in any other jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes are required by the Company to inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Shareholders who held Shares on the Record Date and who have registered addresses in or who are resident in, or who are citizens of, all countries other than the United Kingdom should refer to paragraph 2.5 of Part III (*Terms and Conditions of the Rights Issue*) of this document.

Forward-looking statements

This document and the information incorporated by reference into this document includes statements that are, or may be deemed to be, “forward-looking statements” within the meaning of Section 27A of the US Securities Act, and Section 21E of the US Securities Exchange Act of 1934 (the “**US Exchange Act**”). Words such as “aims”, “anticipates”, “expects”, “intends”, “should”, “plans”, “believes”, “outlook”, “seeks”, “estimates”, “targets”, “may”, “will”, “continue”, “project” and similar expressions, as well as statements in the future tense, identify forward-looking statements. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and the information incorporated by reference into this document and include statements regarding the intentions, beliefs or current expectations of the Directors, the Company or the Group concerning, amongst other things, the operating results, financial condition, prospects, growth, strategies and dividend policy of the Group and the industry in which it operates.

By their nature, forward-looking statements involve assumptions, risks and uncertainties. Many of these assumptions, risks and uncertainties relate to factors that are beyond the Group’s ability to control or estimate precisely, such as changes in laws or regulations and decisions by governmental bodies or regulators, including those relating to current and upcoming price controls in the United Kingdom and rate cases in the United States, as well as the future of system operation in the United Kingdom; the timing of construction and delivery by third parties of new generation projects requiring connection; breaches of, or changes in, environmental, climate change, and health and safety laws or regulations, including breaches or other incidents arising from the potentially harmful nature of the Group’s activities; network failure or interruption, the inability to carry out critical non-network operations, and damage to infrastructure, due to adverse weather conditions, including the impact of major storms as well as the results of climate change, or due to counterparties being unable to deliver

physical commodities; reliability of and access to IT systems, including due to the failure of or unauthorised access to or deliberate breaches of the Group's systems and supporting technology; failure to adequately forecast and respond to disruptions in energy supply; performance against regulatory targets and standards and against the Group's peers with the aim of delivering stakeholder expectations regarding costs and efficiency savings, as well as against targets and standards designed to support its role in the energy transition; and customers and counterparties (including financial institutions) failing to perform their obligations to the Company.

Other factors that could cause actual results to differ materially from those described in this document include fluctuations in exchange rates, interest rates and commodity price indices; restrictions and conditions (including filing requirements) in the Group's borrowing and debt arrangements, funding costs and access to financing; regulatory requirements to maintain financial resources in certain parts of the Group's business and restrictions on some subsidiaries' transactions, such as paying dividends, lending or levying charges; the delayed timing of recoveries and payments in the Group's regulated businesses and whether aspects of the Group's activities are contestable; the funding requirements and performance of its pension schemes and other post-retirement benefit schemes; the failure to attract, develop and retain employees with the necessary competencies, including leadership and business capabilities, and any significant disputes arising with National Grid's employees or breaches of laws or regulations by its employees; the failure to respond to market developments, including competition for onshore transmission; the threats and opportunities presented by emerging technology; the failure by the Company to respond to, or meet its own commitments as a leader in relation to, climate change development activities relating to energy transition, including the integration of distributed energy resources; and the need to grow the Group's business to deliver its strategy, as well as incorrect or unforeseen assumptions or conclusions (including unanticipated costs and liabilities) relating to business development activity, including the sale of the Group's UK gas transmission and metering business (the "**Gas Transmission and Metering Business**"), its strategic infrastructure projects and joint ventures and the separation and transfer of the ESO to the public sector.

For further details regarding these and other assumptions, risks and uncertainties that may affect National Grid, please read the risk factors set out on pages 14 to 25 of this document. In addition, new factors emerge from time to time and we cannot assess the potential impact of any such factor on the Group's activities or the extent to which any factor, or combination of factors, may cause actual future results to differ materially from those contained in any forward-looking statement.

You are advised to read this document and the information incorporated by reference into this document in their entirety, and, in particular, the section of this document headed "*Risk Factors*", for a further discussion of the factors that could affect the Group's future performance and the industry in which it operates. New factors emerge from time to time and the Group cannot assess the potential impact of any such factor on its activities or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

Other than in accordance with their legal or regulatory obligations (including under the Listing Rules, the Disclosure Guidance and Transparency Rules and the Prospectus Regulation Rules), neither the Company nor the Banks undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

Nothing in this document constitutes a qualification to the opinion of the Company as to working capital set out in paragraph 15 of Part XII (*Additional Information*) of this document.

Financial information incorporated by reference

The audited consolidated financial statements of the Group as at and for the years ended 31 March 2024, 2023 and 2022 and the notes thereto are incorporated by reference into this document as further detailed in Part XIII (*Documentation Incorporated by Reference*) of this document. Where these statements themselves incorporate information by reference to another document, the further information is not intended to form part of this document for any purpose.

Presentation of financial information

Unless otherwise stated, financial information for the Group has been extracted without material adjustments from the audited historical financial information of the Group as at and for the years ended 31 March 2024, 2023 and 2022. The audited consolidated financial statements of the Group as

at and for the years ended 31 March 2024, 2023 and 2022, are incorporated into this document by reference as described in Part XIII (*Documentation Incorporated by Reference*).

Where information has been extracted from the audited historical financial information of the Group, the information is audited unless otherwise stated.

Unless otherwise indicated, financial information for the Group in this document and the information incorporated by reference into this document is presented in pounds sterling and has been prepared in accordance with International Financial Reporting Standards (“IFRS”). Shareholders should ensure that they read the whole of this document and do not rely only on financial information summarised within it.

The financial information presented in a number of tables in this document has been rounded to the nearest whole number or the nearest decimal. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Alternative performance measures

This Prospectus contains a number of financial measures that are categorised as alternative performance measures (“APMs”), as per the European Securities and Markets Authority guidelines and the SEC conditions for use of non-GAAP financial measures. An APM is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined under IFRS. The Group uses a range of these measures to provide a better understanding of its underlying performance, including to help evaluate growth trends, establish budgets and assess operational performance and efficiencies in relation to the Group and, as such, that the APMs provide an enhanced understanding of the Group’s results and related trends and, therefore, increased transparency and clarity into the core results of the business of the Group. APMs are supplementary to, and should not be regarded as a substitute for, IFRS measures. A reconciliation of each of the Non-IFRS measures to the most directly comparable measures calculated and presented in accordance with IFRS and a discussion of their limitations are set out under the heading “Other unaudited financial information” in the Group’s Annual Reports and Accounts 2023/24, incorporated into this document by reference as described in Part XIII (*Documentation Incorporated by Reference*).

Pro forma financial information

In this document, any reference to “pro forma” financial information is to information which has been extracted without material adjustments from the unaudited pro forma financial information contained in Part IX (*Unaudited Pro Forma Financial Information*). The unaudited pro forma financial information contained in Part IX (*Unaudited Pro Forma Financial Information*) is based on the historical financial information of the Group contained in Part VII (*Financial Information of the Group*).

The pro forma financial information has been prepared for illustrative purposes only in accordance with Article 7 of the Prospectus Regulation. Because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Group’s actual financial position. It may not, therefore, give a true picture of the Group’s financial position nor is it indicative of the results that may, or may not, be expected to be achieved in the future.

Currency and exchange rate information

The amounts set forth in this document in “£” or “pounds sterling” refer to the legal currency of the United Kingdom. References to “\$” or “US dollar” relate to the legal currency of the United States.

Market and industry data

Unless the source is otherwise stated, the market, economic and industry data in this Prospectus constitute the Directors’ estimates, using underlying data from independent third parties. The Company obtained market data and certain industry forecasts used in this document from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications.

National Grid confirms that all third-party data contained in this Prospectus has been accurately reproduced and, so far as it is aware and able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where third-party information has been used in this Prospectus, the source of such information has been identified. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy or completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions. The Company has not independently verified this data or determined the reasonableness of such assumptions. Similarly, internal surveys, reports and studies and market research, while believed by the Directors to be reliable and accurately extracted by the Company for the purposes of this document, have not been independently verified. The industry forecasts are forward-looking statements. See “*Forward-looking Statements*” above.

No profit forecast

Save for the profit forecasts set out in Part X (*Profit Forecasts*), no statement in this document is intended as a profit forecast and no statement in this document should be interpreted to mean that earnings per Share for the current or future financial years would necessarily match or exceed the historical published earnings per Share.

Enforcement of civil liabilities

The ability of an Overseas Shareholder to bring an action against the Company may be limited under law. The Company is a public limited company incorporated in England and Wales. The rights of holders of Shares are governed by English law and by the Company’s articles of association. These rights differ from the rights of shareholders in typical US corporations and some other non-UK corporations.

An Overseas Shareholder may not be able to enforce a judgment against some or all of the Directors and executive officers. The majority of the Directors and executive officers are residents of the United Kingdom. Consequently, it may not be possible for an Overseas Shareholder to effect service of process upon the Directors and executive officers within the Overseas Shareholder’s country of residence or to enforce against the Directors and executive officers judgments of courts of the Overseas Shareholder’s country of residence based on civil liabilities under that country’s securities laws. There can be no assurance that an Overseas Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than the United Kingdom against the Directors or executive officers who are residents of the United Kingdom or countries other than those in which judgment is made. In addition, English or other courts may not impose civil liability on the Directors or executive officers in any original action based solely on the foreign securities laws brought against the Company or the Directors in a court of competent jurisdiction in England or other countries.

Available information

If, at any time, the Company is neither subject to Section 13 or Section 15(d) of the US Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, the Company will furnish, upon request, to any holder or beneficial holder of the Nil Paid Rights, the Fully Paid Rights or the New Shares, or any prospective purchaser designated by any such holder or beneficial owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the US Securities Act. In such cases, the Company will also furnish to each such owner all notices of general Shareholders’ meetings and other reports and communications that the Group generally makes available to Shareholders.

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Board of Directors

A list of the members of the Company's Board of Directors is set forth in the table below.

<u>Name</u>	<u>Position</u>
Paula Rosput Reynolds	Chair
John Pettigrew	Chief Executive
Andy Agg	Chief Financial Officer
Ian Livingston	Senior Independent Non-Executive Director
Jacqui Ferguson	Non-Executive Director
Iain Mackay	Non-Executive Director
Anne Robinson	Non-Executive Director
Earl Shipp	Non-Executive Director
Jonathan Silver	Non-Executive Director
Tony Wood	Non-Executive Director
Martha Wyrsh	Non-Executive Director

Each of the Directors' business address is the Company's registered address at 1-3 Strand, London, WC2N 5EH, and each Director's business telephone number is +44 (0)20 7004 3000.

Group General Counsel & Company Secretary: Justine Campbell

Registered Office: 1-3 Strand
London
WC2N 5EH
United Kingdom

Joint Sponsor, Joint Global Co-ordinator and Joint Bookrunner: Barclays Bank PLC
1 Churchill Place
London
E14 5HP
United Kingdom

Joint Sponsor, Joint Global Co-ordinator and Joint Bookrunner: J.P. Morgan Securities plc
25 Bank Street
London
E14 5JP
United Kingdom

Financial Adviser: Robey Warshaw LLP
9 Grosvenor Square
London
W1K 5AE
United Kingdom

Reporting Accountant and Auditor to the Company: Deloitte LLP
1 New Street Square
London
EC4A 3HQ
United Kingdom

Legal advisers to the Company as to US and English law: Linklaters LLP
1 Silk Street
London
EC2Y 8HQ
United Kingdom

**Legal advisers to the Underwriters as to US
and English law:**

White & Case LLP
5 Old Broad Street
London
EC2N 1DW
United Kingdom

Registrar and Receiving Agent:

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA
United Kingdom

PART I
LETTER FROM THE CHAIR OF NATIONAL GRID PLC

(incorporated and registered under the laws of England and Wales with registered number 04031152)

Directors:

Paula Rosput Reynolds
John Pettigrew
Andy Agg
Ian Livingston
Jacqui Ferguson
Iain Mackay
Anne Robinson
Earl Shipp
Jonathan Silver
Tony Wood
Martha Wyrsh

Registered Office:

1-3 Strand,
London,
WC2N 5EH

23 May 2024

7 for 24 Rights Issue at 645 pence per New Share

Dear Shareholder

1 Introduction

Today we announced a proposed capital raising of approximately £7.0 billion by way of a fully underwritten Rights Issue of 1,085,448,980 New Shares at 645 pence per New Share on the basis of 7 New Shares for every 24 Existing Shares. The Issue Price represents a 34.7 per cent. discount to the theoretical ex-rights price based on the closing middle-market price on 22 May 2024 (being the last business day before the announcement of the terms of the Rights Issue) of 1,127.5 pence per Share, adjusted for the recommended final dividend for FY24 of 39.12 pence per Share.

The purpose of this letter is to: (i) explain the background to and reasons for the Rights Issue; and (ii) explain why we believe that the Rights Issue is in the best interests of the Company and the Shareholders as a whole. In this respect, this document should be read in its entirety and you should not rely solely on the information in this Part I.

2 Background to and reasons for the Rights Issue

National Grid plc owns and operates the regulated high-voltage electricity transmission network in England and Wales, and the United Kingdom's largest regulated electricity distribution business. In New York and Massachusetts, National Grid owns and operates regulated electricity transmission and distribution networks as well as regulated gas distribution networks. In addition to these networks, National Grid Ventures (NGV) owns and operates high-voltage electricity interconnectors between the United Kingdom and Europe, liquefied natural gas ("LNG") storage and regassification facilities and US competitive transmission, as well as US renewable and conventional generation.

Over recent years, governments' focus on the delivery of decarbonisation targets has increased markedly across the geographies in which we operate.

In Great Britain, the government is targeting a fully decarbonised electricity system by 2035 and has a legal obligation under the Climate Change Act 2008 to achieve net zero by 2050. Reflecting the importance of this ambition, the UK Office of Gas and Electricity Markets (Ofgem) has also been given a statutory duty to support the government in meeting its 2050 net zero obligation.

In New York and Massachusetts, the state governments have also set out decarbonisation ambitions. New York State is targeting a 100 per cent. zero-emission electricity sector by 2040, while Massachusetts has set out a net zero target by 2050.

National Grid's position in the energy sector means that we have a critical role to play in the energy transition across our jurisdictions: by providing the transmission and distribution infrastructure that will enable the connection of low carbon electricity generation, and networks

capable of delivering power for electric vehicles and the decarbonisation of domestic heating, as these technologies are adopted by consumers over time. In addition, we must meet demands for new connections, such as the forecasted increased demand for computing power, given growth in artificial intelligence and the data centres needed to support it. The pathway each jurisdiction will take to meet the needs for new infrastructure will vary, as will the pace. But as discussed more fully below, we expect to deploy greater amounts of capital into building energy infrastructure in the years ahead compared to the levels of capital dedicated in the last decade in particular.

Energy policy and regulatory progress

We are seeing policy and regulatory activity on both sides of the Atlantic to foster the expansion of infrastructure. Governments and regulators are establishing frameworks that encourage the step-up in investment that will be required.

In the United Kingdom, government officials are focused on enabling the energy transition with urgency. The enactment of the Energy Act in October 2023 provides for an operationally independent system operator and planner to be established, introduced onshore competition for networks, and implemented a “net zero” duty for Ofgem. In addition to the act, in a paper we issued in May 2023, “Delivering for 2035—Upgrading the grid for a secure, clean and affordable energy future”, we urged the UK government to undertake fundamental reforms across a number of areas, including to timelines for delivering transmission infrastructure. Since then, the government has proceeded with a Transmission Acceleration Action Plan; updated energy National Policy Statements, which provide planning guidance for developers of nationally significant energy projects; and publication of a Connection Action Plan, to reform the process for projects connecting to the grid.

In December 2023, Ofgem published its Sector Specific Methodology Consultation which provides details around how it intends to adapt the framework in RIIO-T3, our upcoming rate setting proceedings; this consultation indicates the regulator’s intent to provide certainty and assurance to investors that approved transmission projects are viable, investable and deliverable. Furthermore, and in line with its new duties following the enactment of the Energy Act, Ofgem has set out a strategy update, with five pillars, one of which is “Enabling infrastructure for net zero at pace”.

Taken together, these various initiatives are a mosaic of policies and regulations, all designed to enable transmission and distribution owners and operators to proceed with expansion of transmission and distribution networks. Having thoroughly reviewed these various developments, and, given the scale of energy transition investment required, we believe that Ofgem recognises the need for an appropriate financial framework for our future investments.

In the United States, the federal Infrastructure Investment and Jobs Act 2021 and Inflation Reduction Act 2022 have increased the number of renewable energy, electrification and clean energy manufacturing projects being brought forward. This provides positive signals for greater levels of network investment needed both to enable new renewable generation and support the development of a decarbonised gas system, which has fed into our conversations with regulators as we progress rate filings, and agree clean energy investment outside of rate cases.

We are also seeing action more locally, from our regulators in both New York and Massachusetts. In New York, the Public Service Commission has asked utilities to submit clean investment plans for 2030 in support of the state’s Climate Leadership and Community Protection Act (CLCPA). On the back of this, National Grid has been awarded nearly \$2.9 billion of investment to deliver new and upgraded transmission infrastructure.

In Massachusetts, in January, we filed for \$2 billion of clean investment over the next five years as part of the commonwealth’s Electric Sector Modernization Plan. This follows the Department of Public Utilities requesting all electric utilities in the state to outline what is required to upgrade the distribution and transmission systems to meet the Commonwealth’s Clean Energy and Climate Plan 2050 policy objectives.

All of these policy and regulatory initiatives reinforce the momentum and support behind the energy networks we operate, and provide greater detail and precision around the expected investment levels and profile required to meet the needs of our customers, governments and regulators where we operate through the rest of this decade.

A step change in infrastructure investment is required

Over the last few years, National Grid has been preparing for a more extensive role in the energy transition. In May 2021, we outlined our first 5-year financial framework, and at our Capital Markets Day in November 2021, we set out our views of how the energy transition would provide National Grid with significant growth visibility over the medium and long term. Since then, the need for network investment has accelerated further both in the United Kingdom and the northeastern United States. Given this backdrop, National Grid has been developing the capabilities to deliver materially more extensive amounts of infrastructure over the latter half of the decade and beyond, including announcing in April 2023 the creation of our Strategic Infrastructure business unit dedicated to delivering major strategic UK transmission projects. In the United States, we have developed alliances with neighbouring utilities and public authorities to build new electric transmission capacity.

In the United Kingdom, 17 major projects, part of Ofgem's Accelerated Strategic Transmission Investment (ASTI) framework, have been included within our electricity transmission licence obligations since October 2023. Our work to deliver these projects is progressing: in August we were awarded planning consent for the Eastern Green Link 2 project, an estimated £4.4 billion joint construction project with SSE (of which National Grid's share is £2.4 billion), with high-voltage direct current (HVDC) cable and converter station contracts signed in February 2024; in December, we signed contracts totalling £1.8 billion for HVDC cabling and converter stations for Eastern Green Link 1, a joint construction project with ScottishPower; and in March 2024, we received a development consent order for our Yorkshire GREEN project. In May 2024, we announced The Great Grid Partnership, which will initially focus on the network design and construction of nine of the onshore ASTI projects. This forms part of a £9 billion supply chain framework which will also support infrastructure projects beyond 2030. We have also launched an HVDC framework tender process to secure key cabling contracts, including for our Eastern Green Link 3, Eastern Green Link 4 and SEALink offshore projects within ASTI. We anticipate total capital investment across the 17 projects to be in the mid-to-high teens of billions of pounds range.

These initiatives feed into the ongoing work for our RIIO-T3 business plan, thereby providing a pathway for the ratemaking that will accompany these investments.

In March 2024, the Electricity System Operator (ESO) published its "Beyond 2030" report, which is a blueprint for a decarbonised electricity system in Great Britain. This report provides further guidance on the potential infrastructure investment for electricity transmission into the 2030s, whilst reaffirming the view that there should not be material additional incremental investment beyond ASTI for the rest of this decade. While the landscape of new energy demands and the speed of electrification may be variable, this is aligned with our view, following our ongoing work with our supply chains, and as we look at our delivery model over the longer term. This work will be included in our RIIO-T3 business plan assumptions, and in our new 5-year financial framework for the years FY25 through FY29 (as discussed more fully below). Coupled with the current RIIO-2 price control in our Electricity Distribution business, which runs through to 2028, we have good visibility into our investment requirements in the United Kingdom for much of the rest of the decade.

In the United States, we continue to update and renew our investment and operating plans for our regulated operating companies. We recently filed a Joint Proposal with the New York Public Service Commission for a new three-year rate plan, and accompanying capital plans for our downstate New York gas distribution companies (KEDNY and KEDLI), where we expect to invest around \$5 billion over the three years. If approved, this Joint Proposal will outline our system investment plans through to 2027, allowing a return on equity (RoE) of 9.35 per cent., an increase from 8.8 per cent. in the previous rate plan, and an increase in capital investment of approximately 30 per cent. Additionally, the Joint Proposal will reflect an increase in minimum leak prone pipe removal targets, allowing us to further reduce methane emissions. Before summer we will file for new rates in our upstate New York Niagara Mohawk electricity and gas distribution businesses. We are engaged in dialogue with the regulator and stakeholders which is providing a good basis on which to plan for the level of investment in that service territory. In Massachusetts, we filed for new rates in our electricity distribution business last November, expected to be effective from October 2024. We will be filing for new rates in November 2024 in our Massachusetts gas distribution business, to become effective from October 2026.

Since 2021, we have also seen investment focused on clean energy infrastructure solutions progress in the United States outside our ordinary course of rate filings.

Drivers of growth are coming from New York transmission opportunities. In March, we announced our “Upstate Upgrade” plans to invest more than \$4 billion in transmission network infrastructure in New York. The upgrade is a collection of more than 70 transmission enhancement projects through 2030 to deliver a modernised, stronger, and cleaner energy network in Upstate New York. This investment includes a combined \$2.9 billion of approved CLCPA Phase 1 and 2 projects, with Phase 1 representing \$800 million of investment before 2030, including circuit rebuild projects to support 330 MW of incremental renewable generation capacity. Phase 2 funding of \$2.1 billion will help unlock around 2,200 MW of existing and ‘shovel ready’ generation through building around 400 miles of new transmission lines, also by 2030. In Massachusetts, we recently submitted our views on required additional clean electricity investment over the coming decades in our Electric Sector Modernization Plan. Our plan would see up to \$2 billion of additional investment over the coming five years across areas such as: network infrastructure, with the upgrade of power lines, transformers, and substations; technology and platforms, delivering new planning tools and monitoring systems; and customer programmes, to help customers reduce their carbon footprint and drive smarter energy use. We believe the fact that regulators have solicited our plans and are approving them or actively deliberating on them is evidence of their commitment to having us invest capital in our utility systems for the future.

Elsewhere in the United States, and since 2021, the New York Transco joint venture (a partnership of the major New York utilities, which includes National Grid Ventures) has energised the NY Energy Solution transmission line upgrade, with National Grid’s capital contribution being around \$100 million. NY Transco has also been selected to deliver the Propel NY Energy transmission project by the New York Independent System Operator (NYISO). This will increase transmission capacity between the mainland and Long Island, with National Grid’s capital contribution being around \$340 million. This incremental clean energy investment, combined with our continuing rate filings, gives us good visibility on the scale and pace of investment required through the rest of this decade in the northeastern United States.

A new five-year financial framework

With greater clarity around the scale and profile of our investment programme, and further confidence around the regulatory frameworks to support these investments, we have put forward our plans for the quantum and pace of the required investment through the end of the decade. With our results on 23 May 2024, we have announced our new 5-year financial framework, alongside the updated financing strategy and investor proposition.

Key highlights of our new 5-year financial framework, covering the period from 1 April 2024 to 31 March 2029 (FY25 to FY29), comprise:

- a significant increase in capital investment to around £60 billion over the period, with approximately 52 per cent. of expected spend to be in the United Kingdom and 48 per cent. in the United States. Around 85 per cent., or £51 billion, is expected to be “green investment” aligned to the EU Taxonomy, and 98 per cent. of the total investment is expected to be in our regulated businesses, including around 80 per cent. in our electricity networks and approximately 10 per cent. in offshore; and
- a high asset growth phase which we anticipate will result in a compound annual growth rate (“**CAGR**”) of around 10 per cent. in our group asset base, leading to a forecasted combined asset base of nearly £100 billion by 2029, of which we expect nearly 80 per cent. to be in our electricity networks, (based on an assumed average UK CPIH inflation rate of 2.5 per cent.);
- translating into a strong underlying earnings per share (“**EPS**”) growth CAGR of 6 to 8 per cent. from an FY25 baseline, following the issuance of New Shares.
- We will maintain a progressive total level of dividend. Our aim is to grow Dividend Per Share (DPS) in line with UK CPIH inflation in keeping with the current dividend policy. We will aim to

increase the FY25 DPS by UK CPIH following the rebase of the FY24 DPS of 58.52 pence, after taking account of the new shares issued following the Rights Issue¹.

At a business level, we expect investment over the period to comprise:

- around £23 billion into the UK Electricity Transmission (UK ET) business, representing a more than 250 per cent. increase in capital investment versus the prior 5-year period. This includes continued funding for our 17 ASTI projects;
- investment of around £8 billion in UK Electricity Distribution (UK ED), representing more than a 30 per cent. increase in capital investment versus the prior 5-year period, as we continue to deliver the remaining four years of our RIIO-ED2 price control and invest to create the smart distribution network to enable the accelerated adoption of low carbon technologies, such as electric vehicles and heat pumps, by our customers;
- Together these will help grow our UK regulated asset base to over £50 billion by 2029 (assuming average UK CPIH of 2.5 per cent.).
- In our US regulated businesses we will invest around £28 billion across New York and New England, comprising investment of approximately £17 billion in New York and £11 billion in New England (of which we expect nearly 60 per cent. will be invested into our electricity networks), and reflecting a 60 per cent. increase in capital investment (excluding the Narragansett Electric Company, which was sold in FY23).
- With this we expect our combined US rate base to grow from approximately £25 billion today, to nearly £45 billion in 2029 (at an exchange rate of £1:\$1.25).
- Committed investment of around £1 billion in our National Grid Ventures (NGV) business.

Updating our strategy to make National Grid a pureplay networks business

We see the networks we own and operate as a key enabler to helping our jurisdictions achieve their energy transition goals. We expect that onshore and offshore, competitive and regulated electricity transmission opportunities will continue to grow. As such, we intend to narrow the focus of National Grid Ventures to these types of projects and investments.

Our intention is to sell Grain LNG, our UK LNG terminal, as well as National Grid Renewables, our US onshore renewable energy business, and we expect to continue our record of crystallising good value from asset rotation. The focus for National Grid Ventures going forward will be interconnectors (including Offshore Hybrid Assets, a new asset type) in the United Kingdom and competitive electricity transmission projects in the United States. These will play a critical role in delivering the energy transition, and are businesses where we have world class capabilities and a track record of operational excellence and strong value creation. Whilst we have attractive opportunities in NGV, we will maintain our capital discipline, and look to fund any future growth beyond our current expected commitment through partnering of existing or future assets, or crystallising further value in NGV.

Maintaining investment grade credit ratings

We remain committed to a strong, overall investment grade credit rating. We expect to maintain credit metrics above our thresholds for current group credit ratings through to at least the end of the RIIO-T3 price control period, with current thresholds of 10 per cent. for S&P's FFO/adjusted net debt, and 7 per cent. for Moody's RCF/adjusted net debt. Following completion of the Rights Issue, we expect regulatory gearing to be in the low 60 per cent. range by March 2025, and then trend back towards the high 60 per cent. range by the end of RIIO-T3.

A comprehensive financing plan

To maintain a resilient balance sheet and the strong investment grade credit ratings referred to above, whilst enabling this material step-up in investment in the coming years, we are setting out a comprehensive plan of financing measures.

¹ Estimated rebase of 15 per cent., from approximately 53 pence being the FY24 DPS adjusted to take account of the bonus element of the Rights Issue as calculated using the closing middle-market price on 22 May 2024 (being the last business day before the announcement of the terms of the Rights Issue) of 1,127.5 pence per Share, adjusted for the recommended final dividend for FY24 of 39.12 pence per Share.

In addition to cashflow generated from operations, where we aim to continue our successful cost mitigation programme by keeping controllable costs broadly flat as we continue the strong growth of our asset base, the principal elements of this plan are:

- Debt: we will continue to issue senior debt within the capital markets.
- Hybrid capital: we expect to utilise further hybrid debt issuances later in the 5-year period to maintain balance sheet strength and enable investment flexibility.
- Proceeds from the planned sales of our Grain LNG terminal and National Grid Renewables businesses.
- Rights Issue: equity issuance of approximately £7.0 billion, as announced today.

As regards dividends and dividend policy:

- We will maintain a progressive total level of dividend, growing from current levels of approximately £2,168 million the Board has recommended for the year to March 2024.
- This equates to a total DPS of 58.52 pence for FY24. This will then be rebased to take account of the New Shares issued following the Rights Issue.
- We then aim to grow DPS in line with UK CPIH, in keeping with the current dividend policy, as detailed below.
- We will continue to offer a scrip dividend, given the continued high level of group asset growth we expect to deliver.

Dividend policy

As described above, and following the rebasing of the FY24 DPS following the Rights Issue, the Board will aim to grow the annual DPS in line with UK CPIH, thus maintaining the DPS in real terms. The Board will review this policy regularly, taking into account a range of factors including expected business performance and regulatory developments.

The scrip dividend alternative will continue to be offered, and we do not expect to buy back Shares whilst we continue to deliver strong asset growth.

Reasons for the Rights Issue and use of proceeds

The Board believes that raising net proceeds of £6.8 billion through the Rights Issue will give it appropriate financial flexibility to deliver the Group's strategy over the 5-year framework, and funding clarity until at least the end of the RIIO-T3 period. In particular, the Board believes it will allow the Group to fund a significant increase in capital investment and continue to deliver attractive returns to shareholders, whilst maintaining investment grade credit ratings for our operating companies and the Group overall.

The Rights Issue net proceeds of £6.8 billion will principally be utilised to fund a higher-growth investment phase for the Group, with around £60 billion of capital investment expected during the 5-year period from FY25 to FY29. In the near term, to support efficient management of funding costs, approximately £750 million of the net proceeds will be used to refinance a portion of the Group's outstanding hybrid bonds that have first call dates in the next 15 months.

The Rights Issue provides shareholders with the pre-emptive opportunity to fund and, we believe, to benefit from our higher growth strategy. We believe that the Group will deliver an attractive mix of asset and earnings growth and dividend yield, while enabling the energy transition in our UK and US markets. This builds on our track record of having delivered an over 30 per cent. higher Total Shareholder Return compared with the FTSE 100 over the last decade.

Our geographic position and our work with governments and regulators provides us with an unprecedented growth opportunity that we expect will create substantial value for our shareholders. We believe this investment in new infrastructure will enhance resiliency and enable the jurisdictions in which we operate to make meaningful progress in their journeys towards a decarbonised energy system. The step-up in investment as set out in our new 5-year financial framework underscores National Grid's position as one of the FTSE's biggest investors in the delivery of the energy transition. Over the last three years, we have reshaped our portfolio and now have a mix of businesses that is increasingly weighted towards electricity transmission

and distribution, making us well-placed to capture the significant network growth opportunities that lie ahead. With our operational and regulatory capabilities, combined with a strong track record of delivery, we are confident that we can deliver this step-up in new infrastructure that will provide greater levels of energy security and enable diversification of energy sources to help decarbonise our societies.

3 Summary information on the Group

National Grid's principal operations (its core regulated businesses) are the ownership and operation of electricity transmission and distribution infrastructure in the United Kingdom and electricity transmission and gas and electricity distribution infrastructure in the United States. National Grid also has interests in related markets, including electricity interconnectors, LNG storage and regasification, large-scale renewable generation, conventional generation and competitive transmission. As at 31 March 2024, National Grid had 31,425 employees across the United Kingdom and United States.

In 2021, National Grid announced a renewed strategic focus on electricity, culminating in a number of significant transactions, including: (i) in June 2021, the acquisition of Western Power Distribution plc, the United Kingdom's largest electricity distribution network operator (now National Grid Electricity Distribution plc); (ii) the sale of its Rhode Island gas and electricity distribution business in May 2022; and (iii) the sale of a majority interest (60 per cent.) in its UK Gas Transmission and Metering Business in January 2023, and in March 2024 the sale of a further 20 per cent. interest in that business. These transactions have shifted National Grid's portfolio of assets from approximately 60 per cent. electricity and 40 per cent. gas in 2021 to approximately 75 per cent. electricity and 25 per cent. gas in 2024.

In 2023, National Grid created a Strategic Infrastructure business unit to deliver electricity transmission projects awarded to the Group under Ofgem's ASTI framework, facilitating the connection of more clean, low-carbon power to the transmission network. We expect that these projects, along with other investment programmes will require National Grid to materially increase its annual level of capital investment over the next decade compared to current levels.

The performance of National Grid's businesses is reported by segment, reflecting the management responsibilities and economic characteristics of each activity. The Group's business segments are:

- UK electricity transmission ("**UK ET**"), through which the Group owns, operates and delivers critical regulated electricity transmission infrastructure across England and Wales, and includes the Strategic Infrastructure business unit;
- UK electricity distribution ("**UK ED**"), through which the Group owns and operates the United Kingdom's regulated largest electricity distribution business;
- National Grid electricity system operator ("**ESO**"), the regulated national electricity system operator for Great Britain;
- New England, through which the Group owns and operates regulated electricity transmission facilities and distribution networks across Massachusetts, New Hampshire and Vermont and regulated gas distribution networks in Massachusetts;
- New York, through which the Group owns and operates regulated electricity transmission facilities and distribution networks in upstate New York, as well as regulated gas distribution networks in upstate New York, New York City and on Long Island;
- National Grid Ventures ("**NGV**"), comprising the Group's diverse portfolio of energy businesses complementary to its core regulated businesses; and
- Other, comprising activities that do not form part of the Group's core regulated businesses or NGV, including the National Grid Partners and UK property businesses, insurance and other corporate activities.

In 2022, the UK government announced its intention create a new, operationally independent system operator and planner (ISOP) to act as the National Energy System Operator for the United Kingdom. At the end of October 2023, the implementing legislation, the Energy Act 2023, received Royal Assent. The ISOP will have a critical role in delivering strategic, whole system

energy planning and oversight as National Grid and other industry participants continue to invest in and transform the United Kingdom's energy infrastructure. National Grid is working closely with the Department for Energy Security and Net Zero (“**DESNZ**”) and Ofgem to plan and prepare for the implementation of this separation plan. It is currently expected that the new National Energy System Operator will launch in calendar year 2024 as an independent, public corporation responsible for planning Great Britain's electricity and gas networks and operating the electricity system.

The following table sets out National Grid's revenue, operating profit and underlying operating profit for each business segment, on a continuing basis, for the years ended 31 March 2024, 2023 and 2022.

	Year ended 31 March								
	2024			2023			2022		
	Revenue ⁽¹⁾	Operating Profit	Underlying Operating Profit	Revenue	Operating Profit	Underlying Operating Profit	Revenue	Operating Profit	Underlying Operating Profit
	(£ millions)								
UK ET	2,735	1,674	1,314	1,987	993	1,107	2,035	1,055	1,152
UK ED	1,795	975	1,152	2,045	1,069	1,230	1,482	909	887
ESO	3,788	382	80	4,690	237	31	3,455	5	54
New England	3,948	641	802	4,427	1,132	819	4,550	764	886
New York	6,094	362	1,016	6,994	541	874	5,561	1,095	706
NGV	1,389	558	469	1,341	957	490	1,024	283	286
Other	244	(117)	(60)	317	(50)	31	381	260	21
Total	19,993	4,475	4,773	21,801	4,879	4,582	18,488	4,371	3,992

Note:

(1) Including sales between segments, see note 2(a) to the consolidated financial statements of the Group for the year ended 31 March 2024.

Shareholders should read the whole of this document and should not rely solely on the summarised financial information set out above.

4 Recent events and current trading and prospects

Presentation of Underlying Earnings

In the 2023 Spring Budget, the UK Government introduced “full expensing” tax relief for qualifying capital expenditure to encourage greater levels of investment from businesses. This change became permanent in November 2023.

As a result, and as part of our pre-close statement to the market on 18 April 2024, we announced that in order to represent underlying profitability more accurately, and to align with UK peers, we will now report Underlying Earnings and underlying EPS excluding the impact of deferred tax in our UK ET and UK ED businesses.

See the section “Other unaudited financial information” in our Annual Reports and Accounts 2023/24, incorporated into this document by reference as described in Part XIII (*Documentation Incorporated by Reference*).

There has been no significant change in the financial position or financial performance of the Group in the period since 31 March 2024 to the date of publication of this document.

5 Principal terms of the Rights Issue

Pursuant to the Rights Issue, the Company is proposing to offer 1,085,448,980 New Shares to Qualifying Shareholders, other than, subject to certain exceptions, Qualifying Shareholders with a registered address, or resident in, one of the United States or the Excluded Territories. The offer is to be made at 645 pence per New Share, payable in full on acceptance by no later than 11.00 a.m. on 10 June 2024 in the case of Qualifying Certificated and CREST Shareholders, and by 5.00 p.m. on 7 June 2024 in the case of Qualifying Corporate Sponsored Nominee Participants. The Rights Issue is expected to raise proceeds of approximately £6.8 billion, net of expenses. The aggregate costs and expenses of the Rights Issue and Admission (including the listing fees of the FCA and the London Stock Exchange, professional fees and expenses and the

costs of printing and distribution of documents) payable by the Company are estimated to be £165 million. The Issue Price represents a 34.7 per cent. discount to the theoretical ex-rights price based on the closing middle-market price on 22 May 2024 (being the last business day before the announcement of the terms of the Rights Issue) of 1,127.5 pence per Share, adjusted for the recommended FY24 Final Dividend of 39.12 pence per Share.

The Rights Issue will be made on the basis of:

7 New Shares at 645 pence per New Share for every 24 Existing Shares

held by Qualifying Shareholders (at 6.00 p.m. on the Record Date).

Entitlements to New Shares will be rounded down to the nearest whole number and fractional entitlements will not be allotted to Shareholders but will be aggregated and issued into the market for the benefit of the Company except for participants in the Corporate Sponsored Nominee. Any fractional entitlements for participants in the Corporate Sponsored Nominee will be pro-rated per participant and then sold with the sale proceeds, less any associated costs and commissions of the sale, distributed to such participants. Holdings of Existing Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue.

The Rights Issue is fully underwritten by the Underwriters pursuant to the Underwriting Agreement. The principal terms of the Underwriting Agreement are summarised in Part XII (*Additional Information*) of this document.

The Rights Issue will result in 1,085,448,980 New Shares being issued (representing approximately 29.2 per cent. of the existing issued share capital and 22.6 per cent. of the enlarged issued share capital (excluding treasury shares) immediately following completion of the Rights Issue).

The Rights Issue is conditional, *inter alia*, upon:

- (i) the Underwriting Agreement having become unconditional in all respects save for the condition relating to Admission; and
- (ii) Admission becoming effective by not later than 8.00 a.m. on 24 May 2024 (or such later time and date as the Joint Global Co-ordinators and the Company may agree).

Certain resolutions authorising the allotment of further shares in the Company and the waiver of pre-emption rights in connection with a rights issue were passed at an annual general meeting of the Company held on 10 July 2023. These authorities will be relied upon for the purposes of the Rights Issue.

The New Shares, when issued and fully paid, will rank *pari passu* in all respects with the Existing Shares, save for the right to receive the recommended FY24 Final Dividend of 39.12 pence per Share which shall only be paid in respect of the Existing Shares. Application will be made to the FCA and to the London Stock Exchange for the New Shares to be admitted to the Official List and to trading on the London Stock Exchange. It is expected that Admission will occur and that dealings in the New Shares (nil paid) on the London Stock Exchange will commence at 8.00 a.m. on 24 May 2024.

Some questions and answers, together with details of further terms and conditions of the Rights Issue, including the procedure for acceptance and payment and the procedure in respect of rights not taken up, are set out in Parts II (*Some Questions and Answers about the Rights Issue*) and III (*Terms and Conditions of the Rights Issue*) of this document and, where relevant, will also be set out in the Provisional Allotment Letter.

Overseas Shareholders should refer to paragraph 2.5 of Part III (*Terms and Conditions of the Rights Issue*) of this document for further information on their ability to participate in the Rights Issue.

6 Structure of the Rights Issue

The Rights Issue has been structured in a way that is expected to have the effect of creating distributable reserves approximately equal to the net proceeds of the Rights Issue less the aggregate nominal value of the New Shares issued by the Company. The Subscribing Bank has

agreed to subscribe for ordinary shares in a newly incorporated Jersey company called Project SPV (Jersey) Investments Limited (“**NewCo**”). The Subscribing Bank, as principal, will apply the proceeds of the Rights Issue (received from: (i) Qualifying Shareholders or renounees taking up New Shares under the Rights Issue, and; (ii) acquirers of New Shares not taken up by Qualifying Shareholders and renounees under the Rights Issue (less any premium over the Issue Price)) to subscribe for redeemable preference shares in NewCo. The Company will allot and issue the New Shares to those persons entitled thereto in consideration for the Subscribing Bank transferring its holdings of redeemable preference shares and ordinary shares in NewCo to the Company.

Accordingly, instead of receiving cash as consideration for the issue of the New Shares, at the conclusion of the Rights Issue the Company will own the entire issued ordinary and preference share capital of NewCo, whose only asset will be its cash balances, which will represent an amount equivalent to the net proceeds of the Rights Issue plus the aggregate nominal amount received by NewCo for the ordinary shares and preference shares issued to the Company and the Subscribing Bank. The Company will be able to utilise this amount following redemption of the redeemable preference shares it holds in NewCo and, if required, during any interim period prior to redemption, by procuring that NewCo lends the amount to the Company (or one of the Company’s subsidiaries). Using this structure for the Rights Issue has the potential to create distributable reserves for the Company in that the Company is not expected to be required to credit its share premium account with the excess of the Issue price over the nominal value of the New Shares issued and is instead expected to credit a merger reserve. To the extent the merger reserve is considered to be realised, this would create distributable reserves, which would facilitate the payment of future dividends and any other potential distributions to Shareholders to be made by the Company in the future.

Accordingly, by taking up New Shares under the Rights Issue and submitting a valid payment in respect thereof, a Qualifying Shareholder or other person taking up Nil Paid Rights and/or Fully Paid Rights under the Rights Issue instructs the Receiving Agent to hold such payment on behalf of the Subscribing Bank and: (i) to the extent of a successful application under the Rights Issue (which has not been subsequently validly withdrawn), to apply such payment on behalf of the Subscribing Bank solely for the Subscribing Bank to subscribe (as principal) for redeemable preference shares in NewCo; and (ii) to the extent of an unsuccessful or validly withdrawn application under the Rights Issue, to return the relevant payment without interest to the applicant.

7 Further information

Your attention is drawn to the further information set out in Parts II (*Some Questions and Answers about the Rights Issue*) to XIV (*Definitions*) of this document. Shareholders and prospective investors should read the whole of this document and not rely solely on the information set out in this letter. In addition, you should consider the risk factors set out on pages 14 to 25 of this document.

8 Overseas Shareholders

The attention of Overseas Shareholders (being Shareholders who have registered addresses outside the United Kingdom, or who are citizens or residents of or located in countries other than the United Kingdom), is drawn to the information in paragraph 2.5 of Part III (*Terms and Conditions of the Rights Issue*) of this document.

New Shares will be provisionally allotted (nil paid) to all Shareholders on the register at the Record Date, including Overseas Shareholders. However, subject to certain exceptions, Provisional Allotment Letters will only be sent to Qualifying Certificated Shareholders with a registered address, or who are resident or located (as applicable), outside the United States or one of the Excluded Territories and, only the CREST stock accounts of Qualifying CREST Shareholders outside the United States or the Excluded Territories will be credited.

Notwithstanding any other provision of this document or the Provisional Allotment Letter, the Company reserves the right to permit any Shareholder on the register at the Record Date to take up their rights if the Company in its sole and absolute discretion is satisfied that the transaction in question will not violate applicable laws.

The provisions of paragraph 2.5 of Part III (*Terms and Conditions of the Rights Issue*) of this document will apply generally to Overseas Shareholders who cannot or do not take up the New Shares provisionally allotted to them.

9 UK and US taxation

Certain information about UK and US taxation in relation to the Rights Issue is set out in Part XI (*Taxation*) of this document. If you are in any doubt as to your tax position, or you are subject to tax in a jurisdiction other than the United Kingdom or the United States, you should consult your own independent tax adviser without delay.

10 Action to be taken in respect of the Rights Issue

If you are a Qualifying Certificated Shareholder with a registered address outside the United States and the Excluded Territories (subject to certain exceptions), you will be sent by post on or about 23 May 2024 a Provisional Allotment Letter setting out your entitlement. Qualifying Corporate Sponsored Nominee Participants will receive a Corporate Sponsored Nominee Letter providing you with your login details to make your online application. If you are a Qualifying CREST Shareholder, you will not be sent a Provisional Allotment Letter. Instead, provided that you have a registered address outside the United States and the Excluded Territories (subject to certain exceptions), you will receive a credit to your appropriate stock account(s) in CREST in respect of Nil Paid Rights, which it is expected will take place as soon as practicable after 8.00 a.m. on 24 May 2024. Such crediting does not in itself constitute an offer of New Shares.

If you sell or have sold or otherwise transferred all of your Shares held (other than ex-rights) in certificated form before 24 May 2024 (being the Ex-Rights Date), please forward this document and any Provisional Allotment Letter, if and when received, at once to the purchaser or transferee or the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee, except that such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including, but not limited to, the United States and the Excluded Territories.

If you sell or have sold or otherwise transferred all or some of your Shares (other than ex-rights) held in uncertificated form before the Ex-Rights Date, a claim transaction will automatically be generated by Euroclear which, on settlement, will transfer the appropriate number of Nil Paid Rights to the purchaser or transferee.

If you sell or have sold or otherwise transferred only part of your holding of Existing Shares (other than ex-rights) held in certificated form before the Ex-Rights Date, you should refer to the instruction regarding split applications in Part III (*Terms and Conditions of the Rights Issue*) of this document and in the Provisional Allotment Letter.

The latest time and date for acceptance and payment in full in respect of the Rights Issue is expected to be 11.00 a.m. on 10 June 2024 for Qualifying CREST Shareholders and Qualifying Certificated Shareholders and in the case of Qualifying Corporate Sponsored Nominee Participants 5.00 p.m. on 7 June 2024, unless otherwise announced by the Company. The procedure for acceptance and payment is set out in Part III (*Terms and Conditions of the Rights Issue*) of this document and, if applicable, in the Provisional Allotment Letter.

For Qualifying Certificated Shareholders who take up their rights, the New Shares will be issued in certificated form and will be represented by definitive share certificates, which are expected to be despatched by no later than 24 June 2024 to the registered address of the person(s) entitled to them.

For Qualifying CREST Shareholders who take up their rights, the Registrar will instruct CREST to credit the stock accounts of the Qualifying CREST Shareholders with their entitlements to New Shares. It is expected that this will take place as soon as practical after 8.00 a.m. on 12 June 2024.

For Qualifying Corporate Sponsored Nominee Participants who take up their rights, the New Shares will be credited to the Corporate Sponsored Nominee on 12 June 2024, whereupon relevant Corporate Sponsored Nominee Participants accounts will be updated and such update will be viewable via Shareview and on the next quarterly statement.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsor regarding the action to be taken in connection with this document and the Rights Issue.

If you are in any doubt as to the action you should take, you should immediately seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the FSMA or, if you are outside the United Kingdom, by another appropriately authorised independent financial adviser.

11 Directors' intentions

The Directors are fully supportive of the Rights Issue and believe that the Rights Issue is in the best interests of the Company and the Shareholders as a whole. Each of the Directors who holds Shares will, to the extent that he or she is able to, take up his or her rights in respect of his or her Shares to subscribe for New Shares under the Rights Issue as set out in paragraph 7 of Part XII (*Additional Information*).

Yours faithfully,

Paula Rosput Reynolds
Chair

PART II SOME QUESTIONS AND ANSWERS ABOUT THE RIGHTS ISSUE

The questions and answers set out in this Part II are intended to be in general terms only and, as such, you should read Part III (Terms and Conditions of the Rights Issue) of this document for full details of what action you should take. If you are in any doubt as to what action you should take, you are recommended to immediately seek your own financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under the FSMA if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

This Part II deals with general questions relating to the Rights Issue and more specific questions relating to Shares held by persons resident in the United Kingdom who hold their Shares in certificated form only (referred to as Qualifying Certificated Shareholders) or through the Corporate Sponsored Nominee (referred to as Qualifying Corporate Sponsored Nominee Participants). If you are an Overseas Shareholder, you should read paragraph 2.5 of Part III (Terms and Conditions of the Rights Issue) of this document and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your rights. If you hold your Shares in uncertificated form (that is, through CREST) you should read Part III (Terms and Conditions of the Rights Issue) of this document for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST sponsor.

If you do not know whether your Existing Shares are in certificated or uncertificated form or you have further questions on the Rights Issue, you can visit www.nationalgridrightsissue.equiniti.com where there are answers to frequently asked questions (FAQs). In addition, if you are unable to find the answer to your question online there is a Shareholder Helpline available on +44(0) 371 384 2456. Lines are open from 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (except public holidays in England and Wales). For deaf and speech impaired shareholders, we welcome calls via Relay UK. Please see www.relayuk.bt.com for more information. Calls to the Shareholder Helpline from outside the United Kingdom will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones, and calls may be recorded and randomly monitored for security and training purposes. Please note that, for legal reasons, the Shareholder Helpline is only able to provide information contained in this document and information relating to the Company's register of members and is unable to give advice on the merits of the Rights Issue or to provide financial, tax or investment advice; for more information, please see "Where to find help" on page 5 of this document.

Times and dates referred to in this Part II have been included on the basis of the expected timetable for the Rights Issue set out in this document.

1 What is a rights issue?

A rights issue is a way for companies to raise money. Companies do this by giving their existing shareholders a right to buy further shares in proportion to their existing shareholdings.

The offer under this Rights Issue is at a price of 645 pence per New Share. If you hold Shares on the Record Date and, subject to certain exceptions, do not have a registered address in the United States or the Excluded Territories, you will be entitled to buy New Shares pursuant to the Rights Issue unless you have sold or otherwise transferred your Existing Shares (other than ex-rights) prior to 8.00 a.m. (London time) on the Ex-Rights Date. If you are a Qualifying Certificated Shareholder (i.e., you hold your Existing Shares in certificated form) your entitlement will be set out in your Provisional Allotment Letter. If you are a Qualifying Corporate Sponsored Nominee Participant (i.e., you hold Shares through the Corporate Sponsored Nominee), you will be sent a Corporate Sponsored Nominee Letter providing you with your login details to make your online application, and your entitlement to the Rights Issue will be set out on the application portal once you have entered your shareholder reference number ("**SRN**") and Allotment Letter number.

New Shares are being offered to Qualifying Shareholders in the Rights Issue at a discount to the Share price on 22 May 2024, being the last business day before the details of the Rights Issue were announced. The Issue Price of 645 pence per New Share represents a 34.7 per cent. discount to the theoretical ex-rights price based on the closing middle-market price quotation

as derived from the London Stock Exchange's Daily Official List of 1,127.5 pence per Share on 22 May 2024, the last business day prior to the date of announcement of the terms of the Rights Issue, adjusted for the recommended FY24 Final Dividend of 39.12 pence per Share, which will not be paid on the New Shares.

The Rights Issue is on the basis of 7 New Shares for every 24 Existing Shares held by Qualifying Shareholders as at 6.00 p.m. on the Record Date.

If you are a Qualifying Shareholder and you do not want to buy the New Shares to which you are entitled, you can instead sell or transfer your rights to those New Shares (called Nil Paid Rights) and receive the net proceeds, if any, of the sale in cash. This is referred to as "dealing nil paid". See questions 4 and 11 below.

2 I hold my Existing Shares in certificated form or in the Corporate Sponsored Nominee. How do I know if I am able to acquire New Shares under the Rights Issue?

If you hold your Existing Shares: (i) in certificated form and receive a Provisional Allotment Letter; or (ii) in the Corporate Sponsored Nominee and receive a Corporate Sponsored Nominee Letter, then you should be eligible to acquire New Shares under the Rights Issue.

However, if you have sold all of your Existing Shares before 8.00 a.m. on 24 May 2024, being the time when the Existing Shares are expected to be marked "ex-rights" by the London Stock Exchange, then (a) if you are a Qualifying Certificated Shareholder, you will need to follow the instructions on the front page of this document, and (b) if you are a Corporate Sponsored Nominee Participant, you should ignore the Corporate Sponsored Nominee Letter.

If you have a registered address in the United States or any Excluded Territory, subject to certain exceptions, you will not receive a Provisional Allotment Letter (if you hold your Shares in certificated form) or Corporate Sponsored Nominee Letter (if you hold your Shares in the Corporate Sponsored Nominee) and are not eligible to acquire New Shares under the Rights Issue.

3 I have a registered address in the United Kingdom, and I am a Qualifying Certificated Shareholder or a Qualifying Corporate Sponsored Nominee Participant. How will I be informed of how many New Shares I am entitled to buy?

If you have a registered address outside the United States or one of the Excluded Territories (subject to certain exceptions) and are a Qualifying Certificated Shareholder (i.e., you hold your Existing Shares in certificated form), you will be sent a Provisional Allotment Letter that shows:

- how many Existing Shares you held at 6.00 p.m. on 20 May 2024 (the Record Date for the Rights Issue);
- how many New Shares you are entitled to buy; and
- how much you need to pay if you want to take up your right to buy all the New Shares provisionally allotted to you in full.

In the case of Qualifying Corporate Sponsored Nominee Participants, you will be sent a Corporate Sponsored Nominee Letter providing you with your login details to make your online application. Your entitlement to the Rights Issue will be set out on the application portal once you have entered your unique reference numbers.

It should be noted that if you have registered for email communications, in addition to receiving a Provisional Allotment Letter or Corporate Sponsored Nominee Letter, you will also receive an email providing you with login details and a link to the Rights Issue website where you can participate in the Rights Issue online and where, once you have logged in with your details, you will be provided with the details mentioned above.

If you have a registered address in the United States or one of the Excluded Territories, subject to certain exceptions, you will not receive a Provisional Allotment Letter or Corporate Sponsored Nominee Letter.

4 I am a Qualifying Certificated Shareholder or a Qualifying Corporate Sponsored Nominee Participant. What are my choices and what should I do with the Provisional Allotment Letter/Corporate Sponsored Nominee Letter?

(a) If you want to take up all of your Nil Paid Rights

If you want to take up all of your Nil Paid Rights to subscribe for the New Shares to which you are entitled, you can:

(i) Apply online

Using the SRN and Allotment Letter number which appear on Page 1 of the Provisional Allotment Letter or Corporate Sponsored Nominee Letter, access the Online Application site at www.nationalgridrightsissue.equiniti.com and choose to take up all your Nil Paid Rights.

You will be required to pay in full for all the rights you take up. Payments for New Shares in respect of an Online Application must be made by a debit card registered in your name. Payments by credit cards will not be accepted. There will be no additional charge levied by the Company or the Receiving Agent for payments for New Shares made.

Please note that banks may limit online debit card payments, which may be increased upon instruction. Therefore, to ensure that your online application is successful, please check your banking limit and if required contact your bank to request an increase. By submitting an Online Application the holder declares that only one application has been made and that the Provisional Allotment Letter or Corporate Sponsored Nominee Letter will be destroyed.

(ii) Apply by post

In the case of Qualifying Certificated Shareholders who are unable to complete the Online Application, you should send your Provisional Allotment Letter together with your bank cheque or building society cheque for the full amount shown on your Provisional Allotment Letter, payable, to “Equiniti Ltd Re National Grid plc Rights Issue” and crossed “A/C payee only”, by post to the Receiving Agent, Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom, to arrive by no later than 11.00 a.m. on 10 June 2024. Within the United Kingdom only, you can use the reply-paid envelope which will be enclosed with the Provisional Allotment Letter. Full instructions are set out in Part III (*Terms and Conditions of the Rights Issue*) of this Prospectus and will be set out in the Provisional Allotment Letter (if applicable). You will be required to pay in full for all New Shares subscribed for on the Provisional Allotment Letter. Cheques must be in pounds sterling and drawn on a UK account. Third-party cheques may not be accepted, with the exception of bank or building society cheques where the building society or bank has inserted the full name of the account holder and have either added the building society or bank branch stamp or have provided a supporting letter confirming the source of funds. The account name should be the same as that shown on the Provisional Allotment Letter. Post-dated cheques will not be accepted.

Corporate Sponsored Nominee Participants are only able to make their application online at www.nationalgridrightsissue.equiniti.com, as described in paragraph (a)(i) above, they are not permitted to apply by post.

(b) If you do not want to take up your Nil Paid Rights at all

If you do not want to take up your Nil Paid Rights, you do not need to do anything.

If you do not return your Provisional Allotment Letter or make an online application subscribing for the New Shares to which you are entitled by the required time (which is 11.00 a.m. on 10 June 2024, if you are a Qualifying Certificated Shareholder; and 5.00 p.m. on 7 June 2024, if you are a Qualifying Corporate Sponsored Nominee Participant), the Company has made arrangements under which the Underwriters will try to find investors to purchase New Shares in respect of all entitlements that have not been taken up. If the Underwriters find investors who agree to pay a premium above the Issue Price and the

related expenses of procuring those investors (including any applicable brokerage and commissions and amounts in respect of irrecoverable VAT), you will be paid for your share of the amount of that premium, so long as the amount in question is at least £5.00 (except Qualifying Corporate Sponsored Nominee Participants, who will be paid regardless of the value), in pounds sterling by BACS payment to the mandated bank account registered with Equiniti Limited or Equiniti Financial Services Limited for the payment of dividends.

Where no mandated bank account has been registered with Equiniti Limited or Equiniti Financial Services Limited, the payment will be held until such time as a mandated bank account has been registered (and you may be charged a fee for release of this payment). Further details, including details of Equiniti's standard fees for releasing payments can be found at www.shareview.co.uk/clients/paymentreissue. When you provide a new mandated bank account, any outstanding payments, including this payment, will be issued to you and the appropriate fees deducted from the payment issued to you.

If the Underwriters cannot find investors who agree to pay a premium over the Issue Price and related expenses so that your entitlement would be £5.00 or more (£0.01 or more to Qualifying Corporate Sponsored Nominee Participants), you will not receive any payment. Alternatively, if you do not want to take up your Nil Paid Rights, you can sell or transfer your Nil Paid Rights (see paragraphs (d) and (f) below).

(c) *If you want to take up some but not all of your Nil Paid Rights*

If you want to take up some but not all of your Nil Paid Rights and wish to sell some or all of those you do not want to take up (other than by effecting a Cashless Take-up using the Special Dealing Service, also referred to as 'tail-swallowing'), you can:

(i) Apply online

Using the SRN and Allotment Letter number which appear on Page 1 of the Provisional Allotment Letter or Corporate Sponsored Nominee Letter, access the Online Application site at www.nationalgridrightsissue.equiniti.com and complete the "Partial Take-up" choice (Option 2). You will be required to pay in full for all the Nil Paid Rights you take up. Payments for New Shares in respect of an Online Application must be made by a debit card registered in your name. Payments by credit cards will not be accepted. There will be no additional charge levied by the Company, or the Receiving Agent for payments for New Shares made.

Please note that banks may apply a limit for online debit card payments, which may be increased upon instruction. Therefore, to ensure that your online application is successful, please check your banking limit and if required contact your bank to request an increase. By submitting an Online Application the holder declares that only one application has been made and that the Provisional Allotment Letter or Corporate Sponsored Nominee Letter will be destroyed.

(ii) Apply by post

In the case of Qualifying Certificated Shareholders who are unable to complete the Online Application, you should send your Provisional Allotment Letter together with your bank cheque or building society cheque for all the Nil Paid Rights you wish to take up, payable to "Equiniti Ltd Re National Grid plc Rights Issue" and crossed "A/C payee only", by post to the Receiving Agent, Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom, to arrive by no later than 11.00 a.m. on 10 June 2024. Within the United Kingdom only, you can use the reply-paid envelope which will be enclosed with the Provisional Allotment Letter. Full instructions are set out in Part III (*Terms and Conditions of the Rights Issue*) of this Prospectus and will be set out in the Provisional Allotment Letter (if applicable). You will be required to pay in full for all New Shares subscribed for on the Provisional Allotment Letter.

Cheques must be in pounds sterling and drawn on a UK account. Third-party cheques may not be accepted, with the exception of building society cheques where the building society or bank has inserted the full name of the account holder and have either added the building society or bank branch stamp or have provided a supporting letter

confirming the source of funds. The account name should be the same as that shown on the Provisional Allotment Letter. Post-dated cheques will not be accepted.

Participants in the Corporate Sponsored Nominee are only able to make their application online at www.nationalgridrightsissue.equiniti.com as described in paragraph (c)(i) above, they are not permitted to apply by post.

(d) If you want to sell all of your Nil Paid Rights

If you are a Qualifying Certificated Shareholder and want to sell all of your Nil Paid Rights, you should complete and sign Form X on the Provisional Allotment Letter (if it is not already marked "Original Duly Renounced") and pass the entire letter to your stockbroker, bank manager or other appropriate financial adviser or to the transferee (provided they are not in the United States or one of the Excluded Territories).

Please note that your ability to sell your Nil Paid Rights is dependent on demand for such rights and that the price for Nil Paid Rights may fluctuate. Please ensure that you allow enough time so as to enable the person acquiring your Nil Paid Rights to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 10 June 2024.

For Corporate Sponsored Nominee Participants, you must use the Special Share Dealing Service if you wish to sell all of your Nil Paid Rights. If you wish to do this, you should give your instruction online via www.nationalgridrightsissue.equiniti.com.

(e) If you want to sell some of your Nil Paid Rights

If you are a Qualifying Certificated Shareholder and want to sell some of your Nil Paid Rights, you will first need to apply to have your Provisional Allotment Letter split. To split your Provisional Allotment Letter, it must be lodged by post to Equiniti, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA by no later than 3.00 p.m. on 6 June 2024, with Form X of the Provisional Allotment Letter duly completed and signed along with a covering letter informing Equiniti of the split requirements. Further details are set out in Part III (*Terms and Conditions of the Rights Issue*) of this Prospectus and will be set out in the Provisional Allotment Letter.

Please note that the ability to sell your Nil Paid Rights is dependent on demand for such rights and that the price of Nil Paid Rights will fluctuate.

For Corporate Sponsored Nominee Participants, you must use the Special Share Dealing Service if you wish to sell some of your Nil Paid Rights. If you wish to do this, you should give your instruction online via www.nationalgridrightsissue.equiniti.com.

(f) If you want to use the Special Dealing Service

If you are an individual Qualifying Certificated Shareholder or Corporate Sponsored Nominee Participant whose registered address is in the United Kingdom, Jersey, Guernsey or the Isle of Man, and wish to use the Special Dealing Service to either (i) sell all of your Nil Paid Rights or (ii) sell some of your Nil Paid Rights (including if you wish to sell a sufficient number of Nil Paid Rights to raise money to take up the remainder (that is, effect a Cashless Take-up or tail-swallow, as described in paragraph (g) below)). You will need to give your instruction online via www.nationalgridrightsissue.equiniti.com using the SRN and Allotment Letter number which appear on Page 1 of the Provisional Allotment Letter or Corporate Sponsored Nominee Letter, and complete either the "Sell All your Rights" or the "Cashless Take-up" choice.

Equiniti Financial Services will charge a commission of 1.5 per cent. of the gross proceeds of any sale of Nil Paid Rights effected using the Special Dealing Service, with no minimum charge.

You should be aware that by electing to use the Special Dealing Service, you will be deemed to be agreeing to the Special Dealing Service Terms and Conditions and make a legally binding agreement with Equiniti Financial Services Limited on those terms.

Further details are set out in Part III (*Terms and Conditions of the Rights Issue*) of this Prospectus and will be set out in the Provisional Allotment Letter and the Corporate

Sponsored Nominee Letter. The full Special Dealing Service Terms and Conditions are set out in the “Rights Issue Guide” accompanying the Provisional Allotment Letter and for Corporate Sponsored Nominee Participants, available to view at www.nationalgridrightsissue.equiniti.com.

(g) Can I sell some Nil Paid Rights and use the proceeds to take up my remaining Nil Paid Rights?

This is known as a Cashless Take-up or “tail-swallowing”.

If you are a Qualifying Certificated Shareholder or a Corporate Sponsored Nominee Participant whose registered address is in the United Kingdom, Jersey, Guernsey or the Isle of Man, you may wish to use the Special Dealing Service Online Application at www.nationalgridrightsissue.equiniti.com, as described in paragraph (f) above.

Alternatively, you should contact your stockbroker or financial adviser who may be able to help if you wish to do this.

Please note that your ability to sell your Nil Paid Rights is dependent on demand for such rights and that the price for Nil Paid Rights may fluctuate. Please ensure that you allow enough time so as to enable the person acquiring your Nil Paid Rights to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 10 June 2024.

Further details are set out in Part III (*Terms and Conditions of the Rights Issue*) of this Prospectus and will be set out in the Provisional Allotment Letter in the case of Qualifying Certificated Shareholders and available to view at www.nationalgridrightsissue.equiniti.com for Corporate Sponsored Nominee Participants. The full Special Dealing Service Terms and Conditions are set out in the “Rights Issue Guide” accompanying the Provisional Allotment Letter and available to view at www.nationalgridrightsissue.equiniti.com for Corporate Sponsored Nominee Participants.

5 I acquired my Existing Shares prior to the Record Date and hold my Existing Shares in certificated form or in the Corporate Sponsored Nominee. What if I do not receive a Provisional Allotment Letter or Corporate Sponsored Nominee Letter?

If you do not receive a Provisional Allotment Letter (if you believe you are a Qualifying Certificated Shareholder) or Corporate Sponsored Nominee Letter (if you believe you are a Qualifying Corporate Sponsored Nominee Participant) but hold your Existing Shares in certificated form or within the Corporate Sponsored Nominee, this probably means that you are not able to acquire New Shares under the Rights Issue.

However, some Qualifying Certificated Shareholders and Corporate Sponsored Nominee Participants, will not receive a Provisional Allotment Letter or Corporate Sponsored Nominee Letter but may still be eligible to acquire New Shares under the Rights Issue, namely:

- Qualifying CREST Shareholders who held their Existing Shares in uncertificated form on 20 May 2024 and who have converted them, subsequent to that date, to certificated form;
- Shareholders who bought Existing Shares before 24 May 2024 and who hold such Shares in certificated form or within the Corporate Sponsored Nominee but were not registered as the holders of those Shares at close of business on 20 May 2024; and
- certain Overseas Shareholders.

If you do not receive a Provisional Allotment Letter or Corporate Sponsored Nominee Letter but think that you should have received one, please call the Shareholder Helpline on +44(0)371 384 2456. Lines are open from 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (except public holidays in England and Wales). For deaf and speech impaired shareholders, we welcome calls via Relay UK. Please see www.relayuk.bt.com for more information. Calls to the Shareholder Helpline from outside the United Kingdom will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that, for legal reasons, the Shareholder Helpline is only able to provide information contained in this document and information relating to the Company’s register of members and is unable to

give advice on the merits of the Rights Issue or to provide financial, tax or investment advice; for more information, please see “Where to find help” on page 5 of this document.

6 If I buy Shares after the Record Date, will I be eligible to participate in the Rights Issue?

If you bought Shares after the Record Date but prior to 8.00 a.m. on 24 May 2024 (the time when the Existing Shares are expected to start trading ex-rights on the London Stock Exchange), you may be eligible to participate in the Rights Issue.

If you are in any doubt, please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement.

If you buy Shares at or after 8.00 a.m. on 24 May 2024, you will not be eligible to participate in the Rights Issue in respect of those Shares.

7 I am a Qualifying Certificated Shareholder. If I take up some or all of my Nil Paid Rights to acquire New Shares, when will I receive the certificate representing my New Shares?

If you take up some or all of your Nil Paid Rights under the Rights Issue, share certificates for the New Shares for which you subscribe are expected to be posted by no later than 24 June 2024.

8 I am a Corporate Sponsored Nominee Participant. If I take up some or all of my rights, when will I receive the New Shares?

For Qualifying Corporate Sponsored Nominee Participants who take up some or all of their Nil Paid Rights, the New Shares for which you subscribe will be credited to the Corporate Sponsored Nominee as soon as practicable after 8.00 a.m. on 12 June 2024, whereupon relevant Corporate Sponsored Nominee Participants accounts will be updated and such update will be viewable via Shareview and on the next quarterly statement.

9 What if the number of New Shares to which I am entitled is not a whole number? Am I entitled to fractions of New Shares?

Your entitlement to New Shares will be calculated at the Record Date (other than in the case of those who bought Shares after the Record Date but prior to 8.00 a.m. on 24 May 2024 who are eligible to participate in the Rights Issue, as described in question 6 above). If the result is not a whole number, you will not be provisionally allotted a New Share in respect of the fraction of a New Share and your entitlement will be rounded down to the nearest whole number. The New Shares representing the aggregated fractions that would otherwise be allotted to Shareholders will be issued in the market nil paid for the benefit of the Company, unless you hold your Shares within the Corporate Sponsored Nominee Service where any equivalent amount will be paid back to participants.

10 Will I be taxed if I take up or sell my Nil Paid Rights or if my Nil Paid Rights are sold on my behalf?

If you are resident in the United Kingdom for tax purposes, you should not have to pay United Kingdom tax when you take up your rights, although the Rights Issue will affect the amount of United Kingdom tax you may pay when you subsequently sell your Shares.

However, assuming that you hold your Shares as an investment, rather than for the purposes of a trade, you may (subject to any available exemption or relief) be subject to capital gains tax on any proceeds that you receive from the sale of your Nil Paid Rights. Similarly, assuming that you hold your Shares as an investment, if you allow, or are deemed to allow, your Nil Paid Rights to lapse and receive a cash payment in respect of them you may (subject to any available exemption or relief) be subject to capital gains tax on any proceeds.

However if the proceeds are ‘small’ as compared to the value of the Existing Shares in respect of which the Nil Paid Rights arose (broadly, the proceeds do not exceed £3,000 or five per cent. of the value of the Existing Shares), a capital gains tax charge should not generally arise at that time. Rather, the proceeds will be deducted from the base cost of the holding of the Existing Shares for the purposes of computing a chargeable gain or allowable loss on a subsequent disposal. This treatment will not apply if the proceeds are greater than the base cost of the holding of Existing Shares.

Further information for Qualifying Shareholders who are resident in the United Kingdom for tax purposes is contained in Part XI (*Taxation*) of this document. This information is intended as a

general guide to the current tax position in the United Kingdom and Qualifying Shareholders should consult their own tax advisers regarding the tax treatment of the Rights Issue in light of their own circumstances. Qualifying Shareholders who are in any doubt as to their tax position, or who are subject to tax in any other jurisdiction, should consult an appropriate professional adviser as soon as possible. Please note that the Shareholder Helpline will not be able to assist you with taxation issues.

11 I understand that there is a period when there is trading in the Nil Paid Rights. What does this mean?

If you do not want to subscribe for the New Shares being offered to you under the Rights Issue, you can instead sell or transfer your Nil Paid Rights to subscribe for those New Shares and receive the net proceeds of the sale or transfer in cash. This is referred to as “dealing nil paid”.

This means that during the Rights Issue offer period (being between 8.00 a.m. on 24 May 2024 and 11.00 a.m. on 10 June 2024) you can either purchase Shares (which will not carry any entitlement to participate in the Rights Issue) or you can trade in the Nil Paid Rights.

12 I hold my Existing Shares in certificated form. What if I want to sell the New Shares for which I have paid?

Provided the New Shares have been paid for, you should request the return of the receipted Provisional Allotment Letter, you can transfer the Fully Paid Rights by completing Form X (the form of renunciation) on the receipted Provisional Allotment Letter in accordance with the instructions set out in the Provisional Allotment Letter until 11.00 a.m. on 10 June 2024. After that time, you will be able to sell your New Shares in the normal way. The share certificate relating to your New Shares is expected to be despatched to you by no later than 24 June 2024. Pending despatch of the share certificate relating to your New Shares, instruments of transfer will be certified by the Registrar against the register.

Further details are set out in Part III (*Terms and Conditions of the Rights Issue*) of this document.

13 What should I do if I live outside the United Kingdom?

While you have an entitlement to participate in the Rights Issue, your ability to take up or sell rights to New Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your rights. Shareholders with registered addresses, or who are resident or located, in any Excluded Territories are, subject to certain exceptions, not able to subscribe for New Shares under the Rights Issue. Shareholders with registered addresses, or who are resident or located, in the United States who are QIBs may be able to acquire New Shares in the Rights Issue. Your attention is drawn to the information in paragraph 2.5 of Part III (*Terms and Conditions of the Rights Issue*) of this document.

The Company has made arrangements under which the Underwriters will try to find investors to purchase New Shares in respect of all entitlements that have not been taken up. If they do find investors and are able to achieve a premium over the Issue Price and the related expenses of procuring those investors (including any applicable commission and amounts in respect of irrecoverable VAT), then Qualifying Certificated Shareholders so entitled will be paid for the amount of that aggregate premium above the Issue Price less related expenses (including any applicable commission and amounts in respect of irrecoverable VAT), so long as the amount in question is at least £5.00 (except Qualifying Corporate Sponsored Nominee Participants who will be paid regardless of value), in pounds sterling by BACS payment to the mandated bank account registered with Equiniti Limited or Equiniti Financial Services Limited for the payment of dividends.

Where no mandated bank account has been registered with Equiniti Limited or Equiniti Financial Services Limited, the payment will be held until such time as a mandated bank account has been registered. A communication will be sent to those holders or participants who have not registered a mandated bank account but are due a payment to advise them to register a mandated bank account so that such payment can be made.

If the Underwriters cannot find investors who agree to pay a premium over the Issue Price and related expenses so that your entitlement would be £5.00 or more, you will not receive any payment and any such amount of less than £5.00 will be retained for the benefit of the Company.

14 Will the Rights Issue affect the future dividends the Company pays?

The Board will aim to grow the annual DPS in line with UK CPIH, thus maintaining the DPS in real terms. The Board will review this policy regularly, taking into account a range of factors including expected business performance and regulatory developments. The scrip dividend alternative will continue to be offered, and the Group does not expect to buy back shares whilst it continues to deliver strong asset growth.

The Board intends to maintain a progressive total level of dividend, growing from the current level of approximately £2,168 million the Board has recommended for FY24.

To achieve this, the Board's recommendation for the DPS for FY25 will use a base level of FY24 adjusted for an estimated rebase of 15 per cent. from approximately 53 pence (being the FY24 DPS adjusted to take account of the bonus element of the Rights Issue as calculated using the closing middle-market price on 22 May 2024 (being the last business day before the announcement of the terms of the Rights Issue) of 1,127.5 pence per Share, adjusted for the recommended final dividend for FY24 of 39.12 pence per Share).

15 What if I hold options and awards under the Share Schemes?

Participants in the Share Schemes will be contacted separately with further information on how their options and awards granted under such plans may be affected by the Rights Issue.

16 How do I transfer my rights into the CREST system?

If you are a Qualifying Certificated Shareholder, but are a CREST member and want your New Shares to be in uncertificated form, you should complete Form X and the CREST Deposit Form (both on the Provisional Allotment Letter), and ensure they are delivered to the CCSS to be received by 3.00 p.m. on 5 June 2024 at the latest. CREST sponsored members should arrange for their CREST sponsors to do this.

If you have transferred your rights into the CREST system, you should refer to paragraph 2.2 of Part III (*Terms and Conditions of the Rights Issue*) for details on how to pay for the New Shares.

17 What should I do if I think my holding of Existing Shares is incorrect?

If you have recently bought or sold Existing Shares, your transaction may not be entered on the register of members in time to appear on the register at the Record Date. If you are concerned about the figure in the Provisional Allotment Letter or otherwise concerned that your holding of Existing Shares is incorrect, please call the Shareholder Helpline on +44(0)371 384 2456. Lines are open from 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (except public holidays in England and Wales). For deaf and speech impaired shareholders, we welcome calls via Relay UK. Please see www.relayuk.bt.com for more information. Calls to the Shareholder Helpline from outside the United Kingdom will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that, for legal reasons, the Shareholder Helpline is only able to provide information contained in this document and information relating to the Company's register of members and is unable to give advice on the merits of the Rights Issue or to provide financial, tax or investment advice. *For more information, please see "Where to find help" on page 5 of this document.*

PART III
TERMS AND CONDITIONS OF THE RIGHTS ISSUE

1 Introduction

The Company is proposing to raise proceeds of approximately £6.8 billion (net of expenses) by way of a rights issue of 1,085,448,980 New Shares. The offer is to be at 645 pence per New Share, payable in full on acceptance by no later than 11.00 a.m. on 10 June 2024. The Issue Price of 645 pence per New Share represents a 34.7 per cent. discount to the theoretical ex-rights price based on the closing middle-market price on 22 May 2024 (being the last business day before the announcement of the terms of the Rights Issue) of 1,127.5 pence per Share adjusted for the recommended FY24 Final Dividend of 39.12 pence per Share.

This offer will be on the basis of:

7 New Shares for every 24 Existing Shares

held by Qualifying Shareholders at the Record Date.

Times and dates referred to in this Part III have been included on the basis of the expected timetable for the Rights Issue set out on page 27 of this document.

Qualifying Shareholders who do not or who are not permitted to take up their entitlements to New Shares will have their proportionate shareholdings in the Company diluted by approximately 22.6 per cent. Those Qualifying Shareholders who take up the New Shares provisionally allotted to them in full will, subject to the rounding down and sale of any fractions, retain the same proportionate voting and distribution rights as held by them at the Record Date. In each case, assuming that no options under any Share Schemes are exercised between the date of this document and the New Share Issue.

The Nil Paid Rights (also described as New Shares, nil paid) are entitlements to acquire the New Shares subject to payment of the Issue Price. The Fully Paid Rights are entitlements to receive the New Shares, for which a subscription and payment has already been made.

Holdings of Existing Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue. Entitlements to New Shares will be rounded down to the next lowest whole number (or to zero in the case of Shareholders holding fewer than 4 Existing Shares at 6.00 p.m. on the Record Date) and fractions of New Shares will not be allotted to Qualifying Shareholders. Such fractions will be aggregated and, if possible, placed as soon as practicable after the commencement of dealings in the New Shares, nil paid. The net proceeds of such placings (after deduction of expenses) will be aggregated and will ultimately accrue for the benefit of the Company.

Shareholders or any persons (including, without limitation, custodians, nominees and trustees) who have a contractual or other legal obligation to forward this document into a jurisdiction other than the United Kingdom should consider paragraph 2.5 below. The offer of New Shares under the Rights Issue will not be made into certain territories. Subject to the provisions of paragraph 2.5 below, Shareholders with a registered address in the United States or any Excluded Territory are not being sent this document and will not be sent Provisional Allotment Letters.

Application will be made to the FCA and to the London Stock Exchange for the New Shares (nil paid and fully paid) to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities, respectively. It is expected that Admission will become effective and dealings on the London Stock Exchange in the New Shares (nil paid) will commence at 8.00 a.m. on 24 May 2024.

The Existing Shares are already admitted to CREST. No further application for admission to CREST is required for the New Shares and all of the New Shares when issued and fully paid may be held and transferred by means of CREST. Applications will be made for the Nil Paid Rights and the Fully Paid Rights to be admitted to CREST. Euroclear requires the Company to confirm to it that certain conditions have been satisfied before Euroclear will admit any security to CREST. It is expected that these conditions will be satisfied, in respect of the Nil Paid Rights and the Fully Paid Rights, on Admission. As soon as practicable after satisfaction of the conditions, the Company will confirm this to Euroclear.

The ISIN for the New Shares will be the same as that of the Existing Shares, being GB00BDR05C01. The ISIN for the Nil Paid Rights will be GB00BSRK4Y08 and for the Fully Paid Rights will be GB00BSRK4X90.

The New Shares, when issued and fully paid, will rank *pari passu* in all respects with the Existing Shares, save for the right to receive the FY24 Final Dividend of 39.12 pence per Share.

The Rights Issue is fully underwritten by the Underwriters, pursuant to the terms of the Underwriting Agreement. The principal terms of the Underwriting Agreement are summarised in paragraph 11 of Part XII (*Additional Information*) of this document.

The Rights Issue will result in 1,085,448,980 New Shares being issued (representing approximately 29.2 per cent. of the existing issued share capital and 22.6 per cent. of the enlarged issued share capital immediately following completion of the Rights Issue, assuming that no options under the Share Schemes are exercised between the date of this document and Admission becoming effective).

The Rights Issue is conditional, *inter alia*, upon:

- (i) the Underwriting Agreement having become unconditional in all respects (save for the condition relating to Admission); and
- (ii) Admission becoming effective by not later than 8.00 a.m. on 24 May 2024 (or such later date as the parties to the Underwriting Agreement may agree).

New Shares will be provisionally allotted (nil paid) to all Shareholders on the register at the Record Date, including Overseas Shareholders. If a Shareholder is not able to (or does not) take up their Nil Paid Rights under the Rights Issue, then their shareholding in the Company will be diluted as a result of the Rights Issue.

The Underwriting Agreement is conditional upon certain matters being satisfied or not breached and may be terminated by the Joint Global Co-ordinators prior to Admission becoming effective upon the occurrence of certain specified events, in which case the Rights Issue will not proceed. The Underwriting Agreement is not capable of termination following Admission. The Joint Global Co-ordinators may arrange sub-underwriting for some, all or none of the New Shares. A summary of certain terms and conditions of the Underwriting Agreement is contained in paragraph 11 of Part XII (*Additional Information*) of this document.

In connection with the Rights Issue, the Underwriters and any of their respective affiliates may take up a portion of the Nil Paid Rights, the Fully Paid Rights and the New Shares as a principal position and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for their own account in securities of the Company and related or other securities and instruments (including Shares, Nil Paid Rights and Fully Paid Rights) and may offer or sell such security otherwise than in connection with the Rights Issue. Accordingly, references in this document to Nil Paid Rights, Fully Paid Rights or New Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, the Underwriters and any of their affiliates acting as investors for their own account. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Shares. Except as required by applicable law or regulation, none of the Underwriters propose to make any public disclosure in relation to such transactions.

Further to any contractual obligations that may be in place between the Company and the Underwriters, in the event that the Underwriters or their respective affiliates subscribe for Nil Paid Rights, the Fully Paid Rights and the New Shares in the Rights Issue which are not taken up by Qualifying Shareholders, the Underwriters and their respective affiliates may for a limited period co-ordinate disposals of such shares in accordance with applicable law and regulation. Except as required by applicable law or regulation, the Underwriters and their respective affiliates do not propose to make any public disclosure in relation to such transactions.

In addition, the Company reserves the right to decide not to proceed with the Rights Issue if the Underwriting Agreement is terminated at any time prior to Admission and commencement of dealings in the New Shares (nil paid).

Subject, *inter alia*, to the conditions referred to above being satisfied (other than the condition relating to Admission) and save as provided in paragraph 2.5 below, it is intended that:

- (a) Provisional Allotment Letters in respect of Nil Paid Rights will be despatched to Qualifying Certificated Shareholders and a Corporate Sponsored Nominee Letter will be despatched to Qualifying Corporate Sponsored Nominee Participants with registered addresses outside the United States and the Excluded Territories (subject to certain exceptions) on or about 23 May 2024;
- (b) the Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of Qualifying CREST Shareholders with registered addresses outside the United States and the Excluded Territories (subject to certain exceptions) with such Shareholders' entitlements to Nil Paid Rights as soon as practicable after 8.00 a.m. on 24 May 2024;
- (c) the Nil Paid Rights and the Fully Paid Rights will be enabled for settlement by Euroclear as soon as practicable after the Company has confirmed to Euroclear that all the conditions for admission of such rights to CREST have been satisfied, which is expected to be as soon as practicable after 8.00 a.m. on 24 May 2024;
- (d) New Shares will be credited to the appropriate stock accounts of the relevant Qualifying CREST Shareholders and/or purchasers of Nil Paid Rights who validly take up their rights, and the purchasers of Fully Paid Rights, as soon as practicable after 8.00 a.m. on 12 June 2024;
- (e) for Qualifying Corporate Sponsored Nominee Participants who take up their rights, the New Shares will be credited to the Corporate Sponsored Nominee on 12 June 2024, whereupon relevant Corporate Sponsored Nominee Participants accounts will be updated and such update will be viewable via Shareview and on the next quarterly statement; and
- (f) share certificates for the New Shares will be despatched to relevant Qualifying Certificated Shareholders (or their renounees) by no later than 24 June 2024.

The offer will be made to Qualifying Certificated Shareholders by way of the Provisional Allotment Letter and to Qualifying Corporate Sponsored Nominee Participants by way of a Corporate Sponsored Nominee Letter (as described in paragraph (a) above) and to Qualifying CREST Shareholders by way of the enablement of the Nil Paid Rights and the Fully Paid Rights (as described in paragraph (c) above) (such Shareholders' stock accounts having been credited as described in paragraph (b) above).

There will be no restrictions on the free transferability of the New Shares save as provided in the Articles of Association. The rights attaching to the New Shares are governed by the Articles of Association, a summary of which is set out in paragraph 4 of Part XII (*Additional Information*) of this document.

All documents, including Provisional Allotment Letters (which constitute temporary documents of title), Corporate Sponsored Nominee Letters, cheques and certificates posted to, by or from Qualifying Shareholders and/or their transferees or renounees (or their agents, as appropriate) will be posted at their own risk.

Ordinary certificated shareholders or Corporate Sponsored Nominee Participants can take up their rights by either completing a simple online application via www.nationalgridrightsissue.equiniti.com or completing a Provisional Allotment Letter in the case of Certificated holders. Corporate Sponsored Nominee Participants are only able to make their application online at www.nationalgridrightsissue.equiniti.com or in the case of Non-Certificated holders by sending a Many-To-Many ("MTM") instruction to Euroclear will be deemed to have given the representations and warranties set out in paragraph 2.6 below, unless the requirement is waived by the Company.

2 Action to be taken

The action to be taken in respect of the New Shares depends on whether, at the relevant time, the Nil Paid Rights or the Fully Paid Rights in respect of which action is to be taken are in certificated form (that is, are represented by Provisional Allotment Letters) or are in uncertificated form (that is, are in CREST).

If you are a Qualifying Certificated Shareholder or Qualifying Corporate Sponsored Nominee Participant with a registered address outside the United States and the Excluded Territories please refer to paragraph 2.1 and paragraphs 2.3 to 2.9 below.

If you are a Qualifying CREST Shareholder with a registered address outside the United States and the Excluded Territories, please refer to paragraphs 2.2 to 2.9 below and to the CREST Manual for further information on the CREST procedures referred to below.

If you are a Qualifying Shareholder either: (i) subject to certain exceptions, with a registered address in the United States or the Excluded Territories, or (ii) holding Shares on behalf of, or for the account or benefit of any person on a non-discretionary basis who, subject to certain exceptions, has a registered address in the United States or the Excluded Territories, please refer to paragraph 2.5 below.

CREST sponsored members should refer to their CREST sponsors, as only their CREST sponsors will be able to take the necessary actions specified below to take up the entitlements or otherwise to deal with the Nil Paid Rights or Fully Paid Rights of CREST sponsored members.

All enquiries in relation to the Provisional Allotment Letters or Corporate Sponsored Nominee Letter should be addressed to the Registrar, Equiniti, you can visit www.nationalgridrightsissue.equiniti.com where there are answers to frequently asked questions (FAQs). In addition, there is a Shareholder Helpline available, on +44(0)371 384 2456. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. For deaf and speech impaired shareholders, we welcome calls via Relay UK. Please see www.relayuk.bt.com for more information. The helpline is open between 8.30 a.m. and 5.30 p.m. (London time), Monday to Friday excluding public holidays in England and Wales. Please note that Equiniti cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

2.1 Action to be taken by Qualifying Certificated Shareholders or Qualifying Corporate Sponsored Nominee Participants in relation to the Nil Paid Rights represented by Provisional Allotment Letters or Corporate Sponsored Nominee Letter

2.1.1 General

Provisional Allotment Letters or Corporate Sponsored Nominee Letters are expected to be despatched to Qualifying Certificated Shareholders and Qualifying Corporate Sponsored Nominee Participants with registered addresses outside the United States and the Excluded Territories on or about 23 May 2024. Each Provisional Allotment Letter will set out:

- (i) the holding at 6.00 p.m. on the Record Date of Existing Shares in certificated form on which a Qualifying Certificated Shareholder's entitlement to New Shares has been based;
- (ii) the aggregate number of New Shares which have been provisionally allotted to that Qualifying Certificated Shareholder with respect to the Existing Shares referred to in paragraph (i) above;
- (iii) the amount payable by a Qualifying Certificated Shareholder at the Issue price to take up their entitlement in full;
- (iv) the procedures to be followed if a Qualifying Certificated Shareholder wishes to dispose of all or part of their entitlement or to convert all or part of their entitlement into uncertificated form;

- (v) the procedures to be followed if a Qualifying Certificated Shareholder who is eligible to use the Special Dealing Service wishes to sell all of their Nil Paid Rights or to effect a Cashless Take-up using the Special Dealing Service; and
- (vi) instructions regarding acceptance and payment, consolidation, splitting and registration of renunciation (where applicable).

In the case of Qualifying Corporate Sponsored Nominee Participants, you will be sent a Corporate Sponsored Nominee Letter providing you with your login details to make your online application. Your entitlement to the Rights Issue will be set out on the application portal once you have entered your SRN and Allotment Letter number.

On the basis that Provisional Allotment Letters and Corporate Sponsored Nominee Letters are posted on or about 23 May 2024, and that dealings in Nil Paid Rights commence on 24 May 2024 the latest time and date:

- (A) for acceptance and payment in full will be 11.00 a.m. on 10 June 2024; and
- (B) receipt of instructions under the Special Dealing Service in respect of the sale of all Nil Paid Rights or a Cashless Take-up will be 5.00 p.m. on 31 May 2024.

If the Rights Issue is delayed so that Provisional Allotment Letters and Corporate Sponsored Nominee Letters cannot be despatched on 23 May 2024 or if the timetable for the Rights Issue is otherwise amended, the expected timetable, as set out at the front of this document, will be adjusted accordingly and the revised dates will be set out in the Provisional Allotment Letters and within the Corporate Sponsored Nominee Rights Issue Guide and announced through a Regulatory Information Service. All references to times and/or dates in this Part III should be read as being subject to such adjustment.

2.1.2 Procedure for acceptance and payment

- (i) *Qualifying Certificated Shareholders who wish to take up their entitlement in full*

Holders of Provisional Allotment Letters or Corporate Sponsored Nominee Letter who wish to take up all of their Nil Paid Rights should do so online or if holders of Provisional Allotment Letters are unable to apply online they can apply by post, as set out below (the postal service is only available to Qualifying Certificated shareholders, participants in the Corporate Sponsored Nominee are only able to apply online).

Apply online

Qualifying Certificated Shareholders will each be provided with login details with their Provisional Allotment Letter or Corporate Sponsored Nominee Letter to enable them to access the personalised website where an application can be made (the Online Application). Each Provisional Allotment Letter or Corporate Sponsored Nominee Letter will include their SRN and Allotment Letter number which will be used to identify online the maximum number of New Shares for which each Qualifying Certificated Shareholder is entitled to apply for under the Rights Issue. The Online Application is not transferable and Qualifying Certificated Shareholders are not able to assign the benefit of their Nil Paid Rights or Paid Rights to any other person, corporate entity or trust or designate any other person, corporate entity or trust as an alternative to taking up all or some of their Nil Paid Rights, selling all of their Nil Paid Rights or a Cashless Take-up of their Nil Paid Rights.

Apply by post

If Qualifying Certificated Shareholders wish to apply by post with a supporting cheque to pay for their New Shares, the Provisional Allotment

Letter should be completed in accordance with its instructions thereon. The Provisional Allotment Letter must be returned, together with the cheque or building society cheque in pounds sterling, written in black ink, made payable (i) in the case of Qualifying Certificated Shareholders, to “Equiniti Ltd Re National Grid plc Rights Issue” and crossed “A/C payee only”, for the full amount payable on acceptance, in accordance with the instructions printed on the Provisional Allotment Letter, by post to the Receiving Agent at Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom, so as to be received as soon as possible and, in any event, not later than 11.00 a.m. on 10 June 2024. A reply-paid envelope will be enclosed for use within the United Kingdom only. If you post your Provisional Allotment Letter, it is recommended that you allow sufficient time for delivery (for instance, allowing four days for first class post within the United Kingdom). If payment is made by cheque or banker’s draft in pounds sterling drawn on a branch in the United Kingdom of a bank or building society and bears a UK bank sort code number in the top right-hand corner, the following applies. Cheques should be made payable to “Equiniti Limited Re National Grid plc Rights Issue” and crossed “A/C payee only”. Third-party cheques may not be accepted except building society cheques where the building society has inserted the full name of the account holder and have either added the building society stamp or have provided a supporting letter confirming the source of funds. Cheques or building society cheques must be drawn on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank or building society which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and building society cheques to be cleared through facilities provided by either of these companies. Such cheques and building society cheques must bear the appropriate sorting code in the top right-hand corner. Post-dated cheques will not be accepted. Please note that payments via CHAPS, BACS or electronic transfer will not be accepted. Postdated cheques will also not be accepted.

Once the Provisional Allotment Letter, duly completed, and payment have been received by the Receiving Agent in accordance with the above, the Qualifying Certificated Shareholder will have been deemed to have accepted the offer to subscribe for the number of New Shares specified on their Provisional Allotment Letter.

Qualifying Corporate Sponsored Nominee Participants are only able to make their application online at www.nationalgridrightsissue.equiniti.com.

- (ii) *Qualifying Certificated Shareholders who wish to take up some (but not all) of their entitlement*

Holders of Provisional Allotment Letters or Corporate Sponsored Nominee Letter who wish to take up some but not all of their Nil Paid Rights can do so through the online facility at www.nationalgridrightsissue.equiniti.com.

Qualifying Certificated Shareholders

Qualifying Certificated Shareholders who wish to take up some (but not all) of their entitlement, without selling or transferring the remainder can make their application online at www.nationalgridrightsissue.equiniti.com. Qualifying Certificated Shareholders will each be provided with login details with their Provisional Allotment Letter to enable them to access the personalised website where an application can be made (the Online Application). Each Provisional Allotment Letter will include their SRN and Allotment Letter number which will be used to identify online the maximum number of New Shares for which each Qualifying Certificated Shareholder is entitled to apply for under the Rights Issue. In the event that an online

application is unable to be made, Qualifying Certificated Shareholders should complete the Provisional Allotment Letter in accordance with the instructions printed thereon and return it, together with a cheque or building society cheque in pounds sterling, written in black ink, for the amount payable for the number of Nil Paid Rights such Qualifying Certificated Shareholder wishes to take up, by post using the reply paid envelope provided to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, so as to arrive as soon as possible and in any event so as to be received by not later than 11.00 a.m. on 10 June 2024.

Alternatively, Qualifying Certificated Shareholders who wish to take up some (but not all) of their entitlement and wish to sell some or all of those rights which they do not want to take up (other than effecting Cashless Take-up using the Special Dealing Service described in paragraph 2.1.5 below), should return by post using the reply paid envelope provided or to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, so as to arrive as soon as possible and in any event so as to be received by not later than 3.00 p.m. 6 June 2024, (the last date and time for splitting Nil Paid Rights), the following:

- (a) the Provisional Allotment Letter duly completed in accordance with the instructions printed thereon;
- (b) a bank cheque or building society cheque in pounds sterling, written in black ink, made payable to "Equiniti Ltd Re National Grid plc Rights Issue" and crossed "A/C payee only", for the amount payable for the number of Nil Paid Rights such Qualifying Certificated Shareholder wishes to take up; and
- (c) a covering letter, signed by the Qualifying Certificated Shareholder(s), stating the number of split Provisional Allotment Letters required for the Nil Paid Rights not being taken up and the number of Nil Paid Rights to be comprised in each such split Provisional Allotment Letter. Refer to paragraph 2.1.7 below for further information about splitting your Provisional Allotment Letter.

In this case, the split Provisional Allotment Letters (representing the Nil Paid Rights the Qualifying Certificated Shareholder does not wish to take up) will be required in order to sell those rights not being taken up.

Qualifying Corporate Sponsored Nominee Participants

Qualifying Corporate Sponsored Nominee Participants who wish to take up some but not all of their entitlement, must access the personalised website where an application can be made and in any event so as to be received by no later than 5.00 p.m. on 7 June 2024.

Qualifying Corporate Sponsored Nominee Participants who wish to effect a Cashless Take-up (i.e., effecting the sale of such number of Nil Paid Rights to which they are entitled as will generate sufficient sale proceeds to enable them to take up all of the remaining Nil Paid Rights (or entitlements thereto)) should see paragraph 2.1.5 below for further details. If a Qualifying Corporate Sponsored Nominee Participant is considering any other options, they should contact the Shareholder Helpline detailed on page 5.

- (iii) *Qualifying Certificated Shareholders who do not wish to take up their rights at all*

Qualifying Certificated Shareholders who do not wish to take up their rights at all do not need to do anything. If Qualifying Certificated Shareholders do not return their Provisional Allotment Letters by 11.00 a.m. on 10

June 2024 or in the case of Qualifying Corporate Sponsored Nominee Participants, submitted an application online by 5.00 p.m. on 7 June 2024, the Company has made arrangements under which the Underwriters will try to find investors to take up such rights. If they do find investors and are able to achieve a premium over the Issue Price and the related expenses of procuring those investors (including any applicable commission and amounts in respect of irrecoverable VAT), then Qualifying Certificated Shareholders so entitled will be paid for the amount of that aggregate premium above the Issue Price less related expenses (including any applicable commission and amounts in respect of irrecoverable VAT), so long as the amount in question is at least £5.00 (except Qualifying Corporate Sponsored Nominee Shareholders who will be paid regardless of value), in pounds sterling by BACS payment to the mandated bank account registered with Equiniti Limited or Equiniti Financial Services Limited for the payment of dividends. Where no mandated bank account has been registered with Equiniti Limited or Equiniti Financial Services Limited, the payment will be held until such time as a mandated bank account has been registered. A communication will be sent to those holders who have not registered a mandated bank account but are due a payment to advise them to register a mandated bank account so that such payment can be made.

(iv) *Company's discretion as to validity of acceptances*

If the Provisional Allotment Letter, accompanied by payment in full, is not received by 11.00 a.m. on 10 June 2024, the Provisional Allotment Letter will (unless the Company has exercised its right to treat as valid an acceptance, as set out below) be deemed to have been declined and will lapse. The Company may elect, with the agreement of the Joint Global Co-ordinator, but shall not be obliged, to treat as valid Provisional Allotment Letters and accompanying remittances for the full amount due which are received prior to 11.00 a.m. on 10 June 2024.

The Company may elect, but shall not be obliged, to treat as a valid acceptance, the receipt of appropriate remittance by 11.00 a.m. on 10 June 2024, from an authorised person (as defined in the FSMA) specifying the number of New Shares to be acquired and containing an undertaking by that person to lodge the relevant Provisional Allotment Letters, duly completed, in due course.

The Company may also (in its sole discretion) treat a Provisional Allotment Letter as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instructions or is not accompanied by a valid power of attorney where required.

The Company reserves the right to treat as invalid any acceptance or purported acceptance of the New Shares that appears to the Company to have been executed in, despatched from or that provides an address for delivery of definitive share certificates for New Shares in the United States or the Excluded Territories unless the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

The provisions of this paragraph 2.1.2(iv) and any other terms of the Rights Issue relating to Qualifying Certificated Shareholders may be waived, varied or modified as regards specific Qualifying Certificated Shareholder(s) or on a general basis by the Company, with the agreement of the Underwriters.

A Qualifying Certificated Shareholder who makes a valid acceptance and payment in accordance with this paragraph 2.1.2 is deemed to request that the New Shares to which they will become entitled be issued to them on

the terms and conditions set out in this document and subject to the Articles of Association.

(v) *Payments*

Apply online

Payments for New Shares in respect of an Online Application must be made by a debit card registered in your name. Payments by credit cards will not be accepted. Please note that banks may apply a limit for online debit card payments which can be increased upon instruction. Therefore, to ensure that your online application is successful please check your banking limit and if required contact your bank to request an increase. There will be no additional charge levied by the Company, or the Receiving Agent, for payments for New Shares made by debit card. By submitting an Online Application, the holder declares that only one application has been made and that the Provisional Allotment Letter or Corporate Sponsored Nominee Letter, as applicable, will be destroyed.

If an Online Application is not accepted, all monies paid will, subject to the terms and conditions of the Rights Issue, be returned, without interest. If more is debited from a holder than is required to pay for the Nil Paid Rights allocated to that holder, the excess amount will be returned to the holder.

Apply by post

All payments made by Qualifying Certificated Shareholders who hold their shares in Certificated Form must be made in pounds sterling by cheque or building society cheque, written in black ink, made payable (i) in the case of Qualifying Certificated Shareholders, to "Equiniti Ltd Re National Grid plc Rights Issue" and crossed "A/C payee only" "A/C payee only". Third-party cheques may not be accepted except building society cheques where the building society has inserted the full name of the account holder and have either added the building society stamp or have provided a supporting letter confirming the source of funds. Cheques or building society cheques must be drawn on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank or building society which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and building society cheques to be cleared through facilities provided by either of these companies. Such cheques and building society cheques must bear the appropriate sorting code in the top right-hand corner. Post-dated cheques will not be accepted. Payments via CHAPS, BACS or electronic transfer will not be accepted.

Cheques and building society cheques will be presented for payment on receipt. No interest will be paid on payments made before they are due and any interest on such payments ultimately will accrue for the benefit of the Company. It is a term of the Rights Issue that cheques shall be honoured on first presentation, and the Company may elect to treat as invalid any acceptances in respect of which cheques are not so honoured. Return of a Provisional Allotment Letter by a Qualifying Certificated Shareholder will constitute a warranty that the cheque will be honoured on first presentation. All documents, bank cheques and building society cheques sent through the post will be sent at the risk of the sender. If New Shares have already been allotted to Qualifying Shareholders prior to any payment not being so honoured or such Qualifying Shareholders' acceptances being treated as invalid, the Company may (in its absolute discretion as to manner, timing and terms) make arrangements for the sale of such shares on behalf of those Qualifying Shareholders and hold the proceeds of sale (net of the Company's reasonable estimate of any loss that it has suffered as a result of the acceptance being treated as invalid and of the expenses of sale including, without limitation, any stamp duty or SDRT payable on the

transfer of such shares, and of all amounts payable by such Qualifying Shareholders pursuant to the provisions of this Part III in respect of the acquisition of such shares) on behalf of such Qualifying Shareholders. None of the Company, the Underwriters or any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by Qualifying Shareholders as a result.

Holders of Provisional Allotment Letters who wish to take up any of their entitlements must make the representations and warranties set out in paragraph 2.6 below.

2.1.3 Money Laundering Regulations

It is a term of the Rights Issue that, to ensure compliance with the Money Laundering Regulations, the Registrar, Equiniti Limited, may require at its absolute discretion verification of the identity of the person by whom or on whose behalf a Provisional Allotment Letter is lodged with payment or online application and in the case of a Corporate Sponsored Nominee Participant an online application is lodged with payment (which requirements are referred to below as the “verification of identity requirements”). If an application is made by a United Kingdom regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements is the responsibility of such broker or intermediary and not of the Registrar. In such case, the lodging agent’s stamp should be inserted on the Provisional Allotment Letter.

The person(s) (the “**acceptor**”) who, by lodging a Provisional Allotment Letter or making an online application with payment, and in accordance with the other terms as described above, accept(s) directly or indirectly, the allotment of the New Shares (the “**relevant shares**”) comprised in such Provisional Allotment Letter (being the provisional allottee or, in the case of renunciation, the person named in such Provisional Allotment Letter) or Corporate Sponsored Nominee Participants Letter shall thereby be deemed to agree to provide the Registrar and/or Equiniti Financial Services and/or the Company with such information and other evidence as they or either of them may require to satisfy the verification of identity requirements and agree for the Registrar and/or Equiniti Financial Services to make a search using a credit reference agency for the purpose of confirming such identity where deemed necessary. A record of the search will be retained.

If the Registrar and/or Equiniti Financial Services determines that the verification of identity requirements apply to an acceptance of an allotment and the verification of identity requirements have not been satisfied (which the Registrar shall in its absolute discretion determine) by 11.00 a.m. on 10 June 2024, the Company may, in its absolute discretion, and without prejudice to any other rights of the Company, treat the acceptance as invalid, in which event the application monies will be returned (at the applicant’s risk) without interest to the account of the bank or building society on which the relevant cheque or banker’s draft was drawn, or may confirm the allotment of the relevant shares to the acceptor but (notwithstanding any other term of the Rights Issue) such shares will not be issued to them or registered in their name until the verification of identity requirements have been satisfied (which the Registrar shall in its absolute discretion determine). If the acceptance is not treated as invalid and the verification of identity requirements are not satisfied within such period, being not less than seven days after a request for evidence of identity is despatched to the acceptor, as the Company may in its absolute discretion allow, the Company will be entitled to make arrangements (in its absolute discretion as to manner, timing and terms) to sell the relevant shares (and for that purpose the Company will be expressly authorised to act as agent of the acceptor). Any proceeds of sale (net of expenses) of the relevant shares which shall be issued to and registered in the name of the purchaser(s) or an amount equivalent to the original payment, whichever is the lower, will be held by the Company on trust for the acceptor, subject to the requirements of the Money Laundering Regulations. The Registrar

is entitled in its absolute discretion to determine whether the identity verification requirements apply to any acceptor and whether such requirements have been satisfied. Neither the Company, the Underwriters nor the Registrar will be liable to any person for any loss suffered or incurred as a result of the exercise of any such discretion or as a result of any sale of relevant shares.

Return of a Provisional Allotment Letter with the appropriate remittance will constitute a warranty from the acceptor that the Money Laundering Regulations will not be breached by acceptance of such remittance and an undertaking to provide promptly to the Registrar such information as may be specified by the Registrar as being required for the purpose of the Money Laundering Regulations. If the verification of identity requirements apply, failure to provide the necessary evidence of identity may result in your acceptance being treated as invalid or in delays in the despatch of a receipted fully paid Provisional Allotment Letter, share certificate or other documents relating to the Rights Issue (as applicable).

The verification of identity requirements will not usually apply:

- (i) if the acceptor is an organisation required to comply with the Money Laundering Directive 2018/843/EU of the European Parliament and of the Council of 9 July 2018 on the prevention of the use of the financial system for the purposes of money laundering and terrorist financing; or
- (ii) if the acceptor is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- (iii) if the acceptor (not being an acceptor who delivers their acceptance in person) makes payment by way of a cheque drawn on an account in the name of such acceptor; or
- (iv) if the aggregate subscription price for the relevant shares is less than €15,000 (or its pounds sterling equivalent).

Where the verification of identity requirements apply, please note the following as this will assist in satisfying the requirements. Satisfaction of the verification of identity requirements may be facilitated in the following ways:

- (A) if payment is made by cheque or banker's draft in pounds sterling drawn on a branch in the United Kingdom of a bank or building society and bears a UK bank sort code number in the top right-hand corner, the following applies. Cheques should be made payable to "Equiniti Limited Re National Grid plc Rights Issue" and crossed "A/C payee only". Third-party cheques may not be accepted except building society cheques where the building society has inserted the full name of the account holder and have either added the building society stamp or have provided a supporting letter confirming the source of funds. Cheques or building society cheques must be drawn on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank or building society which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and building society cheques to be cleared through facilities provided by either of these companies. Such cheques and building society cheques must bear the appropriate sorting code in the top right-hand corner. Post-dated cheques will not be accepted. Payments CHAPS, BACS or electronic transfer will not be accepted;
- (B) if the Provisional Allotment Letter is lodged with payment by an agent which is an organisation of the kind referred to in paragraph (A) above or which is subject to anti money-laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Hong Kong, Iceland, India, Israel, Japan, Malaysia, Mexico, New Zealand, Norway, Republic of Korea, the Russian Federation, Singapore, South Africa, Switzerland, Turkey, the United Kingdom, the United States of America and, by virtue of their

membership of the Gulf Co-operation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide written confirmation with the Provisional Allotment Letter that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the persons for whom it acts and that it will on demand make such evidence available to the Registrar or the relevant authority; or

- (C) if a Provisional Allotment Letter is lodged by hand by the acceptor in person, they should ensure that they have with them evidence of identity bearing their photograph (for example, their passport) and evidence of their address (for example, a recent bank statement).

In order to confirm the acceptability of any written assurance referred to in paragraph (B) above or any other case, the acceptor should contact the Registrar on +44(0)371 384 2456. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. For deaf and speech impaired shareholders, we welcome calls via Relay UK. Please see www.relayuk.bt.com for more information. The helpline is open between 8.30 a.m. and 5.30 p.m. (London time), Monday to Friday excluding public holidays in England and Wales. Please note that the Registrar nor Equiniti Financial Services Limited cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

2.1.4 Dealings in Nil Paid Rights

Assuming the Rights Issue becomes unconditional, dealings on the London Stock Exchange in the Nil Paid Rights are expected to commence at 8.00 a.m. on 24 May 2024. A transfer of Nil Paid Rights can be made by renunciation of the Provisional Allotment Letter in accordance with the instructions printed on it and delivery of the letter to the transferee or to a stockbroker, bank or other appropriate financial adviser. The latest time and date for registration of renunciation of Provisional Allotment Letters, nil paid, is expected to be 11.00 a.m. on 10 June 2024.

In addition, Qualifying Certificated Shareholders who are individuals with a registered address in the United Kingdom, Jersey, Guernsey and the Isle of Man can elect to sell all of their Nil Paid Rights or to effect a Cashless Take-up, in each case using the Special Dealing Service, details of which are set out in paragraph 2.1.5 below.

2.1.5 Special Dealing Service

- (i) *Qualifying Certificated Shareholders who wish to sell all of their entitlement using the Special Dealing Service*

Qualifying Certificated Shareholders who are individuals with a registered address in the United Kingdom, Jersey, Guernsey or the Isle of Man and who wish to sell all of the Nil Paid Rights to which they are entitled may elect to do so using the Special Dealing Service should do so by making an Online Application in accordance to the instructions detailed thereon by not later than 5.00 p.m. on 31 May 2024.

Please note that Equiniti Financial Services Limited will charge a commission of 1.5 per cent. of the gross proceeds of sale of all of the Nil Paid Rights to which the Qualifying Certificated Shareholder is entitled, for effecting such sale through the Special Dealing Service.

Under the Special Dealing Service, Equiniti Financial Services Limited will normally sell all of the Nil Paid Rights for a Qualifying Certificated Shareholder or Participant in the Corporate Sponsored Nominee on the Business Day following 5.00 p.m. on 31 May 2024, the latest time and date for requesting the sale of Nil Paid Rights through the Special Dealing Service.

Equiniti Financial Services Limited will aggregate instructions from all Qualifying Certificated Shareholders and participants in the Corporate Sponsored Nominee, who have elected to sell all of their Nil Paid Rights under the Special Dealing Service that are received (or are treated as having been received) by 5.00 p.m. on 31 May 2024, the latest time and date for requesting the sale of Nil Paid Rights through the Special Dealing Service. In this case, Qualifying Certificated Shareholders would receive the average price obtained for the sale of all of the Nil Paid Rights aggregated for sale purposes in accordance with the above. This may result in Qualifying Certificated Shareholders who choose to sell all of their Nil Paid Rights through the Special Dealing Service receiving a higher or lower price than if their Nil Paid Rights were sold separately.

Notwithstanding the above, the Nil Paid Rights in respect of which an instruction is received may be sold in several transactions and on separate days. In this case, Qualifying Certificated Shareholders would receive the average price obtained for the sale of all of the Nil Paid Rights sold in that period. This may result in Qualifying Certificated Shareholders who choose to sell all of their Nil Paid Rights through the Special Dealing Service receiving a higher or lower price for their Nil Paid Rights than if all of their Nil Paid Rights had been sold in a single transaction or on a single day and such Qualifying Certificated Shareholders may receive the proceeds of sale later than if their Nil Paid Rights had been sold by another broker on an individual basis.

A Qualifying Certificated Shareholder who is considering giving an instruction to sell all of their Nil Paid Rights under the Special Dealing Service should note that there is no guarantee that the sale of the Nil Paid Rights will be effected under the Special Dealing Service in relation to his or her Nil Paid Rights.

Whether such Qualifying Certificated Shareholder's Nil Paid Rights will be sold under the Special Dealing Service will depend on whether it is expected that the proceeds from the sale of the Nil Paid Rights of the majority of the Qualifying Certificated Shareholders who elect to sell all of their Nil Paid Rights and whose instructions are aggregated for sales purposes will exceed the commissions referred to above. If a Qualifying Certificated Shareholder's Nil Paid Rights are sold but the proceeds obtained for the sale of such Nil Paid Rights are less than the commissions referred to above, such Qualifying Certificated Shareholder will not receive any proceeds.

(ii) *Qualifying Certificated Shareholders who wish to effect a Cashless Take-up using the Special Dealing Service*

Qualifying Certificated Shareholders who are individuals with a registered address in the United Kingdom, Jersey, Guernsey or Isle of Man and who wish to effect a Cashless Take-up may elect to do so using the Special Dealing Service should do so by making an Online Application. Such Qualifying Certificated Shareholders should complete their application in accordance with the instructions detailed thereon, by not later than 5.00 p.m. on 31 May 2024, the latest time and date for requesting a Cashless Take-up through the Special Dealing Service.

Please note that Equiniti Financial Services Limited will charge a commission of 1.5 per cent. of the gross proceeds of sale of such number of Nil Paid Rights as is required to effect a Cashless Take-up for which a Qualifying Certificated Shareholder is entitled.

Under the Special Dealing Service, Equiniti Financial Services Limited will sell such number of Nil Paid Rights as is required to effect a Cashless Take-up for a Qualifying Certificated Shareholder normally on the Business Day following 5.00 p.m. on 31 May 2024. Any Instruction received after

5.00 p.m. on 31 May 2024, the latest time and date for requesting a Cashless Take-up through the Special Dealing Service will be treated as invalid.

Equiniti Financial Services Limited will aggregate instructions from all Qualifying Certificated Shareholders who elect a Cashless Take-up under the Special Dealing Service that are received (or are treated as having been received) by 5.00 p.m. on 31 May 2024, the latest time and date for requesting a Cashless Take-up through the Special Dealing Service. In this case, Qualifying Certificated Shareholders would receive the average price obtained for the sale of all of the Nil Paid Rights aggregated for sale purposes in accordance with above. This may result in Qualifying Certificated Shareholders who elect a Cashless Take-up under the Special Dealing Service receiving a higher or lower price than if the Nil Paid Rights the subject of the instruction were sold separately.

Notwithstanding the above, such number of Nil Paid Rights which need to be sold to effect a Cashless Take-up for a Qualifying Certificated Shareholder under the Special Dealing Service may be sold in several transactions and on separate days. In this case, Qualifying Certificated Shareholders would receive the average price obtained for the sale of all of the Nil Paid Rights sold in that period. This may result in Qualifying Certificated Shareholders who choose to effect a Cashless Take-up under the Special Dealing Service receiving a higher or lower price for their Nil Paid Rights than if such Nil Paid Rights had been sold in a single transaction or on a single day.

A Qualifying Certificated Shareholder who is considering giving an instruction for Cashless Take-up under the Special Dealing Service should note that there is no guarantee that Cashless Take-up will be effected under the Special Dealing Service in relation to his or her Nil Paid Rights.

(iii) General

Following receipt of a valid election under the Special Dealing Service, the Provisional Allotment Letter or Corporate Sponsored Nominee Letter to which such election or instruction relates will cease to be valid for any purpose. By making an application under the Special Dealing Service a Qualifying Certificated Shareholder will be deemed to have represented, warranted and undertaken that he or she will not thereafter seek to take any action in respect of his or her Provisional Allotment Letter or Corporate Sponsored Nominee Letter. By giving an instruction under the Special Dealing Service, a Qualifying Certificated Shareholder will be deemed to have renounced their Nil Paid Rights, as applicable to their instruction.

The terms and conditions of the Special Dealing Service are set out in the "Rights Issue Guide" accompanying the Provisional Allotment Letter or Corporate Sponsored Nominee Letter. A Qualifying Certificated Shareholder who is eligible and elects to use the Special Dealing Service agrees to the terms and conditions of the Rights Issue set out in this Prospectus and the Special Dealing Service Terms and Conditions (including how the price for the sale of their Nil Paid Rights is calculated and the commissions that will be deducted from the proceeds of the sale of such Nil Paid Rights). Qualifying Certificated Shareholders using the Special Dealing Service should note that they will be clients of Equiniti Financial Services Limited and not of the Company when using such service. Equiniti Financial Services Limited's liability to such a Qualifying Certificated Shareholder and its responsibility for providing the protections afforded by the United Kingdom regulatory regime to clients for whom such services are provided is as set out in the Special Dealing Service Terms and Conditions, and neither Equiniti Financial Services Limited nor the

Company shall have any liability or responsibility to a Qualifying Certificated Shareholder using the Special Dealing Service except as set out in those Special Dealing Service Terms and Conditions. None of the Company, the Banks or the Financial Adviser or their agents shall be responsible for any loss or damage (whether actual or alleged) arising from the terms or timing of any sale, any settlement issues arising from any sale, any exercise of discretion in relation to any sale, or any failure to procure any sale, of Nil Paid Rights pursuant to the Special Dealing Service.

The Company, Equiniti Financial Services Limited and/or their agents shall each have sole discretion to determine the eligibility of Qualifying Certificated Shareholders, and may each in their sole discretion interpret instructions received by making an Online Application, and none of the Company, the Underwriters, Equiniti Financial Services Limited or their agents shall be responsible for any loss or damage (whether actual or alleged) arising from any such exercise of discretion.

All remittances will be sent by post, at the risk of the Qualifying Certificated Shareholder entitled thereto to the registered address of the relevant Qualifying Certificated Shareholder (or, in the case of joint holders, to the address of the joint holder whose name stands first in the register of Shareholders or the Corporate Sponsored Nominee Register (as applicable)).

No interest will be payable on any proceeds received from the sale of Nil Paid Rights under the Special Dealing Service.

2.1.6 Dealings in Fully Paid Rights

After acceptance of the provisional allotment and payment in full in accordance with the provisions set out in this document and the Provisional Allotment Letter, the Fully Paid Rights may be transferred by renunciation of the relevant Provisional Allotment Letter and delivering it, by post to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, by not later than 3.00 p.m. on 5 June 2024. To do this, Qualifying Certificated Shareholders will need to have their fully paid Provisional Allotment Letters returned to them after acceptance has been effected by the Registrar. However, fully paid Provisional Allotment Letters will not be returned to Qualifying Certificated Shareholders unless their return is requested. After 8.00 a.m. on 12 June 2024, the New Shares will be in registered form and transferable in the usual way (see paragraph 2.1.12 below).

2.1.7 Renunciation and splitting of Provisional Allotment Letters

Although the following is substantive compared to some other instructions, it should be noted that this will be relevant to a very small population of Qualifying Certificated Shareholders.

Qualifying Certificated Shareholders who wish to transfer all of their Nil Paid Rights or, after acceptance of the provisional allotment and payment in full, Fully Paid Rights comprised in a Provisional Allotment Letter may (save as required by the laws of certain overseas jurisdictions) renounce such allotment by completing and signing Form X on the Provisional Allotment Letter (if it is not already marked "Original Duly Renounced") and passing the entire Provisional Allotment Letter to their stockbroker or bank or other appropriate financial adviser or to the transferee. Once a Provisional Allotment Letter has been renounced, the letter will become a negotiable instrument in bearer form and the Nil Paid Rights or Fully Paid Rights (as appropriate) comprised in the Provisional Allotment Letter may be transferred by delivery of the Provisional Allotment Letter to the transferee. The latest time and date for registration of renunciation of Provisional Allotment Letters, fully paid, is 11.00 a.m. on 10 June 2024.

If a holder of a Provisional Allotment Letter wishes to have only some of the New Shares registered in their name and to transfer the remainder, or wishes to transfer all the Nil Paid Rights or (if appropriate) Fully Paid Rights but to different persons, they may have the Provisional Allotment Letter split, for which purpose they or their agent must complete and sign Form X on the Provisional Allotment Letter. The Provisional Allotment Letter must then be delivered by post to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, by not later than 3.00 p.m. on 6 June 2024, to be cancelled and exchanged for the number of split Provisional Allotment Letters required. The number of split Provisional Allotment Letters required and the number of Nil Paid Rights or (if appropriate) Fully Paid Rights to be comprised in each split letter should be stated in an accompanying letter. Form X on split Provisional Allotment Letters will be marked "Original Duly Renounced" before issue. The aggregate number of Nil Paid Rights or (as appropriate) Fully Paid Rights comprised in the split Provisional Allotment Letters must equal the number of New Shares set out in the original Provisional Allotment Letter (less the number of New Shares representing rights that the holder wishes to take up if taking up their entitlement in part). The split Provisional Allotment Letter(s) (representing the New Shares the Shareholder does not wish to take up) will be required in order to sell those rights not being taken up.

The Company reserves the right to refuse to register any renunciation in favour of any person in respect of which the Company believes such renunciation may violate applicable legal or regulatory requirements, including (without limitation) any renunciation in the name of any person with an address outside the United Kingdom.

Alternatively, Qualifying Certificated Shareholders who wish to take up some of their rights, without transferring the remainder, should complete Form X on the original Provisional Allotment Letter and return it, together with a covering letter confirming the number of rights to be taken up and a cheque or building society cheque in pounds sterling to pay for this number of New Shares, by to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA or, in the United Kingdom only, use the reply paid enveloped provided by 11.00 a.m. on 10 June 2024.

2.1.8 Registration in names of Qualifying Shareholders

A Qualifying Shareholder who wishes to have all the New Shares to which they are entitled registered in their name must accept and make payment for such allotment in accordance with the provisions set out in this document and the Provisional Allotment Letter but need take no further action. A share certificate in respect of the New Shares subscribed for is expected to be sent to such Qualifying Shareholders by no later than 24 June 2024.

2.1.9 Registration in names of persons other than Qualifying Shareholders originally entitled

In order to register Fully Paid Rights in certificated form in the name of someone other than the Qualifying Shareholders(s) originally entitled, the renounee or their agent(s) must complete Form Y on the Provisional Allotment Letter (unless the renounee is a CREST member who wishes to hold such New Shares in uncertificated form, in which case Form X and the CREST Deposit Form must be completed (see paragraph 2.2 below)) and deliver the entire Provisional Allotment Letter, when fully paid, by post to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA or, in the United Kingdom only, use the reply paid enveloped provided, by not later than the latest time for registration of renunciations, which is expected to be 11.00 a.m. on 10 June 2024. Registration cannot be effected unless and until the New Shares comprised in a Provisional Allotment Letter are fully paid.

The New Shares comprised in several renounced Provisional Allotment Letters may be registered in the name of one holder (or joint holders) if Form Y on the

Provisional Allotment Letter is completed on one Provisional Allotment Letter (the “**Principal Letter**”) and all the Provisional Allotment Letters are delivered in one batch. Details of each Provisional Allotment Letter (including the Principal Letter) should be listed in a separate letter.

2.1.10 Registration in the Corporate Sponsored Nominee

A Qualifying Corporate Sponsored Nominee Participant who wishes to have all of his or her entitlement to New Shares registered in his or her name in the Corporate Sponsored Nominee must make payment and instruct Equiniti Financial Services Limited by completing an Online Application in accordance with the provisions set out in this Prospectus and the Corporate Sponsored Nominee Letter but need take no further action. Qualifying Corporate Sponsored Nominee Participants’ entitlements to New Shares taken up are expected to be included in the next Quarterly Statement and will be available to view through your Shareview portfolio from the end of 12 June 2024. Further information about your Shareview portfolio is provided in the “Rights Issue Guide”.

2.1.11 Deposit of Nil Paid Rights or Fully Paid Rights into CREST

The Nil Paid Rights or Fully Paid Rights represented by the Provisional Allotment Letter may be converted into uncertificated form, that is, deposited into CREST (whether such conversion arises as a result of a renunciation of those rights or otherwise). Similarly, Nil Paid Rights or Fully Paid Rights held in CREST may be converted into certificated form, that is, withdrawn from CREST. Subject as provided in the next following paragraph or in the Provisional Allotment Letter, normal CREST procedures and timings apply in relation to any such conversion. You are recommended to refer to the CREST Manual for details of such procedures.

The procedure for depositing the Nil Paid Rights represented by the Provisional Allotment Letter into CREST, whether such rights are to be converted into uncertificated form in the name(s) of the person(s) whose name(s) and address appear on page 1 of the Provisional Allotment Letter or in the name of a person or persons to whom the Provisional Allotment Letter has been renounced, is as follows: Form X and the CREST Deposit Form (both on the Provisional Allotment Letter) will need to be completed and the Provisional Allotment Letter deposited with the CREST Courier and Sorting Service (“**CCSS**”). In addition, the normal CREST stock deposit procedures will need to be carried out, except that (a) it will not be necessary to complete and lodge a separate CREST transfer form (prescribed under the Stock Transfer Act 1963) with the CCSS and (b) only the whole of the Nil Paid Rights or the Fully Paid Rights represented by the Provisional Allotment Letter may be deposited into CREST. If you wish to deposit some only of the Nil Paid Rights or the Fully Paid Rights represented by the Provisional Allotment Letter into CREST, you must first apply for split Provisional Allotment Letters by following the instructions in paragraph 2.1.2 above. If the rights represented by more than one Provisional Allotment Letter are to be deposited, the CREST Deposit Form on each Provisional Allotment Letter must be completed and deposited. The Consolidation Listing Form (as defined in the CREST Regulations) must not be used.

A holder of the Nil Paid Rights (or, if appropriate, the Fully Paid Rights) represented by a Provisional Allotment Letter who is proposing to convert those rights into uncertificated form (whether following a renunciation of such rights or otherwise) is recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Nil Paid Rights (or, if appropriate, the Fully Paid Rights) in CREST following the conversion to take all necessary steps in connection with taking up the entitlement prior to 3.00 p.m. on 5 June 2024. In particular, having regard to processing times in CREST and on the part of the Receiving Agent, the latest recommended time for depositing a renounced Provisional Allotment Letter (with Form X and the CREST Deposit Form on the Provisional Allotment Letter duly completed) with the

CCSS (to enable the person acquiring the Nil Paid Rights (or, if appropriate, the Fully Paid Rights) in CREST as a result of the conversion to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 10 June 2024) is 3.00 p.m. on 5 June 2024.

When Form X and the CREST Deposit Form (on the Provisional Allotment Letter) have been completed, the title to the Nil Paid Rights or the Fully Paid Rights represented by the Provisional Allotment Letters will cease to be renounceable or transferable by delivery, and, for the avoidance of doubt, any entries in Form Y will not subsequently be recognised or acted upon by the Registrar. All renunciations or transfers of Nil Paid Rights or Fully Paid Rights must be effected through the CREST system once such Nil Paid Rights or Fully Paid Rights have been deposited into CREST.

CREST sponsored members should contact their CREST sponsor as only their CREST sponsor will be able to take the necessary action to take up the entitlement or otherwise to deal with the Nil Paid Rights or Fully Paid Rights of the CREST sponsored member.

2.1.12 Issue of New Shares in definitive form

Definitive share certificates in respect of the New Shares to be held in certificated form are expected to be despatched by post by no later than 24 June 2024 at the risk of the persons entitled thereto to Qualifying Certificated Shareholders (or their transferees who hold Fully Paid Rights in certificated form), or in the case of joint holdings, to the first-named Shareholders, at their registered address (unless lodging agent details have been completed on the Provisional Allotment Letter). After despatch of the definitive share certificates, Provisional Allotment Letters will cease to be valid for any purpose whatsoever. Pending despatch of definitive share certificates, instruments of transfer of the New Shares will be certified by the Receiving Agent against the register.

2.2 Action to be taken by Qualifying CREST Shareholders in relation to Nil Paid Rights and Fully Paid Rights in CREST

2.2.1 General

It is expected that each Qualifying CREST Shareholder will receive a credit to their stock account in CREST of their entitlement to Nil Paid Rights as soon as practicable after 8.00 a.m. on 24 May 2024 and that such rights will be enabled by 8.00 a.m. on 24 May 2024. The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Shares in uncertificated form held at 6.00 p.m. on the Record Date by the Qualifying CREST Shareholder in respect of which the Nil Paid Rights are provisionally allotted.

The maximum number of New Shares that a Qualifying CREST Shareholder may take up is that which has been provisionally allotted to that Qualifying CREST Shareholder and for which they receives a credit of entitlement into their stock account in CREST. The minimum number of New Shares a Qualifying CREST Shareholder may take up is one.

The Nil Paid Rights will constitute a separate security for the purposes of CREST and can accordingly be transferred, in whole or in part, by means of CREST in the same manner as any other security that is admitted to CREST.

If, for any reason, it is impracticable to credit the stock accounts of Qualifying CREST Shareholders, or to enable the Nil Paid Rights as soon as practicable after 8.00 a.m. on 24 May 2024, Provisional Allotment Letters shall, unless the Company determines otherwise, be sent out in substitution for the Nil Paid Rights which have not been so credited or enabled and the expected timetable as set out in this document will be adjusted as appropriate. References to dates and times in this document should be read as subject to any such adjustment. The Company will make an appropriate announcement to a Regulatory Information Service

giving details of any revised dates but Qualifying CREST Shareholders may not receive any further written communication.

CREST members who wish to take up their entitlements in respect of or otherwise to transfer Nil Paid Rights or Fully Paid Rights held by them in CREST (including CREST members who wish to effect a Cashless Take-up of Nil Paid Rights) should refer to the CREST Manual for further information on the CREST procedures referred to below. If you are a CREST sponsored member, you should consult your CREST sponsor if you wish to take up your entitlement as only your CREST sponsor will be able to take the necessary action to take up your entitlements or otherwise to deal with your Nil Paid Rights or Fully Paid Rights (including CREST members who wish to effect a Cashless Take-up of Nil Paid Rights).

2.2.2 Procedure for acceptance and payment

(i) *MTM instructions*

CREST members who wish to take up all or some of their entitlement in respect of Nil Paid Rights in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an MTM instruction to Euroclear that, on its settlement, will have the following effect:

- (a) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with the number of Nil Paid Rights to be taken up;
- (b) the creation of a settlement bank payment obligation (as this term is defined in the CREST Manual), in accordance with the RTGS payment mechanism (as this term is defined in the CREST Manual), in favour of the RTGS settlement bank of the Receiving Agent in pounds sterling in respect of the full amount payable on acceptance in respect of the Nil Paid Rights referred to in paragraph (a) above; and
- (c) the crediting of a stock account of the accepting CREST member (being an account under the same participant ID and member account ID as the account from which the Nil Paid Rights are to be debited on settlement of the MTM instruction) of the corresponding number of Fully Paid Rights to which the CREST member is entitled on taking up their Nil Paid Rights referred to in paragraph (a) above.

(ii) *Contents of MTM instructions*

The MTM instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (a) the number of Nil Paid Rights to which the acceptance relates;
- (b) the participant ID of the accepting CREST member;
- (c) the member account ID of the accepting CREST member from which the Nil Paid Rights are to be debited;
- (d) the participant ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is 2RA10;
- (e) the member account ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is RA374301;
- (f) the number of Fully Paid Rights that the CREST member is expecting to receive on settlement of the MTM instruction. This must be the same as the number of Nil Paid Rights to which the acceptance relates;

- (g) the amount payable by means of the CREST assured payment arrangements on settlement of the MTM instruction. This must be the full amount payable on acceptance in respect of the number of Nil Paid Rights referred to in paragraph (a) above;
- (h) the intended settlement date. This must be on or before 11.00 a.m. on 10 June 2024;
- (i) the Nil Paid Rights ISIN number, which is GB00BSRK4Y08;
- (j) the Fully Paid Rights ISIN number, which is GB00BSRK4X90;
- (k) the Corporate Action Number for the Rights Issue. This will be available by viewing the relevant corporate action details in CREST;
- (l) a contact name and telephone number in the shared notes field; and
- (m) a priority of at least 80.

(iii) *Valid acceptance*

An MTM instruction complying with each of the requirements as to authentication and contents set out in paragraph (ii) above will constitute a valid acceptance where either:

- (a) the MTM instruction settles by not later than 11.00 a.m. on 10 June 2024; or
- (b) at the discretion of the Company:
 - (A) the MTM instruction is received by Euroclear by not later than 11.00 a.m. on 10 June 2024;
 - (B) a number of Nil Paid Rights at least equal to the number of Nil Paid Rights inserted in the MTM instruction is credited to the CREST stock member account of the accepting CREST member specified in the MTM instruction at 11.00 a.m. on 10 June 2024; and
 - (C) the relevant MTM instruction settles by 11.00 a.m. on 10 June 2024 (or such later time and/or date as the Company may determine).

An MTM instruction will be treated as having been received by Euroclear for these purposes at the time at which the instruction is processed by the Network Providers' Communications Host (as this term is defined in the CREST Manual) at Euroclear of the network provider used by the CREST member (or by the CREST sponsored member's CREST sponsor). This will be conclusively determined by the input time stamp applied to the MTM UK instruction by the Network Providers Communications Host.

The provisions of this paragraph (iii) and any other terms of the Rights Issue relating to Qualifying CREST Shareholders may be waived, varied or modified as regards specific Qualifying CREST Shareholder(s) or on a general basis by the Company.

(iv) *Representations, warranties and undertakings of CREST members*

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with this paragraph 2.2.2 represents, warrants and undertakes to the Company and the Underwriters that they have taken (or procured to be taken), and will take (or will procure to be taken), whatever action is required to be taken by them or by their CREST sponsor (as appropriate) to ensure that the MTM instruction concerned is capable of settlement at 11.00 a.m. on 10 June 2024. In particular, the CREST member or CREST sponsored member represents, warrants and undertakes that, at 11.00 a.m. on 10 June 2024 (or until such later time and date as the Company may determine), there will be sufficient

Headroom within the Cap (as those terms are defined in the CREST Manual) in respect of the cash memorandum account to be debited with the amount payable on acceptance to permit the MTM instruction to settle. CREST sponsored members should contact their CREST sponsor if they are in any doubt. Such CREST member or CREST sponsored member taking up entitlements must make the representations and warranties set out in paragraph 2.6 below.

If there is insufficient Headroom within the Cap (as those terms are defined in the CREST Manual) in respect of the cash memorandum account of a CREST member or CREST sponsored member for such amount to be debited or the CREST member's or CREST sponsored member's acceptance is otherwise treated as invalid and New Shares have already been allotted to such CREST member or CREST sponsored member, the Company may (in its absolute discretion as to the manner, timing and terms) make arrangements for the sale of such New Shares on behalf of that CREST member or CREST sponsored member and hold the proceeds of sale (net of the Company's reasonable estimate of any loss that it has suffered as a result of the acceptance being treated as invalid and of the expenses of sale, including, without limitation, any stamp duty or SDRT payable on the transfer of such New Shares, and of all amounts payable by the CREST member or CREST sponsored member pursuant to the Rights Issue in respect of the acquisition of such New Shares) on behalf of such CREST member or CREST sponsored member. Neither the Company nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such CREST member or CREST sponsored member as a result.

(v) *CREST procedures and timings*

CREST members and CREST sponsors (on behalf of CREST sponsored members) should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of an MTM instruction and its settlement in connection with the Rights Issue. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that their CREST sponsor takes) the action necessary to ensure that a valid acceptance is received as stated above by 11.00 a.m. on 10 June 2024. In connection with this, CREST members and (where applicable) CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(vi) *CREST member's undertaking to pay*

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this paragraph 2.2.2 (a) undertakes to pay to the Receiving Agent, or procure the payment to the Receiving Agent of, the amount payable in pounds sterling on acceptance in accordance with the above procedures or in such other manner as the Receiving Agent may require (it being acknowledged that, where payment is made by means of the RTGS payment mechanism (as defined in the CREST manual), the creation of a RTGS payment obligation in pounds sterling in favour of the Receiving Agent's RTGS settlement bank (as defined in the CREST Manual) in accordance with the RTGS payment mechanism shall, to the extent of the obligation so created, discharge in full the obligation of the CREST member (or CREST sponsored member) to pay the amount payable on acceptance) and (b) requests that the Fully Paid Rights and/or New Shares to which they will become entitled be issued to them on the terms set out in this document and subject to the Articles of Association of the Company. Such

payment will be held by Receiving Agent on trust for the Subscribing Bank who is acting as principal on receipt of such monies.

If the payment obligations of the relevant CREST member or CREST sponsored member in relation to such New Shares are not discharged in full and such New Shares have already been allotted to the CREST member or CREST sponsored member, the Company may (in its absolute discretion as to manner, timing and terms) make arrangements for the sale of such Shares on behalf of the CREST member or CREST sponsored member and hold the proceeds of sale (net of the Company's reasonable estimate of any loss it has suffered as a result of the same and of the expenses of the sale, including, without limitation, any stamp duty or SDRT payable on the transfer of such Shares, and of all amounts payable by such CREST member or CREST sponsored member pursuant to the terms of the Rights Issue in respect of the acquisition of such Shares) or an amount equal to the original payment of the CREST member or CREST sponsored member. Neither the Company nor the Underwriters nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by the CREST member or CREST sponsored member as a result.

(vii) *Company's discretion as to rejection and validity of acceptances*

Having consulted with the Joint Global Co-ordinators, the Company may agree in its absolute sole discretion to:

- (a) reject any acceptance constituted by an MTM instruction, which is otherwise valid, in the event of breach of any of the representations, warranties and undertakings set out or referred to in this paragraph 2.2.2. Where an acceptance is made as described in this paragraph 2.2.2, which is otherwise valid, and the MTM instruction concerned fails to settle by 11.00 a.m. on 10 June 2024 (or by such later time and date as the Company has determined), the Company shall be entitled to assume, for the purposes of its right to reject an acceptance contained in this paragraph 2.2.2, that there has been a breach of the representations, warranties and undertakings set out or referred to in this paragraph 2.2.2 unless the Company is aware of any reason outside the control of the CREST member or CREST sponsor (as appropriate) for the failure to settle;
- (b) treat as valid (and binding on the CREST member or CREST sponsored member concerned) an acceptance which does not comply in all respects with the requirements as to validity set out or referred to in this paragraph 2.2.2;
- (c) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid acceptance in substitution for, or in addition to, an MTM instruction and subject to such further terms and conditions as the Company and the Joint Global Co-ordinators may determine;
- (d) treat a properly authenticated dematerialised instruction in this paragraph (d) (the "**first instruction**") as not constituting a valid acceptance if, at the time at which the Receiving Agent receives a properly authenticated dematerialised instruction giving details of the first instruction, either the Company or the Receiving Agent has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and

- (e) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for acceptance and/or settlement of an MTM instruction or any alternative instruction or notification, if, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to take up all or part of their Nil Paid Rights by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of facilities and/or systems operated by the Receiving Agent in connection with CREST.

2.2.3 Money Laundering Regulations

If you hold your Nil Paid Rights in CREST and apply to take up all or part of your entitlement as agent for one or more persons and you are not a United Kingdom or EU regulated person or institution (e.g. a United Kingdom financial institution), then, irrespective of the value of the application, the Registrar is entitled to take reasonable measures to establish the identity of the person or persons (or the ultimate controller of such person or persons) on whose behalf you are making the application and any submission of a MTM instruction constitutes agreement for the Registrar to make a search via a credit reference agency where deemed necessary. A record of search results will be retained. You must therefore contact the Registrar before sending any MTM instruction or other instruction so that appropriate measures may be taken.

Submission of an MTM instruction which constitutes, or which may on its settlement constitute, a valid acceptance as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Receiving Agent any information the Receiving Agent may specify as being required for the purposes of the verification of the identity requirements in the Money Laundering Regulations or the FSMA. Pending the provision of such information and other evidence as the Registrar may be required to satisfy the verification of identity requirements, the Receiving Agent, having consulted with the Company, may take, or omit to take, such action as it may determine to prevent or delay settlement of the MTM instruction. If such information and other evidence of identity has not been provided within a reasonable time, then the Receiving Agent will not permit the MTM instruction concerned to proceed to settlement but without prejudice to the right of the Company and/or the Underwriters to take proceedings to recover any loss suffered by any of them as a result of failure by the applicant to provide such information and other evidence.

2.2.4 Dealings in Nil Paid Rights in CREST

Assuming the Rights Issue becomes unconditional, dealings in the Nil Paid Rights on the London Stock Exchange are expected to commence as soon as practicable after 8.00 a.m. on 24 May 2024. A transfer (in whole or in part) of Nil Paid Rights can be made by means of CREST in the same manner as any other security that is admitted to CREST. The Nil Paid Rights are expected to be disabled in CREST after the close of CREST business on 11 June 2024.

2.2.5 Dealings in Fully Paid Rights in CREST

After acceptance of the provisional allotment and payment in full in accordance with the provisions set out in this document, the Fully Paid Rights may be transferred by means of CREST in the same manner as any other security that is admitted to CREST. The last time for settlement of any transfer of Fully Paid Rights in CREST is expected to be 11.00 a.m. on 10 June 2024. The Fully Paid Rights are expected to be disabled in CREST after the close of CREST business

on 11 June 2024. From 12 June 2024, the New Shares will be registered in the name(s) of the person(s) entitled to them in the Company's register of members and will be transferable in the usual way.

2.2.6 Withdrawal of Nil Paid Rights or Fully Paid Rights from CREST

Nil Paid Rights or Fully Paid Rights held in CREST may be converted into certificated form, that is, withdrawn from CREST. Normal CREST procedures (including timings) apply in relation to any such conversion.

The recommended latest time for receipt by Euroclear of a properly authenticated dematerialised instruction requesting withdrawal of Nil Paid Rights or, if appropriate, Fully Paid Rights from CREST is 4.30 p.m. on 4 June 2024, so as to enable the person acquiring or (as appropriate) holding the Nil Paid Rights or, if appropriate, Fully Paid Rights following the conversion to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 10 June 2024. You are recommended to refer to the CREST Manual for details of such procedures.

2.2.7 Issue of New Shares in CREST

Fully Paid Rights in CREST are expected to be disabled in CREST after the close of CREST business on 11 June 2024 (the latest date for settlement of transfers of Fully Paid Rights in CREST). New Shares (in definitive form) will be issued in uncertificated form to those persons registered as holding Fully Paid Rights in CREST no later than 8.00 a.m. on the business day after the date on which the Fully Paid Rights are disabled. The Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of those persons (under the same participant ID and member account ID that applied to the Fully Paid Rights held by those persons) with their entitlements to New Shares with effect as soon as practicable after 8.00 a.m. on 12 June 2024.

2.2.8 Right to allot/issue in certificated form

Despite any other provision of this document, the Company reserves the right to allot and/or issue any Nil Paid Rights, Fully Paid Rights or New Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of an interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.

2.3 Procedure in respect of rights not taken up (whether certificated or in CREST) and withdrawal

2.3.1 Procedure in respect of New Shares not taken up

If an entitlement to New Shares is not validly taken up by 11.00 a.m. on 10 June 2024, in accordance with the procedure laid down for acceptance and payment, then that Provisional Allotment Letter will be deemed to have been declined and will lapse. The Joint Global Co-ordinators will endeavour to procure, by not later than 4:30 p.m. on the second business day after the last date for acceptance under the Rights Issue, subscribers for all (or as many as possible) of those New Shares not taken up at a price per New Share which is at least equal to the aggregate of the Issue Price and the expenses of procuring such subscribers (including any applicable brokerage and commissions and amounts in respect of value added tax).

Notwithstanding the above, the Joint Global Co-ordinators may cease to endeavour to procure any such subscribers if, in their opinion, it is unlikely that any such subscribers can be procured at such a price and by such a time. If and to the extent that subscribers for New Shares cannot be procured on the basis outlined above, the relevant New Shares will be subscribed for by the

Underwriters or sub-underwriters (if any) at the Issue Price pursuant to the terms of the Underwriting Agreement.

Any premium over the aggregate of the Issue Price and the expenses of procuring subscribers (including any applicable brokerage and commissions and amounts in respect of value added tax) shall be paid (subject as provided in this paragraph 2.3):

- (i) where the Nil Paid Rights were, at the time they were not taken up, represented by a Provisional Allotment Letter, to the person whose name and address appeared on the Provisional Allotment Letter;
- (ii) where the Nil Paid Rights were, at the time they were not taken up, in uncertificated form, to the person registered as the holder of those Nil Paid Rights at the time of their disablement in CREST; and
- (iii) where an entitlement to New Shares was not taken up by an Overseas Shareholder, to that Overseas Shareholder.

New Shares for which subscribers are procured on this basis will be reallocated to the subscribers and the aggregate of any premiums (being the amount paid by the subscribers after deducting the Issue Price and the expenses of procuring the subscribers, including any applicable brokerage and commissions and amounts in respect of value added tax), if any, will be paid (without interest) to those persons entitled (as referred to above) pro rata to the relevant provisional allotments not taken up, save that amounts of less than £5.00 per holding will not be so paid but will be aggregated and retained by Receiving Agent on trust for the Subscribing Bank who is acting as principal on receipt of such monies. Any premium amount due for participants in the Corporate Sponsored Nominee will be pro-rated and issued to participants in pounds sterling by BACS payment to the mandated bank account registered with Equiniti Limited or Equiniti Financial Services Limited for the payment of dividends. Where no mandated bank account has been registered with Equiniti Limited or Equiniti Financial Services Limited, the payment will be held until such time as a mandated bank account has been registered. For CREST Shareholders the amount due will, unless the Company (in its absolute discretion) otherwise determines, be satisfied by the creation of an assured payment obligation in favour of the relevant CREST member's (or CREST sponsored member's) CREST settlement bank in respect of the cash amount concerned in accordance with the CREST payment mechanism.

Any transactions undertaken pursuant to this paragraph 2.3 or paragraph 2.5.1 below shall be deemed to have been undertaken at the request of the persons entitled to the rights not taken up or other entitlements and neither the Company nor the Joint Global Co-ordinators nor any other person procuring subscribers shall be responsible for any loss, expense or damage (whether actual or alleged) arising from the terms or timing of any such subscription, any decision not to endeavour to procure subscribers or the failure to procure subscribers on the basis so described. The Joint Global Co-ordinators will be entitled to retain any brokerage fees, commissions or other benefits received in connection with these arrangements.

It is a term of the Rights Issue that all New Shares validly taken up by subscribers under the Rights Issue may be allotted to such subscribers in the event that not all of the New Shares offered for subscription under the Rights Issue are taken up.

2.3.2 Withdrawal rights

Persons who have the right to withdraw their acceptances under Rule 3.4.1 of the Prospectus Regulation Rules after a supplementary prospectus (if any) has been published and who wish to exercise such right of withdrawal must do so by lodging a written notice of withdrawal with Equiniti Limited (which shall not include a notice sent by any form of electronic communication), which must include the

full name and address of the person wishing to exercise such statutory withdrawal rights and, if such person is a CREST member, the participant ID and the member account ID of such CREST member, so as to be received no later than two business days after the date on which the supplementary prospectus was published, withdrawal being effective as at posting of the written notice of withdrawal. Notice of withdrawal given by any other means or which is deposited with or received by Equiniti Limited after the expiry of such period will not constitute a valid withdrawal. Furthermore, based on advice received by the Company as to the effect of statutory withdrawal rights where the allotment contract is fully performed, the Company will not permit the exercise of withdrawal rights after payment by the relevant Shareholder of its subscription amount in full and the allotment of the New Shares to such Shareholder becoming unconditional. In such circumstances, Shareholders are advised to consult their professional advisers including their legal advisers as this may be a matter of law.

Provisional allotments of entitlements to New Shares which are the subject of a valid withdrawal notice will be deemed to be declined. Such entitlements to New Shares will be subject to the provisions of paragraph 2.3.1 above as if the entitlement had not been validly taken up.

2.4 Taxation

The information contained in Part XI (*Taxation*) of this document is intended only as a general guide to the current tax position in the United Kingdom and the United States and Qualifying Shareholders should consult their own tax advisers regarding the tax treatment of the Rights Issue in light of their own circumstances.

2.5 Overseas Shareholders

2.5.1 General

This document has been approved by the FCA, being the competent authority in the United Kingdom. The making or acceptance of the proposed offer of Nil Paid Rights, Fully Paid Rights and/or New Shares to persons who have registered addresses outside the United Kingdom, or who are resident in, or citizens of, countries other than the United Kingdom may be affected by the laws or regulatory requirements of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their rights.

It is also the responsibility of any person (including, without limitation, custodians, nominees and trustees) outside the United Kingdom wishing to take up rights under or otherwise participate in the Rights Issue to satisfy themselves as to the full observance of the laws of any relevant territory in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. The comments set out in this paragraph 2.5 are intended as a general guide only and any Overseas Shareholder who is in doubt as to their position should consult their independent professional adviser.

Having considered the circumstances, the Board has formed the view that it is necessary or expedient to restrict the ability of persons in the United States and the Excluded Territories to take up rights to New Shares or otherwise participate in the Rights Issue due to the time and costs involved in the registration of this document and/or compliance with the relevant local legal or regulatory requirements in those jurisdictions.

Receipt of this document and/or Provisional Allotment Letter or the crediting of Nil Paid Rights to a stock account in CREST will not constitute an offer in those jurisdictions in which it would be illegal to make or accept an offer and, in those

circumstances, this document and/or a Provisional Allotment Letter must be treated as sent for information only and should not be copied or redistributed.

New Shares will be provisionally allotted (nil paid) to all Shareholders on the register on the Record Date, including Overseas Shareholders. However, Provisional Allotment Letters will not be sent to, and Nil Paid Rights will not be credited to CREST accounts of, Shareholders with registered addresses in the United States or the Excluded Territories or their agents or intermediaries, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

Subject to certain limited exceptions, holders of American depository shares (“**ADSs**”) representing Shares will not be entitled to participate in the Rights Issue.

No person receiving a copy of this document and/or a Provisional Allotment Letter and/or receiving a credit of Nil Paid Rights to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to them nor should they in any event use the Provisional Allotment Letter or deal in Nil Paid Rights or Fully Paid Rights in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to them of the Nil Paid Rights and Fully Paid Rights. In such circumstances, this document and the Provisional Allotment Letter are to be treated as sent for information only and should not be copied or redistributed.

Persons (including, without limitation, custodians, nominees and trustees) receiving or being given access to a copy of this document and/or a Provisional Allotment Letter or whose stock account is credited with Nil Paid Rights or Fully Paid Rights should not, in connection with the Rights Issue, distribute or send the same or transfer Nil Paid Rights or Fully Paid Rights in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a Provisional Allotment Letter or a credit of Nil Paid Rights or Fully Paid Rights is received by any person in any such territory, or by their agent or nominee, they must not seek to take up the rights referred to in the Provisional Allotment Letter or in this document or renounce the Provisional Allotment Letter or transfer the Nil Paid Rights or Fully Paid Rights unless the Company determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, nominees and trustees) who does forward this document or a Provisional Allotment Letter or transfer Nil Paid Rights or Fully Paid Rights into any such territories (whether pursuant to a contractual or legal obligation or otherwise) should draw the recipient’s attention to the contents of this paragraph 2.5.

The Company reserves the right to treat as invalid and will not be bound to allot or issue any New Shares in respect of any acceptance or purported acceptance of the offer of New Shares which:

- (i) appears to the Company or its agents to have been executed, effected or despatched from the United States or the Excluded Territories unless the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement; or
- (ii) in the case of a Provisional Allotment Letter, provides an address for delivery of the share certificates or other statements of entitlement or advice in the United States, an Excluded Territory or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such certificates, statements or advice or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or
- (iii) in or, in the case of a credit of New Shares in CREST, to a CREST member or CREST sponsored member whose registered address would be in the United States, an Excluded Territory or any other jurisdiction outside the United Kingdom in which it would be unlawful to make such a credit or

if the Company or its agents believe that the same may violate applicable legal or regulatory requirements.

The attention of Overseas Shareholders with registered addresses in the United States or the Excluded Territories is drawn to paragraphs 2.5.2 to 2.5.13 below.

The provisions of paragraph 2.3.1 above will apply to Overseas Shareholders who do not take up New Shares provisionally allotted to them or unable to take up New Shares provisionally allotted to them because such action would result in a contravention of applicable law or regulatory requirements. Accordingly, such Shareholders will be treated as Shareholders that have not taken up their entitlement for the purposes of paragraph 2.3.1 above and the Joint Global Coordinators will use reasonable endeavours to procure subscribers for the relevant New Shares. The net proceeds of such sales (after deduction of expenses) will be paid to the relevant Shareholders pro-rated to their holdings of Existing Shares at close of business on the Record Date as soon as practicable after receipt, except that (i) individual amounts of less than £5.00 per holding will not be distributed but will be aggregated and retained for the benefit of the Company, except for any participants in the Corporate Sponsored Nominee and (ii) amounts in respect of fractions will not be distributed but will be retained by Receiving Agent on trust for the Subscribing Bank who is acting as principal on receipt of such monies. None of the Company, the Underwriters or any other person shall be responsible or have any liability whatsoever for any loss or damage (actual or alleged) arising from the terms or the timing of the acquisition or the procuring of it or any failure to procure subscribers.

Notwithstanding any other provision of this document or the Provisional Allotment Letter, the Company reserves the right to permit any Shareholder to participate in the Rights Issue on the terms and conditions set out in this document as if it were a Qualifying Shareholder if the Company in its sole and absolute discretion is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question. If the Company is so satisfied, the Company will arrange for the relevant Shareholder to be sent a Provisional Allotment Letter if they are a Qualifying Certificated Shareholder or, if they are a Qualifying CREST Shareholder, arrange for Nil Paid Rights to be credited to the relevant CREST stock account.

Those Shareholders who wish, and are permitted, to take up their entitlement should note that payments must be made as described in paragraphs 2.1.2 and 2.2.2 above.

Overseas Shareholders should note that all subscription monies must be paid in pounds sterling by cheque or banker's draft and should be drawn on a bank in the United Kingdom, made payable to "Equiniti Limited Re National Grid plc Rights Issue" and crossed "A/C payee only".

2.5.2 United States

The Nil Paid Rights, the Fully Paid Rights, the New Shares and the Provisional Allotment Letters have not been and will not be registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Accordingly, the Company is not extending the offer under the Rights Issue into the United States unless an exemption from the registration requirements of the US Securities Act is available and, subject to certain exceptions, none of this document and the Provisional Allotment Letter constitutes, or will constitute, or forms any offer or an invitation to apply for or an offer or an invitation to acquire any Nil Paid Rights, Fully Paid Rights or New Shares in the United States.

Subject to certain exceptions, neither this document nor a Provisional Allotment Letter will be sent to any Shareholder with a registered address in the United States. Subject to certain exceptions, Provisional Allotment Letters or renunciations thereof sent from or postmarked in the United States will be deemed to be invalid and all persons acquiring New Shares and wishing to hold such New Shares in registered form must provide an address for registration of the New Shares issued upon exercise thereof outside the United States.

Subject to certain exceptions, any person who acquires Nil Paid Rights, Fully Paid Rights or New Shares will be required to declare, warrant and agree that it has received a copy of this document and such other information as it deems necessary to make an investment decision and that:

- (i) it is: (a) a QIB within the meaning of Rule 144A; (b) acquiring the Nil Paid Rights, the Fully Paid Rights or the New Shares for its own account or for the account of one or more QIBs with respect to whom it has the authority to make, and does make, the representations and warranties set forth herein; (c) acquiring the Nil Paid Rights, the Fully Paid Rights or the New Shares for investment purposes, and not with a view to further distribution of such Nil Paid Rights, Fully Paid Rights or New Shares; and (d) aware, and each beneficial owner of the Nil Paid Rights, the Fully Paid Rights or the New Shares has been advised, that the offer and sale of the Nil Paid Rights, the Fully Paid Rights or the New Shares to it is being made in reliance on another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act; and
- (ii) it understands that the Nil Paid Rights, the Fully Paid Rights or the New Shares are being offered and sold in the United States only in a transaction not involving any public offering within the meaning of the US Securities Act and that the Nil Paid Rights, the Fully Paid Rights or the New Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred except: (a) to a person that it and any person acting on its behalf reasonably purchasing for its own account or for the account of a QIB pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act; (b) in an Offshore Transaction in accordance with Rule 903 or Rule 904 of Regulation S; (c) pursuant to an exemption from registration under the US Securities Act; or (d) pursuant to an effective registration statement under the US Securities Act, in each case in accordance with any applicable securities laws of any state of the United States. It further (A) understands that the New Shares may not be deposited into any unrestricted depositary receipt facility in respect of the Nil Paid Rights, the Fully Paid Rights or the New Shares established or maintained by a depositary bank; (B) acknowledges that the Nil Paid Rights, the Fully Paid Rights or the New Shares (whether in physical certificated form or in uncertificated form held in CREST) are “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for resales of the Nil Paid Rights, the Fully Paid Rights or the New Shares; and (C) understands that the Company may not recognise any offer, sale, resale, pledge or other transfer of the Nil Paid Rights, the Fully Paid Rights or the New Shares made other than in compliance with the above-stated restrictions.

The Company, the Underwriters and their affiliates will rely on the truth and accuracy of the foregoing acknowledgements, representations and agreements.

The Company and the Underwriters reserve the right to treat as invalid any Provisional Allotment Letter (or renunciation thereof) that appears to the Company and the Underwriters or their respective agents to have been executed in or dispatched from the United States, or that provides an address in the United

States for the acceptance or renunciation of the Rights Issue, or which does not make the warranty set out in the Provisional Allotment Letter to the effect that the person accepting and/or renouncing the Provisional Allotment Letter does not have a registered address and is not otherwise located in the United States and is not acquiring the Nil Paid Rights, the Fully Paid Rights or the New Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Nil Paid Rights, Fully Paid Rights or New Shares in the United States or where the Company believes acceptance of such Provisional Allotment Letter may infringe applicable legal or regulatory requirements. The Company will not be bound to allot (on a non-provisional basis) or issue any Nil Paid Rights, Fully Paid Rights or New Shares to any person with an address in, or who is otherwise located in, the United States in whose favour a Provisional Allotment Letter or any Nil Paid Rights, Fully Paid Rights or New Shares may be transferred or renounced. In addition, the Company and the Underwriters reserve the right to reject any MTM Instruction sent by or on behalf of any CREST Member with a registered address in the United States in respect of the Nil Paid Rights.

The Nil Paid Rights, Fully Paid Rights and the New Shares have not been approved or disapproved by the SEC or any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Nil Paid Rights, Fully Paid Rights and the New Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

In addition, until 40 days after the commencement of the Rights Issue, an offer, sale or transfer of the Nil Paid Rights, the Fully Paid Rights, the New Shares or the Provisional Allotment Letters within the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the US Securities Act.

The provisions of paragraph 2.3.1 above will apply to any rights not taken up. Accordingly, subject to certain exceptions, Shareholders with a registered address in the United States will be treated as non-exercising holders and the Underwriters will endeavour to procure, on behalf of such non-exercising holders, acquirers for the New Shares.

2.5.3 Member States of European Economic Area

In relation to each Member State of the European Economic Area (each a “**Relevant State**”), no New Shares, Nil Paid Rights or Fully Paid Rights have been offered or will be offered pursuant to the Rights Issue to the public in that Relevant State prior to the publication of a prospectus in relation to the New Shares, Nil Paid Rights or Fully Paid Rights which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that offers of New Shares, Nil Paid Rights or Fully Paid Rights may be made to the public in that Relevant State at any time:

- (i) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;
- (ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the Joint Global Co-ordinators for any such offer; or
- (iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of New Shares, Nil Paid Rights or Fully Paid Rights shall require the Company or any Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to any New Shares, Nil Paid Rights or Fully Paid Rights in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the Rights Issue and any New Shares, Nil Paid Rights or Fully Paid Rights to be offered so as to enable an investor to decide to purchase or subscribe for the New Shares, the Nil Paid Rights or the Fully Paid Rights.

2.5.4 Australia

This document, and any other document issued by the company in connection with this offer, does not constitute a disclosure document under Part 6D.2 of the Corporations Act 2001 of the Commonwealth of Australia (the “**AU Corporations Act**”). It does not and is not required to contain all the information which would be required under the AU Corporations Act to be included in such a disclosure document, and has not been lodged with the Australian Securities and Investments Commission (“**ASIC**”). The offering to which this document relates is being made in Australia in reliance on ASIC Corporations (Foreign Rights Issues) Instrument 2015/356 issued by the ASIC.

This document, and any other document issued by the Company in connection with the Rights Issue, only constitutes an offer in Australia to persons who are recorded as Australian resident shareholders as at the Record Date.

This document, and any other document issued by the Company in connection with the Rights Issue, contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person, and does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this document, and any other document issued by the Company in connection with the Rights Issue, is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

2.5.5 Switzerland

The New Shares, Nil Paid Rights or Fully Paid Rights may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (“**FinSA**”) and no application has or will be made to admit the New Shares, Nil Paid Rights or Fully Paid Rights to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares, Nil Paid Rights or Fully Paid Rights constitutes a prospectus pursuant to the FinSA, and neither this document nor any other offering or marketing material relating to the New Shares, Nil Paid Rights or Fully Paid Rights may be publicly distributed or otherwise made publicly available in Switzerland.

2.5.6 Canada

This document provided to you in connection with the distribution of the Nil Paid Rights, Fully Paid Rights and/or New Shares constitutes an “exempt offering document” as defined in and for the purposes of applicable Canadian securities laws. No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offer and sale of the Nil Paid Rights, Fully Paid Rights and/or New Shares described herein. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon the merits of this document, the Provisional Allotment Letter or the Nil Paid Rights, Fully Paid Rights and/or New Shares and any representation to the contrary is an offence.

The offer and sale of the Nil Paid Rights, Fully Paid Rights and/or New Shares in Canada is being made on a private placement basis only and is exempt from the requirement that the Company prepares and files a prospectus under applicable

Canadian securities laws. Any resale of Nil Paid Rights, Fully Paid Rights and/or New Shares acquired by a Canadian investor in this offering must be made in accordance with applicable Canadian securities laws, which may impose restrictions, under certain circumstances, to resales of the Nil Paid Rights, Fully Paid Rights and/or New Shares outside of Canada.

Each Canadian investor who exercises its Nil Paid Rights or Fully Paid Rights and/or purchases New Shares will be deemed to have represented to the Company, the underwriters and to each dealer from whom a purchase confirmation is received, as applicable, that the investor: (i) is purchasing as principal, or is deemed to be purchasing as principal in accordance with applicable Canadian securities laws, for investment only and not with a view to resale or redistribution; (ii) is an “accredited investor” as such term is defined in section 1.1 of National Instrument 45-106 Prospectus Exemptions (“**NI 45-106**”) or, in Ontario, as such term is defined in section 73.3(1) of the Securities Act (Ontario); and (iii) is a “permitted client” as such term is defined in section 1.1 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. If you are an “accredited investor” and a “permitted client”, in order to exercise your Nil Paid Rights or Fully Paid Rights and/or acquire any New Shares upon exercise thereof, you must sign and deliver an investor letter.

Securities legislation in certain of the Canadian jurisdictions provides certain purchasers of securities pursuant to an offering memorandum or other offering document that constitutes an offering memorandum (such as this document), including where the distribution involves an “eligible foreign security” as such term is defined in Ontario Securities Commission Rule 45-501 Ontario Prospectus and Registration Exemptions and in Multilateral Instrument 45-107 Listing Representation and Statutory Rights of Action Disclosure Exemptions, as applicable, with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where the offering memorandum, or other offering document that constitutes an offering memorandum, and any amendment thereto, contains a “misrepresentation” as defined under applicable Canadian securities laws. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the investor within the time limits prescribed under, and are subject to limitations and defences under, applicable Canadian securities legislation. In addition, these remedies are in addition to and without derogation from any other right or remedy available at law to the investor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (“**NI 33-105**”), this offering is conducted pursuant to an exemption from the requirement that Canadian investors be provided with certain underwriter conflicts of interest disclosure that would otherwise be required pursuant to subsection 2.1(1) of NI 33-105.

2.5.7 Japan

No registration pursuant to Article 4, paragraph 1 of the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948) (the “**FIEA**”) has been made or will be made with respect to the solicitation of the application for the acquisition of the Nil Paid Rights as such solicitation falls within a Solicitation for Small Number Investors (as defined in Article 23-13, paragraph 4 of the FIEA).

Accordingly, the Nil Paid Rights have not been, directly or indirectly, offered or sold and will not be, directly or indirectly, offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except in compliance with the requirements for the application of a “Small Number Private Placement Exemption” under Article 2, paragraph 3, item 2 (c) of the FIEA and the other applicable laws and regulations of Japan.

Pursuant to the Small Number Private Placement Exemption, the Nil Paid Rights may not be transferred other than by way of transfer of all of the Nil Paid Rights in a lump sum.

2.5.8 Hong Kong

This document has not been and will not be approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. No person may offer or sell in Hong Kong, by means of any document, any Securities other than: (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) (the “**C(WUMP)O**”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O. No person may issue or have in its possession for the purposes of issue, in each case whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Nil Paid Rights, the Fully Paid Rights or the New Shares which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Nil Paid Rights, the Fully Paid Rights or the New Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

2.5.9 Saudi Arabia

This document may not be distributed in Saudi Arabia, except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority (the “**Saudi Regulations**”).

The Capital Market Authority of Saudi Arabia does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If a prospective purchaser does not understand the contents of this document, he or she should consult an authorised financial adviser.

The Nil Paid Rights, the Fully Paid Rights or the New Shares must not be advertised, offered or sold and no memorandum, information circular, brochure or any similar document has or will be distributed, directly or indirectly, to any person in Saudi Arabia other than as permitted by the Saudi Regulations.

The offering of the Nil Paid Rights, the Fully Paid Rights or the New Shares in Saudi Arabia shall not constitute a “public offer” pursuant to the Saudi Regulations. Prospective investors are informed that Article 14 of the Saudi Regulations places restrictions on secondary market activity with respect to the Nil Paid Rights, the Fully Paid Rights or the New Shares. Any resale or other transfer, or attempted resale or other transfer, made other than in compliance with the Saudi Regulations shall not be recognized by the Company.

2.5.10 Singapore

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, no Nil Paid Rights, Fully Paid Rights and/or New Shares have been and will not be offered or sold or be made the subject of

an invitation for subscription or purchase. This Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Nil Paid Rights, Fully Paid Rights and/or New Shares, has not been and will not be circulated or distributed whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

2.5.11 United Arab Emirates

This document has not been approved, disapproved or passed on in any way by the Central Bank of the United Arab Emirates (“**UAE**”), the UAE Securities and Commodities Authority (the “**SCA**”) or any other authority in the UAE. The Company has not received authorisation or licensing from the Central Bank of the UAE, the SCA or any other authority in the UAE to market or sell the Securities within the UAE. This document is strictly private and confidential and is being issued to a limited number of Professional Investors (as defined in the SCA Rulebook), and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purposes. Nothing contained in this document is intended to constitute UAE investment, legal, tax, accounting or other professional advice. Prospective investors should consult with an appropriate professional for specific advice rendered on the basis of their situation.

2.5.12 Abu Dhabi Global Market

This document relates to an offer of the Nil Paid Rights, the Fully Paid Rights and the New Shares which are not subject to any form of regulation or approval by the Financial Services Regulatory Authority (the “**FSRA**”).

The FSRA has not approved this document and does not have any responsibility for reviewing or verifying this document or any other documents in connection with the Company. Accordingly, the FSRA has not approved this document or any other associated documents nor taken any steps to verify the information set out in this document, and has no responsibility for it.

The Nil Paid Rights, the Fully Paid Rights and the New Shares have not been offered and will not be offered to any persons in the Abu Dhabi Global Market except on the basis that an offer is:

- (a) an “Exempt Offer” in accordance with the FSRA Financial Services and Markets Regulations (“**FSMR**”) and Market Rules of the FSRA; and
- (b) made only to persons who are Authorised Persons or Recognised Bodies (as such terms are defined in the FSMR) or persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 18 of FSMR) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated.

2.5.13 Dubai International Financial Centre

This document relates to a company which is not subject to any form of regulation or approval by the Dubai Financial Services Authority (“**DFSA**”) and relates to and offer of the Nil Paid Rights, the Fully Paid Rights and the New Shares which are not subject to any form of regulation or approval by the DFSA.

The DFSA has not approved this document and does not have any responsibility for reviewing or verifying this document or any other documents in connection with the Company. Accordingly, the DFSA has not approved this document or any other associated documents nor taken any steps to verify the information set out in this document, and has no responsibility for it.

The Nil Paid Rights, the Fully Paid Rights and the New Shares have not been offered and will not be offered to any persons in the Dubai International Financial Centre except on the basis that an offer is:

- (a) an “Exempt Offer” in accordance with the Markets Rules (MKT) module of the DFSA Rulebook; and
- (b) made only to persons who meet the Deemed Professional Client criteria set out in Rule 2.3.4 of the DFSA Conduct of Business Module of the DFSA Rulebook and who are not natural persons.

This document must not, therefore, be delivered to, or relied on by, any other type of person.

2.5.14 Excluded Territories and Other Overseas Territories

Provisional Allotment Letters will be posted to Qualifying Certificated Shareholders with registered addresses outside the United States and the Excluded Territories (subject to certain exceptions) and Nil Paid Rights will be credited to the CREST stock accounts of Qualifying CREST Shareholders with registered addresses outside the United States and the Excluded Territories (subject to certain exceptions). Such Qualifying Shareholders may, subject to the laws of the relevant jurisdictions, participate in the Rights Issue in accordance with the instructions set out in this document and, if relevant, the Provisional Allotment Letter. In cases where Overseas Shareholders do not take up Nil Paid Rights, their entitlements will be sold if possible in accordance with the provisions of paragraph 2.3.1 above.

Qualifying Shareholders who have registered addresses in or who are resident in, or who are citizens of, all countries other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their rights.

If you are in any doubt as to your eligibility to accept the offer of New Shares or to deal with Nil Paid Rights or Fully Paid Rights, you should contact your appropriate professional adviser immediately.

2.5.15 Other Overseas Shareholders

Qualifying Shareholders who are located in other overseas territories should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their Nil Paid Rights.

2.5.16 Waiver

The provisions of this paragraph 2.5 and of any other terms of the Rights Issue relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company in its absolute discretion. Subject to this, the provisions of this paragraph 2.5 supersede any terms of the Rights Issue inconsistent herewith. References in this paragraph 2.5 to Shareholders shall include references to the person or persons executing a Provisional Allotment Letter and, in the event of more than one person executing a Provisional Allotment Letter, the provisions of this paragraph 2.5 shall apply to them jointly and to each of them.

2.6 Representations and warranties relating to Shareholders

Qualifying Certificated Shareholders

Any person accepting and/or renouncing a Provisional Allotment Letter or requesting registration of the New Shares comprised therein represents and warrants to the Company and the Underwriters that, except where proof has been provided to the

Company's satisfaction that such person's use of the Provisional Allotment Letter will not result in the contravention of any applicable regulatory or legal requirement in any jurisdiction:

- (a) such person is not accepting and/or renouncing the Provisional Allotment Letter, or requesting registration of the relevant New Shares, from within the United States or any Excluded Territory;
- (b) such person is not in any territory in which it is unlawful to make or accept an offer to subscribe for New Shares or to use the Provisional Allotment Letter in any manner in which such person has used or will use it;
- (c) such person is not acting on a non-discretionary basis on behalf of, or for the account or benefit of, a person located within the United States, any Excluded Territory or any territory referred to in paragraph (b) above at the time the instruction to accept or renounce was given unless, (i) the instruction to accept was received from a person outside the United States, and (ii) the person giving such instruction has confirmed that: (A) it has the authority to give such instruction, and (B) either (I) has investment discretion over such account or (II) is an investment company that is acquiring the New Shares in an "offshore transaction" within the meaning of Regulation S; and
- (d) such person is not acquiring Nil Paid Rights, Fully Paid Rights or New Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Nil Paid Rights, Fully Paid Rights or New Shares into the United States or any Excluded Territory or any territory referred to in paragraph (b) above.

The Company may treat as invalid any acceptance or purported acceptance of the allotment of New Shares comprised in, or renunciation or purported renunciation of, a Provisional Allotment Letter if it (i) appears to the Company to have been executed in or despatched from the United States, any Excluded Territory or otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it believes the same may violate any applicable legal or regulatory requirement; (ii) provides an address in the United States or any Excluded Territory (or any jurisdiction outside the United Kingdom in which it would be unlawful to deliver share certificates or sales advice); or (iii) purports to exclude the warranty required by this paragraph 2.6.

Qualifying CREST Shareholders

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part III represents and warrants to the Company and the Underwriters that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable regulatory or legal requirement in any jurisdiction,

- (a) they are not within the United States or any Excluded Territory;
- (b) they are not in any territory in which it is unlawful to make or accept an offer to subscribe for New Shares;
- (c) they are not accepting on a non-discretionary basis for, on behalf of, or for the account or benefit of, a person located within the United States, any Excluded Territory or any territory referred to in paragraph (b) above at the time the instruction to accept was given unless, (i) the instruction to accept was received from a person outside the United States, and (ii) the person giving such instruction has confirmed that: (A) it has the authority to give such instruction, and (B) either (I) has investment discretion over such account or (II) is an investment company that is acquiring the New Shares in an "offshore transaction" within the meaning of Regulation S; and
- (d) they are not acquiring Nil Paid Rights, Fully Paid Rights or New Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Nil Paid Rights, Fully Paid Rights or New Shares into the United

States or any Excluded Territory or any territory referred to in paragraph (b) above.

2.7 Times and dates

The Company shall, in its discretion and after consultation with its financial and legal advisers, be entitled to amend the dates that Provisional Allotment Letters are despatched or dealings in Nil Paid Rights commence or amend or extend the latest date for acceptance under the Rights Issue and all related dates set out in this document and in such circumstances shall notify the FCA, and make an announcement via a Regulatory Information Service approved by the FCA. **In the event such an announcement is made, Qualifying Shareholders may not receive any further written communication in respect of such amendment or extension of the dates included in this document.**

If a supplementary prospectus is issued by the Company two or fewer business days prior to the latest time and date for acceptance and payment in full under the Rights Issue specified in this document (or such later date as may be agreed between the Company and the Joint Global Co-ordinators), the latest date for acceptance under the Rights Issue shall be extended to the date that is three business days after the date of issue of the supplementary prospectus (and the dates and times of principal events due to take place following such date shall be extended accordingly).

2.8 Governing law

The terms and conditions of the Rights Issue as set out in this document and the Provisional Allotment Letter and any non-contractual obligations arising out of or in relation to the Rights Issue shall be governed by, and construed in accordance with, English law.

2.9 Jurisdiction

The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Rights Issue, this document or the Provisional Allotment Letter and any non-contractual obligations arising out of or in connection with them.

By taking up or dealing with rights under the Rights Issue and/or by trading in Nil Paid or Fully Paid Rights in accordance with the instructions set out in this document and, in the case of Qualifying Certificated Shareholders, the Provisional Allotment Letter, Shareholders, transferees or renounees irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

PART IV BUSINESS OVERVIEW OF THE GROUP

Overview

National Grid's principal operations (its core regulated businesses) are the ownership and operation of electricity transmission and distribution infrastructure in the United Kingdom and electricity transmission and gas and electricity distribution infrastructure in the United States. National Grid also has interests in related markets, including electricity interconnectors, liquefied natural gas (LNG) storage and regasification, large-scale renewable generation, conventional generation and competitive transmission. As at 31 March 2024, National Grid had 31,425 employees across the United Kingdom and United States.

In 2021, National Grid announced a renewed strategic focus on electricity, culminating in a number of significant transactions, including: (i) in June 2021, the acquisition of Western Power Distribution plc, the United Kingdom's largest electricity distribution network operator (now National Grid Electricity Distribution plc); (ii) the sale of its Rhode Island gas and electricity distribution business in May 2022; and (iii) the sale of a majority interest (60 per cent.) in its UK Gas Transmission and Metering Business in January 2023 (now National Gas Transmission plc), and in March 2024 the sale of a further 20 per cent. interest in that business. These transactions have shifted National Grid's portfolio of assets from approximately 60 per cent. electricity and 40 per cent. gas in 2021 to approximately 75 per cent. electricity and 25 per cent. gas in 2024.

In 2023, National Grid created a Strategic Infrastructure business unit to deliver electricity transmission projects awarded to the Group under Ofgem's ASTI framework, facilitating the connection of more clean, low-carbon power to the transmission network. These projects, along with other investment programmes, are expected to require National Grid to materially increase its annual level of capital investment over the next decade compared to current levels.

The performance of National Grid's businesses is reported by segment, reflecting the management responsibilities and economic characteristics of each activity. The Group's business segments are:

- *UK electricity transmission*, through which the Group owns, operates and delivers critical regulated electricity transmission infrastructure across England and Wales, and includes the Strategic Infrastructure business unit;
- *UK electricity distribution*, through which the Group owns and operates the United Kingdom's largest regulated electricity distribution business;
- *UK electricity system operator (ESO)*, the regulated electricity system operator for Great Britain;
- *New England*, through which the Group owns and operates regulated electricity transmission facilities and distribution networks across Massachusetts, New Hampshire and Vermont and regulated gas distribution networks in Massachusetts;
- *New York*, through which the Group owns and operates regulated electricity transmission facilities and distribution networks in upstate New York, as well as regulated gas distribution networks in upstate New York, New York City and on Long Island;
- *National Grid Ventures*, comprising the Group's diverse portfolio of energy businesses complementary to its core regulated businesses; and
- *Other*, comprising activities that do not form part of the Group's core regulated businesses or National Grid Ventures, including the National Grid Partners and UK property businesses, insurance and other corporate activities.

In 2022, the United Kingdom government announced that the ESO will become part of an ISOP public body. At the end of October 2023, the implementing legislation, the Energy Act, received Royal Assent. The ISOP will have a critical role in delivering strategic, whole system energy planning and oversight as National Grid and other industry participants continue to invest in and transform the UK's energy infrastructure. National Grid is working closely with the Department for Energy Security and Net Zero (DESNZ) and Ofgem to plan and prepare for the implementation of this separation plan. It is currently expected that the new National Energy System Operator will launch in calendar year 2024 as an independent, public corporation responsible for planning Britain's electricity and gas networks and operating the electricity system.

The following table sets out National Grid's revenue, operating profit and underlying operating profit from continuing operations for each business segment for the years ended 31 March 2024, 2023 and 2022.

	Year ended 31 March								
	2024			2023			2022		
	Revenue ⁽¹⁾	Operating Profit	Underlying Operating Profit	Revenue ⁽¹⁾	Operating Profit	Underlying Operating Profit	Revenue ⁽¹⁾	Operating Profit	Underlying Operating Profit
	(£ millions)								
UK ET	2,735	1,674	1,314	1,987	993	1,107	2,035	1,055	1,152
UK ED	1,795	975	1,152	2,045	1,069	1,230	1,482	909	887
ESO	3,788	382	80	4,690	237	31	3,455	5	54
New England	3,948	641	802	4,427	1,132	819	4,550	764	886
New York	6,094	362	1,016	6,994	541	874	5,561	1,095	706
NGV	1,389	558	469	1,341	957	490	1,024	283	286
Other	244	(117)	(60)	317	(50)	31	381	260	21
Total — continuing operations	<u>19,993</u>	<u>4,475</u>	<u>4,773</u>	<u>21,801</u>	<u>4,879</u>	<u>4,582</u>	<u>18,488</u>	<u>4,371</u>	<u>3,992</u>

Note:

(1) Including sales between segments, see note 2(a) to the consolidated financial statements of the Group for the year ended 31 March 2024.

Further information about each of these business segments and other operations is set out below.

Vision, strategy and objectives

National Grid's vision is to be at the heart of a clean, fair and affordable energy future.

- **Clean:** Play a critical role in tackling climate change, leading the way to net zero;
- **Fair:** Enable the energy transition for all, making sure that no one gets left behind; and
- **Affordable:** Facilitate access to essential energy for all.

This vision reflects the Group's purpose—"to bring energy to life"—and is supported by its articulated values, which are to:

- **Do the right thing:** stand up for safety every day; put National Grid's customers first; be inclusive, supporting and caring for each other; and speak up, challenge and act where something doesn't feel right;
- **Find a better way:** take personal ownership for delivering results; be bold and act with passion and purpose; focus on progress over perfection; and follow the problem through to the end; and
- **Make it happen:** embrace the power and opportunity of diversity; increase efficiency to help with customer affordability; work with others to find solutions for customers; commit to learning and new ideas.

History

National Grid originated from the restructuring of the UK electricity industry in 1990.

In 1990, the transmission activities of the Central Electricity Generating Board were transferred to National Grid Company plc, which was owned by the regional electricity companies (created when the electricity market in the United Kingdom was privatised) through a holding company, National Grid Group plc. In 1995, shares in National Grid Group plc were listed on the London Stock Exchange. Within a year, most of the regional electricity companies had disposed of their interests.

National Grid Group plc entered the US electricity delivery market in 2000 in New England, acquiring New England Electric System and Eastern Utilities Associates, and expanded into upstate New York in 2002 with the acquisition of Niagara Mohawk Holdings, Inc.

In 2002, National Grid completed a recommended merger with Lattice Group plc, the owner of the UK gas transmission and distribution business Transco. Following the closing of the merger, National Grid

Group plc was renamed National Grid Transco plc and in 2005 it changed its name to National Grid plc.

In 2005, National Grid sold four of its eight UK regional gas distribution networks for £5.8 billion. In 2006 and 2007, National Grid continued its growth in the United States, with the acquisitions of the gas distribution network in Rhode Island and KeySpan Corporation, the fifth largest distributor of gas in the United States. The acquisition of these two natural gas delivery companies doubled the size of the Group's American operations, creating the second largest utility in the United States by customer numbers, with over eight million customers.

In 2012, National Grid completed the sale of its New Hampshire electric and gas distribution businesses. Between 2017 and 2019, the Group sold the remainder of its UK gas distribution business to Cadent Gas and it acquired Geronimo Energy (now National Grid Renewables).

In 2021, National Grid announced a renewed strategic focus on electricity, subsequently completing the acquisition of Western Power Distribution plc in 2021 (renamed National Grid Electricity Distribution), the sale of its Rhode Island business in May 2022 and the sale of a 60 per cent. interest in its UK Gas Transmission and Metering Business (now National Gas Transmission) to a consortium of infrastructure investors (which includes, amongst others, Macquarie Asset Management and British Columbia Investment Management Corporation) (the "**Consortium**") in January 2023 and a further 20 per cent. interest in that business in March 2024. Additionally, there is an option agreement in place for the sale of the last remaining 20 per cent., which can be exercised by the Consortium between 1 May 2024 and 31 July 2024.

In 2023, National Grid established its Strategic Infrastructure business unit to deliver electricity transmission projects under Ofgem's ASTI framework.

Organisational structure

The Company is the ultimate holding company of the Group.

The Company's principal subsidiaries are:

- **National Grid Electricity Transmission plc** ("**NGET**"), which operates its UK ET business, including the Strategic Infrastructure business unit;
- **National Grid Electricity Distribution plc** ("**NGED**"), which owns its UK ED business through four contiguous licensed distribution subsidiaries: National Grid Electricity Distribution (East Midlands) plc, National Grid Electricity Distribution (West Midlands) plc, National Grid Electricity Distribution (South West) plc and National Grid Electricity Distribution (South Wales) plc;
- **National Grid North America Inc.** ("**NGNA**"), the top holding company in the Group's corporate structure in the United States. NGNA acts as a treasury, finance and holding company; and
- **National Grid USA** ("**NGUSA**"), the holding company for National Grid's US electricity transmission, distribution and generation and gas distribution businesses. NGUSA's assets primarily consist of shares of the US public utility companies owned by the Group. Its more significant US subsidiary companies include Niagara Mohawk Power Corporation ("**NMPC**"), The Brooklyn Union Gas Company ("**KEDNY**") and KeySpan Gas East Corporation ("**KEDLI**") in New York and Boston Gas Company ("**Boston Gas**"), Massachusetts Electric Company ("**MECO**") and New England Power Company ("**NEP**") in Massachusetts.

Business activities

United Kingdom

UK Electricity Transmission (UK ET)

National Grid, through NGET, owns and operates the high-voltage electricity transmission system in England and Wales. National Grid's UK ET business had a total of 2,888 employees as at 31 March 2024.

UK ET derives the majority of its turnover and profits from charges for services provided by its transmission business to, *inter alia*, generators, distributors, suppliers and directly-connected customers.

National Grid, through NGET, is the holder of an electricity transmission licence under the Electricity Act 1989 (the “**Electricity Act**”). This licence permits it to own electricity transmission assets onshore in England and Wales. As the onshore electricity transmission asset owner, National Grid:

- (i) owns and maintains assets comprising high-voltage overhead lines, underground cables and substations;
- (ii) develops the network to accommodate new connections and disconnections; and
- (iii) manages a programme of asset replacement and investment to ensure the long-term reliability of the system.

Revenue from charges for using the transmission network is controlled by revenue restriction conditions set out in the transmission licence as stipulated by Ofgem. This revenue restriction, known as a price control, takes into account, among other factors, allowed and actual levels of operating expenditure, capital expenditure, cost of capital and tax. The current price control framework is referred to as RIIO-T2 (revenue = incentives + innovations + output), which covers the five-year period to March 2026. This price control framework allows for adjustments to reflect external demand for network outputs, and includes incentive mechanisms that can increase or decrease National Grid’s revenue to reflect performance against various measures. The price control framework also takes into account a number of ‘pass through’ elements, such as non-domestic rates and the fees payable by NGET to the Gas and Electricity Markets Authority (“**GEMA**”) under the licence.

See Part V (*Regulatory Environment*) for further details on RIIO-T2 and NGET’s regulatory environment.

Strategic Infrastructure

On 1 April 2023, National Grid established its Strategic Infrastructure business unit to deliver electricity transmission projects through Ofgem’s ASTI framework, which aims to connect 50 GW of offshore wind generation by 2030. While the results of the Strategic Infrastructure business unit are reported under the UK ET segment (because it operates pursuant to the same transmission licence), it is managed as a separate business unit.

Delivery of the ASTI projects, alongside other investments, is expected to require National Grid to significantly increase its annual UK ET capital investment over the next decade. This is expected to represent the largest transmission network growth in the United Kingdom in more than 50 years, with the aim of progressing towards net zero, whilst delivering lower consumer bills and boosting home-grown renewable energy generation. The Strategic Infrastructure business unit focuses on overcoming the key challenges of planning, consenting and supply chain to ensure National Grid is able to deliver the infrastructure required for its transition to net zero.

Following extensive engagement with Ofgem and the DESNZ, the UK Government has asked National Grid to deliver 17 major projects to connect low-carbon power to the electricity transmission network. The following table sets out an overview of ASTI projects awarded to National Grid (and, where relevant, project partners).

Type	Project description	Earliest in-service date
Offshore mature schemes	Eastern Green Link 1 (Torness to Hawthorn Pit)	2027
	Eastern Green Link 2 (Peterhead to Drax)	2029
Offshore mid-stage schemes	Eastern Green Link 3 (Peterhead to Walpole)	2031
	Eastern Green Link 4 (Westfield/Fife to Walpole)	2031
	SEA Link, South & East Anglia Link	2030
Onshore mature schemes	Yorkshire GREEN	2027
	Bramford to Twinstead	2028
Onshore mid-stage schemes	North East Anglia Green	2030
	South East Anglia Green	2030
	Humber Trent Green	2031
	Lincolnshire Green	2031
	Chesterfield to Ratcliffe-on-Soar	3032
Upgrades to existing assets	Brinsworth to Chesterfield	2027
	Hackney, Tottenham & Waltham	2027
	Tilbury to Grain & Tilbury Kingsnorth	2028
	Pentir to Trawsfynydd	2029
	North Wales	2029
Onshore	Lincolnshire to Hertfordshire	2033

UK Electricity Distribution (UK ED)

National Grid, through NGED, is the United Kingdom's largest electricity distribution network operator ("DNO"), serving the East and West Midlands, South West and Wales. Through this business segment, National Grid owns and operates the power lines and infrastructure that connect transmission networks, and converts high-voltage electricity to lower voltage for delivery to individual consumers. National Grid's UK ED business had a total of 6,882 employees as at 31 March 2024.

National Grid's UK ED business operates through four contiguous licensed distribution subsidiaries:

- **National Grid Electricity Distribution (East Midlands) plc:** Covers urban areas such as Nottingham, Derby, Northampton, and Leicester, as well as surrounding rural communities.
- **National Grid Electricity Distribution (West Midlands) plc:** Covers areas extending from Bristol to Staffordshire in the north and from the M6 motorway to the Welsh border.
- **National Grid Electricity Distribution (South West) plc:** Covers areas extending from Bristol and Bath to Land's End, and to the Isles of Scilly.
- **National Grid Electricity Distribution (South Wales) plc:** Covers areas across South Wales serving areas such as Cardiff, Swansea and Newport.

National Grid's customers are primarily domestic and industrial consumers who purchase electricity from electricity suppliers, who in turn pay for use of National Grid's networks. Customer costs are regulated and based on an agreed allowance, and form part of the bill to customers from the electricity suppliers.

National Grid, through NGED, is licensed under the Electricity Act and operates under the RIIO-ED2 price control framework, covering the five-year period from April 2023 to March 2028.

See Part V (*Regulatory Environment*) for further details on the RIIO-ED2 framework and NGED's regulatory environment.

UK electricity system operator (ESO)

The Group currently acts as the electricity system operator for Great Britain. On 1 April 2019, National Grid completed the legal separation of the ESO with the sale to a separate company within the National Grid Group, National Grid System Operator Limited, which holds the ESO licence. This entity is responsible for ensuring that supply and demand of electricity is balanced in real time across Great Britain. It is also the counterparty for all connection and use of system agreements with generators, suppliers, distributors and interconnector owners and users. It levies charges to fund balancing activities and transmission services. While National Grid is currently the ESO for the Scottish networks, it does not own these assets in the way that it does in England and Wales. To ensure appropriate ring-fencing between itself and the rest of the Group, National Grid System Operator Limited is set up as a separate legal entity that is governed by its own board of directors including five independent non-executive directors.

On 6 April 2022, the UK Government announced that the entirety of ESO will become part of the ISOP, following the future system operator consultation. Pursuant to the Energy Act 2023, which received Royal Assent in October 2023, the ISOP will take on a number of key roles in electricity and gas in Great Britain. National Grid is working closely with the DESNZ and Ofgem to plan and prepare for the implementation of the separation, which is expected to come into effect in calendar year 2024.

United States

Overview

National Grid owns and operates electric and natural gas transmission and distribution businesses in the north-eastern US as well as LNG storage and transportation facilities. Its operations are organised into two jurisdictional business segments, New England and New York, underpinned by a centralised customer organisation, including billing and collections, with a centralised stakeholder engagement function.

In the north-eastern US, electricity supply is transported either directly from generators or independent suppliers into local electricity distribution networks or via electricity transmission networks, while natural gas is obtained from importation terminals, natural gas producers or independent suppliers transported on natural gas transmission pipelines and then transported through local natural gas distribution (“LDC”) networks.

National Grid's energy delivery networks in the United States are authorised and governed by a mixture of statutory authority, legislative charters, tariff provisions and municipal grants and agreements (for example, franchise agreements) all of which allow National Grid to locate and operate its businesses within and across public ways, within privately owned land acquired in fee or by grants of perpetual easements and transmission and sub-transmission substation networks principally located on properties that are owned in fee.

See Part V (*Regulatory Environment*) for further details on the US regulatory environment.

Electricity transmission and distribution

In the United States, electricity transmission and distribution networks, including those owned by National Grid, are members of regional transmission organisations (“RTO”) or independent system operators (“ISO”). National Grid's transmission and distribution networks are members of the New England and New York ISOs which are responsible for: (i) operating organised wholesale markets for energy, operating reserves and capacity; (ii) maintaining the operating reliability of the New England and New York transmission networks; (iii) co-ordinating the activities of the transmission owners; and (iv) managing the transparent transmission expansion planning processes.

National Grid purchases electricity through the New York ISO and New England ISO day-ahead and spot markets for transmission and distribution to those customers who are purchasing an energy

commodity from National Grid. It also supplements its ISO purchases with electricity purchased under various bilateral power purchase contracts directly with generators.

National Grid’s US electricity transmission system and distribution system spans across upstate New York, Massachusetts and New Hampshire located within rights-of-way corridors that traverse both public and private property. It also owns and operates various transmission interconnectors including underground cable between New England and Canada.

Natural gas distribution

National Grid’s LDC networks span across portions of New York and Massachusetts.

LDCs are responsible for balancing natural gas supply with demand within their respective distribution areas. They purchase natural gas under long and short-term firm contracts, as well as on the spot market from domestic and Canadian supply basin gas producers and gas transporters, and then transport this natural gas under long-term contracts with interstate pipeline companies and into state regulated utilities’ natural gas distribution networks for delivery to customers. In addition, the LDCs manage gas assets, such as natural gas transportation and storage capacity to ensure that commodity supply is adequate for delivery to customers, and may elect to supplement gas from the interstate pipeline system with LNG and propane facilities in a number of locations where it is cost effective to do so.

Business units

New England

National Grid’s New England business unit comprises regulated electricity transmission facilities and distribution networks across Massachusetts, New Hampshire and Vermont, as well as its regulated gas distribution networks in Massachusetts. National Grid’s New England business unit had a total of 6,838 employees as at 31 March 2024. The following table sets out the public utility subsidiaries comprising its New England business unit.

Business Unit	Company	Location	Principal operations
New England	MECO	Massachusetts	Electricity distribution
	Nantucket Electric	Massachusetts	Electricity distribution
	Boston Gas	Massachusetts	Natural gas distribution
	NEP	New England	Electricity transmission
	New England Hydro-Transmission Electric Company, Inc. (“ Mass Hydro ”) ⁽¹⁾	Massachusetts	Electricity transmission
	New England Electric Transmission Corporation (“ NEET ”) ⁽²⁾	Massachusetts & New Hampshire	Electricity transmission
	New England Hydro-Transmission Corporation (“ NH Hydro ”) ⁽³⁾	New Hampshire	Electricity transmission

Notes:

- (1) Mass Hydro, in which NGNA indirectly holds 54 per cent. of the common stock, owns and operates an alternating current/ direct current terminal and related facilities for the second phase of the Interconnection and 12 miles of high-voltage direct current transmission line in Massachusetts.
- (2) NEET, in which NGNA indirectly holds 100 per cent. of the common stock, owns and operates a portion of the first phase of the Hydro-Quebec and New England interconnection (the “Interconnection”), consisting of six miles of high-voltage direct current transmission line and related facilities in New Hampshire.
- (3) NH Hydro, in which NGNA indirectly holds 54 per cent. of the common stock, owns and operates approximately 116 miles of high-voltage direct current transmission line in New Hampshire for the second phase of the Interconnection, extending to the Massachusetts border.

New York

National Grid's New York business unit comprises regulated electricity transmission facilities and distribution networks in upstate New York, as well as regulated gas distribution networks located in service territories in upstate New York, New York City and in Long Island. National Grid's New York business unit had a total of 7,310 employees as at 31 March 2024. The following table sets out the public utility subsidiaries comprising its New York business unit.

Business Unit	Company	Location	Principal operations
New York	NMPC	New York (upstate)	Electricity transmission and distribution; natural gas distribution
	KEDNY	New York (downstate)	Natural gas distribution
	KEDLI	New York (downstate)	Natural gas distribution

National Grid Ventures (NGV)

NGV operates separately from National Grid's core regulated business units and is focused on investment in a broad range of energy businesses that operate in competitive markets across the United Kingdom and the United States, with the primary objective of accelerating the development of a clean energy future. Across these activities, NGV's activities are subject to regulatory environments and oversight distinct from National Grid's core regulated businesses, although certain activities are subject to significant regulatory oversight in the jurisdictions where NGV operates. For example, NGV's global portfolio includes electricity interconnectors (which are regulated by Ofgem), LNG storage and regasification, large-scale renewable generation, regulated conventional generation and competitive transmission.

NGV develops and operates interconnectors, which are high-voltage subsea cables that enable the United Kingdom to share excess electricity, such as wind, solar and hydro generation, with neighbouring markets. NGV operates six interconnectors in the United Kingdom, connecting Great Britain with the Netherlands, Belgium, Norway, Denmark and two connections to France, with sufficient capacity to provide electricity to power approximately 6.5 million homes annually.

In January 2024, NGV signed a 10-year extension to its Grain LNG import terminal, one of just three LNG terminals in the United Kingdom and the largest in Europe. This facility delivers the highest standards of performance for customers, playing an important role in ensuring secure energy supply in the United Kingdom. In the United States, National Grid imports LNG from several countries and also owns and operates LNG storage facilities in various locations across the north-eastern US.

In the United States, NGV owns and operates fossil-fuel powered units electricity generation facilities on Long Island providing power to the Long Island Power Authority (LIPA). Also on Long Island, it operates modern solar and battery storage projects with NextEra Energy Resources. Through its National Grid Renewables business, NGV has also made a number of further investments in the US in large-scale renewable energy projects, including wind, solar and battery storage.

As described in Part I (*Letter from the Chair of National Grid plc*), the Group's intention is to sell Grain LNG as well as National Grid Renewables. The focus for NGV going forward will be interconnectors (including Offshore Hybrid Assets, a new asset type) in the United Kingdom and competitive electricity transmission projects in the United States.

National Grid's NGV business segment had a total of 1,548 employees as at 31 March 2024.

Other

National Grid's other activities that do not form part of its core regulated businesses or NGV, primarily relate to its UK property business together with insurance and corporate activities in the United Kingdom and the United States, as well as the Group's investments in technology and innovation companies, through National Grid Partners.

National Grid Partners was established in 2018 as the venture corporate investment and innovation arm of National Grid that focuses on investment and future activities in emerging growth areas. In FY24, National Grid invested more than \$50 million in new start-ups, including four new portfolio

companies and 12 follow-on rounds. It now invests in 46 companies and four limited partner investments in strategic venture funds, and more than 70 per cent. of startups in the National Grid Partners portfolio have engagements with National Grid business units, which helps the Group and other critical infrastructure companies ensure their capital spending generates the highest strategic value, including planning for net zero. Based in California, National Grid Partners' mission is to identify disruptive technology and new business models. National Grid Partners also supports connecting disruptive innovation more tightly with the Group's overall corporate growth strategy. Incorporated within National Grid Partners' overall mission are corporate venture capital and incubation functions that make and manage investments in financially attractive and complementary start-up organisations at the intersection of energy and emerging tech, launching new businesses from scratch, business development, and infusing an entrepreneurial culture into National Grid.

Competition

The principal markets in which National Grid operates are the electricity markets in Great Britain and the electricity and gas markets in New York and New England in the United States. The supply of electricity and gas in the United Kingdom and in most states in which National Grid operates in the north-eastern US is competitive in that consumers can choose their energy supplier. Those suppliers are then responsible for sourcing that energy from electricity generators or from gas extractors or importers as appropriate, as well as arranging for that energy to be delivered through physical delivery networks. These networks, including the ones operated by National Grid, are generally regulated monopolies in their local areas as, for the majority of consumers, there are no alternative methods of receiving electricity or gas. In the United Kingdom, National Grid's electricity transmission business NGET operates as a regulated monopoly.

Energy delivery in the United Kingdom

In general, in the United Kingdom, energy is transported through electricity or gas transmission networks to regional electricity or gas distribution networks that then deliver energy to consumers on behalf of suppliers. Certain end users, primarily large industrial consumers, receive electricity or gas directly from the relevant transmission network.

National Grid is the owner and operator of the high-voltage electricity transmission network in England and Wales and the owner and operator of the electricity distribution networks for the Midlands, the South West and South Wales, making it the largest distribution network operator group in the United Kingdom. National Grid charges electricity suppliers, electricity generators and shippers for the services that it provides, and the suppliers in turn invoice consumers and businesses, including the costs of transmission and distribution.

The other principal infrastructure owners and operators in the United Kingdom are UK Power Networks which owns three electricity distribution networks, Scottish & Southern Electricity Networks (part of SSE PLC), Scottish Power Energy Networks (part of Iberdrola) and Electricity North West. Scottish & Southern Energy Electricity Networks and Scottish Power Energy Networks also each own an electricity transmission network in Scotland. The gas distribution networks in Scotland and southeast England are owned by Scotia Gas Networks, in the Midlands and Eastern England by Cadent, in the north of England by Northern Gas Networks and in Wales and the west of England by Wales & West Utilities.

Energy delivery in the north-eastern United States

In most of National Grid's operating areas in north-eastern US, electricity supply is transported either directly from generators or independent suppliers into local electricity distribution networks or via electricity transmission networks similar to the ones owned and operated by National Grid, while natural gas is obtained from importation terminals, natural gas producers or independent suppliers transported on natural gas transmission pipelines and then transported through local natural gas distribution networks referred to as LDCs.

The utility industry has undergone significant change as market forces moved towards replacing or supplementing rate regulation through the introduction of competition regarding the supply of electricity and natural gas commodity to public utility customers. In most states in the north-eastern US, including those states where National Grid owns and operates energy delivery networks, customers are able to purchase their energy commodities either from the local public utilities

(i.e., purchaser of last resort or “POLR”) or through independent energy suppliers or marketers participating in regulatory sanctioned state “customer retail choice” or “retail unbundling” type programmes. National Grid has taken a leadership position by advocating a well-managed energy delivery system as the key to enabling robust, competitive electricity markets that offer customers choice, savings and other benefits and supports regulatory approved retail choice initiatives/unbundling programmes. However, while a number of larger commercial customers have chosen to receive their energy commodity needs from independent energy suppliers, the majority of residential and small commercial customers still purchase their energy commodity from National Grid as the designated POLR under the applicable state public service laws regulating public utilities. If a customer opts to purchase energy commodities from an independent energy supplier, those suppliers are then responsible for sourcing that energy commodity from electricity generators or from natural gas extractors or importers as appropriate, as well as arranging for energy to be delivered through physical energy delivery networks such as those owned and operated by a regulated public utility in the service territory.

Electricity transmission and distribution networks, including the ones National Grid owns, are members of the RTO or ISO that have the responsibility for balancing electricity supply with demand and for the reliability of the regional transmission network. Gas distribution networks, including the ones National Grid owns, are each responsible for balancing gas supply with demand within their respective distribution areas. There are more than 25 companies and organisations that own or operate energy delivery infrastructure in the north-eastern US, including Consolidated Edison, NSTAR, Iberdrola and Northeast Utilities.

In addition to competitive market forces driving competition described above, regulators in the jurisdictions where National Grid operates have introduced targets in relation to climate change, which require the Group to reduce its own carbon emissions and greenhouse gas emissions as well as initiatives enabling customers to reduce energy use and reliance on fossil fuels.

Significant investment will continue to be required to meet National Grid’s regulatory obligations in the coming years, and regulators (including state regulators in the US) continue to strongly support current recovery of power supply costs, which are necessary to support these investments. National Grid continues to collaborate with regulators, policy makers, and customers to advance the development of the competitive electricity marketplace.

In addition, the state regulators in those states where National Grid and its subsidiaries operate energy delivery networks actively continue to promote and explore ways to reform the energy industry and regulatory practices, and drive regulatory change intended to promote increases in energy efficiency and tackling climate change through the delivery of US net zero targets for National Grid’s own emissions by 2050 to achieve a climate resilient future consistent and aligned with National Grid’s publication of its new clean energy vision. Some of the policy initiatives include development of smart grid technologies, more efficient use of the transmission and distribution power grids, lower line losses, greater use of renewables and the provision of information to utilities and their customers that will lead to greater investment in transmission, energy efficiency, reduced peak load demands and renewable generation.

Regulatory asset value and rate base

Across National Grid’s regulated businesses, the primary revenue driver is a return based on the value of regulated assets. In the United Kingdom, the regulatory asset value (“RAV”) is defined as the value ascribed by Ofgem to the capital employed in the relevant licensed business. It is formed of an estimate of initial market value of the asset base at privatisation, plus subsequent allowed additions at historical cost, less depreciation. It is indexed to UK CPIH to adjust for inflation. In the United States the rate base is not indexed to inflation, but is defined as base investment on which the utility is authorised to earn a cash return. It includes the original cost of facilities, minus depreciation, an allowance for working capital and other accounts. The RAVs for each of National Grid’s UK regulated entities are shown in the table below, along with the percentage that entity comprises of National Grid’s total UK RAV. For regulated US entities, the total rate base was \$31,679 million as of 31 March 2024, as set out in Part V (*Regulatory Environment—Regulatory Filings—Summary of US price controls and rate plans as at 31 March 2024*).

	<u>Date of Value</u>	<u>Value</u> (£ millions)	<u>Percentage</u>
UK RAV			
UK Electricity Transmission	31/03/2024	18,462	61
UK Electricity Distribution	31/03/2024	11,469	38
UK Electricity System Operator	31/03/2024	425	1
Total National Grid UK RAV	<u>31/03/2024</u>	<u>30,356</u>	<u>100</u>

Employees

National Grid had 31,425 employees in the United Kingdom and the United States as at 31 March 2024.

Management believes the Group’s employees are essential to its ability to meet its regulatory requirements and effectively deliver on its vision. National Grid reviews gender and ethnicity pay gaps annually and are reported one year in arrears. In the United Kingdom, the Group remains an accredited Living Wage Foundation employer, which demonstrates that it aims to exceed the Living Wage requirements, including by voluntarily paying trainees the Living Wage. National Grid undertakes a Living Wage review each year to ensure continued alignment. In the United States, National Grid pays colleagues above the statutory minimum.

National Grid engages and consults regularly with its employees to make sure they are up-to-date on the Group’s performance, plans and priorities and to create a dialogue to raise questions or concerns.

National Grid’s employee resource groups support the Group’s aspirations by providing support, opportunities and development for colleagues as well as delivering events and awareness campaigns throughout the year. In 2023, National Grid was recognised for numerous industry best practices, including being named in The Times “Top 50 Employers for Gender Equality”, the 2023 “Top 25 organisations in the APPG Maturity Matrix for ethnicity investment in the workplace”, “Top 50 Employers for Social Mobility” by the Social Mobility Foundation, and the “Equality 100 Award” by the Human Rights Campaign for LGBTQ+ workplace inclusion.

In FY24, approximately 19,754 (63 per cent.) of National Grid’s employees were covered by a trade union recognition agreement. In the United Kingdom, National Grid has a collective bargaining agreement with four recognised trade unions covering its staff grades, and this is the formal mechanism for consultation and negotiation on a range of matters, including pay and terms and conditions of employment. In the United States, the Company commits to collective bargaining with 22 unions, setting out terms and conditions of employment for represented employees, where neither party may deviate from the terms of the collective bargaining agreement, except in extraordinary circumstance. It is the policy of National Grid that none of its employees be denied the right to exercise freedom of association or collective bargaining. There have been no material disruptions to National Grid’s operations from labour disputes during the past three years.

Intellectual property

National Grid protects its intellectual property through a combination of trademark registrations, domain name registrations, copyright and trade secrets, as well as contractual provisions and restrictions on access to and use of National Grid’s proprietary information.

National Grid has proprietary rights in bespoke information technology applications and systems that have been developed by or for the Group for operating its business, and holds registered domain names for all of the key websites that it uses in its business. National Grid also licenses technology, software, and other content from third parties for managing aspects of its business, including accounting and invoicing functions, and elements of its websites and applications.

Legal proceedings and investigations

National Grid has and may in the future become involved in, from time to time, claims and lawsuits arising in the ordinary course of its business. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which National Grid is aware) during the 12 months preceding the date of this document, which may have, or have had in the recent past significant effects on National Grid’s financial position or profitability.

Please refer to paragraph 14 of Part XII (*Additional Information*).

PART V REGULATORY ENVIRONMENT

Overview

National Grid operates in a highly regulated environment, which means that good relationships with economic and safety regulators, in addition to its other stakeholders, are essential because they set the frameworks within which its businesses operate.

Due to National Grid's position in, and importance to, the economies that the Group serves, its electricity transmission and electricity and gas distribution businesses are subject to UK and US federal and state laws and regulations. Therefore, National Grid has multiple regulators, each of which exercises power over how members of the Group operate within their respective jurisdictions.

In the United Kingdom, energy networks are regulated by Ofgem. Ofgem operates under the direction and governance of GEMA and has established price control mechanisms that restrict the amount of revenue that can be earned by regulated businesses. National Grid's UK electricity transmission and distribution businesses are subject to regulation of their revenues (otherwise known as price controls) under their respective transmission licences. National Grid has three price controls in the United Kingdom, covering its roles as Transmission Owner ("TO") and System Operator ("SO") in electricity, and its electricity distribution activities. These price controls provide a financial incentive to operate and invest efficiently, as National Grid receives a return on efficiently incurred capital expenditure that increases its regulatory asset value, and also provide incentives by which the Group can gain or lose for its performance in managing system operation, in controlling internal costs, and for service quality.

In the United States, certain public utilities are regulated by the Federal Energy Regulatory Commission (the "FERC") (in particular in relation to interstate transmission and wholesale electricity sales) and by utility commissions in each of the states, including the New York Public Service Commission and the Massachusetts Department of Public Utilities. These US regulators set service standards, determine allowable levels of return and usually approve mergers and acquisitions of public utilities. The FERC also regulates public utility holding companies, including the US business of National Grid.

National Grid has two electricity rate plans and five sets of gas rates in the United States, covering its electricity distribution operations in upstate New York and Massachusetts and its gas distribution networks in upstate New York, New York City, Long Island and two in Massachusetts. National Grid's electricity rate plan in upstate New York also covers its electricity transmission network in that state. National Grid's rates for its electricity transmission network in New England are subject to federal regulatory approval by FERC.

National Grid's rate plans are based on its cost and regulatory asset base, together with a return on capital expenditure. Some rate plans include earned savings mechanisms that allow National Grid to retain a proportion of the savings achieved through improving efficiency, with the balance benefiting customers. National Grid is also permitted to recover commodity and other pass-through costs which it incurs, together with the recovery of stranded costs. Stranded cost recoveries represent the recovery of historical generation related costs for assets that are no longer owned. National Grid's reliability performance under certain rate plans is subject to performance targets established by the relevant regulator, under which National Grid can be subject to monetary penalties for failing to meet those targets.

United Kingdom

National Grid's licences to participate in transmission, distribution and interconnection activities are established under the Electricity Act 1989, as amended (the "**Electricity Act**"). The Electricity Act requires National Grid to develop, maintain and operate economic and efficient networks and to facilitate competition in the supply of electricity in Great Britain. The Electricity Act also gives National Grid certain statutory powers, including the right to bury its pipes or cables under public highways and the ability to use compulsory powers to purchase land to enable the conduct of its business.

National Grid's licensed activities are regulated by Ofgem, which has a statutory duty under the Electricity Act to protect the interests of consumers. To protect consumers from the ability of companies to set unduly high prices, Ofgem has established price controls that limit the amount of revenue such regulated businesses can earn. In setting price controls, Ofgem must consider the need of licence holders to finance their obligations under the Electricity Act, ensuring a level of revenue for

the duration of the price control sufficient for National Grid to meet its statutory duties and licence obligations with a reasonable return on its investments. Licensees and other affected parties can appeal price controls or within period licence modifications which have errors, including in respect of financeability.

National Grid's UK ET, UK ED and ESO businesses operate under three separate price controls, which cover its roles as TO and SO in electricity, and its electricity distribution activities. UK ET fulfils the TO function for electricity, the ESO fulfils the SO function for electricity and UK ED fulfils electricity distribution activities.

The transmission and distribution businesses follow the RIIO (revenue = incentives + innovation + outputs) framework ("**RIIO**") established by Ofgem. There are multiple price controls under this framework, including:

- RIIO-T1 (electricity transmission, April 2013–March 2021) ("**RIIO-T1**");
- RIIO-T2 (electricity transmission, April 2021–March 2026) ("**RIIO-T2**");
- RIIO-ED1 (electricity distribution, April 2015–March 2023) ("**RIIO-ED1**"); and
- RIIO-ED2 (electricity distribution, April 2023–March 2028) ("**RIIO-ED2**").

DNOs in the United Kingdom are natural monopolies and to ensure value for money for consumers UK ED is regulated by Ofgem. The operations are regulated under the distribution licence which sets the requirements that UK ED needs to deliver for its customers. In addition to the base level of revenue which the DNOs are allowed to earn, there are incentives to innovate and deliver various outputs relating to customer service, network performance, the environment, connections and efficiency. The achievement or not of targets in relation to these activities can result in rewards or penalties.

Since 1 April 2019, the ESO has been a legally separate business within the Group. This means it operates under its own licence and has a separate set of regulatory arrangements, along with strict ringfences for information. In addition to these three regulated network price controls, there is also a tariff cap and floor price control applied to the regulation of National Grid's electricity interconnector interests.

RIIO price controls

Under RIIO, the outputs National Grid delivers are explicitly articulated and allowed revenues are directly linked to their delivery, although some outputs and deliverables have only a reputational impact or are linked to legislation. Outputs and deliverables are determined through an extensive consultation process with stakeholders, providing stakeholders a greater opportunity to influence decisions.

Using information National Grid has submitted, along with independent assessments, Ofgem determines the efficient level of expected costs necessary for these deliverables to be achieved. Under RIIO this is known as 'totex', which is a component of total allowable expenditure and is broadly the sum of what was defined in previous price controls as operating expenditure (opex) and capital expenditure (capex).

A number of assumptions are necessary in setting allowances for the outputs that National Grid will deliver, including the volumes of work that will be needed and the price of the various external inputs required to achieve them. Consequently, there are a number of uncertainty mechanisms within the RIIO framework designed to protect consumers and network companies by avoiding the need to set allowances when future needs and costs are uncertain.

Where National Grid under- or over-spends the allowed totex for reasons that are not covered by uncertainty mechanisms, there is a 'sharing' factor. This means it shares the under- or over-spend with customers through an adjustment to allowed revenues in future years. This sharing factor provides an incentive for National Grid to provide the outputs efficiently, as it is able to keep a portion of savings it makes, with the remainder benefitting its customers. Likewise, it provides a level of protection for National Grid if it needs to spend more than allowances. Alongside this, there are several specific areas where companies can submit further claims for new allowances within the period, for instance to enable net zero.

Allowed revenue to fund totex costs is split between RIIO ‘fast’ and ‘slow’ money categories using specified ratios that are fixed for the duration of the price control. Fast money represents the amount of totex National Grid is able to recover in the year of expenditure. Slow money is added to RAV, which is effectively a regulatory IOU.

RIIO-ED1 price control

From 1 April 2015, Ofgem set an eight-year electricity price control (known as RIIO-ED1). UK ED submitted an outputs-based business plan for the RIIO-ED1 period (2015–2023), which was accepted by Ofgem as “well justified” and could therefore “fast-track” all four UK ED licensed areas. UK ED’s modified licences took effect from 1 April 2015 until 31 March 2023.

Regulation of UK ED: RIIO-ED2

RIIO-ED2, covering the period 1 April 2023 to 31 March 2028, is the second price control to be set under the RIIO model.

National Grid’s RIIO-ED2 business plan was co-created with its stakeholders through a comprehensive consultation process and has been designed to deliver on four crucial outcomes for its customers: affordability, sustainability, connectability and vulnerability.

The following table sets out the key parameters of Ofgem’s RIIO-ED2 determination for UK ED:

<u>Key Parameters</u>	<u>UK ED</u>
Allowed Return on Equity (“RoE”) ⁽¹⁾	5.28% to 5.59% (real, relative to UK CPIH) at 60% gearing
Allowed debt funding	Calculated and updated each year using 17-year trailing average of iBoxx Utilities 10+ year index, plus 25bps additional cost of borrowing, 55bps calibration adjustments, plus 6bps infrequent issuer premium for West Midlands, South Wales and South West
Depreciation of RAV	Straight-line 45-year depreciation
Notional gearing	60%
Split between fast/slow money	Capitalisation rate 1 slow money: 77% to 79% Capitalisation rate 2 slow money: 85%
Sharing factor	50%
Core baseline totex (cumulative of five years of RIIO-ED2)	£5.9 billion

Note:

(1) The cost of equity in RIIO-ED2 is subject to annual adjustments that are calculated using the Capital Asset Pricing Model, through indexation of the ‘risk-free rate’ parameter. The range shown above is Ofgem’s estimate of the allowed RoE over the five years of RIIO-ED2, as updated in the RIIO-ED2 Price Control Financial Model published in December 2023.

Regulation of UK ET: RIIO-T2

The RIIO-T2 price control started on 1 April 2021 and builds on the framework established for RIIO-T1. RIIO-T2 introduces a range of new mechanisms to facilitate the transition to net zero, continues support for innovation, incentivises National Grid to deliver outputs and service quality with ambitious targets aligned to its customers’ and stakeholders’ requirements and increases the opportunity to secure new funding within the price control period. The Independent User Group (“IUG”) includes a cross-section of the energy industry and represents the interests of consumers, environmental and public interest groups, as well as large-scale and small-scale customers. It was established in July 2018 to ensure stakeholders are at the heart of National Grid’s decision-making processes and its plan is fully reflective of customers’, consumers’ and other stakeholders’ requirements. The IUG has an enduring role in RIIO-T2 with three key focus areas:

- scrutinise and challenge the periodic business plans;

- monitor, interrogate and help the business to enhance transparency of performance against commitments; and
- act as a ‘critical friend’ for strategy, culture and processes in key areas such as stakeholder engagement, innovation, customers, consumers and responsible business.

The following table sets out the key parameters of Ofgem’s RIIO-ED2 determination for UK ET:

Key Parameters	UK ET
ROE ⁽¹⁾	4.25% to 5.20% (real, relative to UK CPIH), at 55% gearing (4.52% to 5.59% at 60% gearing)
Allowed debt funding	Calculated and updated each year using an extending ‘trombone-like’ trailing average of iBoxx Utilities 10+ year index (increases from 10 years for 2021/22 to 14 years for 2025/26), plus 25bps additional borrowing costs
Depreciation of RAV	No change in policy: straight line over 45 years for post-2021 RAV additions, with pre-2021 RAV additions as per RIIO-T1
Notional gearing	55%
Split between fast/slow money	Fast: RIIO-T2 baseline 22%; RIIO-T2 uncertainty mechanisms 15% Slow: RIIO-T2 baseline 78%; TO uncertainty mechanisms 85%
Sharing factor	33%
Core baseline totex (cumulative of five years of RIIO-T2)	£5.8 billion

Note:

(1) The cost of equity in RIIO-T2 is subject to annual adjustments that are calculated using the Capital Asset Pricing Model, through indexation of the ‘risk-free rate’ parameter. The range shown above is Ofgem’s estimate of the allowed RoE over the five years of RIIO-T2, as updated in the RIIO-T2 Price Control Financial Model published in January 2024.

Regulation of ESO: RIIO-2

A primary goal of ESO legal separation in April 2019 was to increase transparency of the Group’s activities and help minimise any perceived conflicts of interest with the ESO as part of the Group. More recently, the UK Government has committed to the creation of a Future System Operator as part of the Energy Act 2023, which will be at the heart of Great Britain’s energy system and the delivery of net zero. This new organisation will be known as National Energy System Operator, and current planning assumptions are for the National Energy System Operator to be separated from the Group in the second half of calendar year 2024.

Due to its unique role within industry, the ESO has a bespoke regulatory framework, with the five-year RIIO-2 period being split into a number of smaller business plan periods. ESO’s second business plan, based on stakeholder feedback, and which sets out the ESO’s mission, ambitions and planned activities was approved in March 2023. This second ESO business plan period runs between 1 April 2023 and 31 March 2025. The ESO’s funding uses a pass-through mechanism (where all efficiently incurred costs can be recovered through regulated revenues), and the ESO has the flexibility to deviate from its published plans, delivering additional activities where there is an opportunity to benefit consumers. The RIIO-2 regulatory framework includes a return on RAV but also provides additional non-RAV funding for roles and risks that are not linked to an asset base.

There is no totex incentive mechanism for the ESO in RIIO-2, which means that the ESO has greater flexibility to adjust spending in order to deliver its ambitious business plan and maximise consumer benefit. ESO performance continues to be assessed via an evaluative incentive approach and the value has been set for the business plan 2 period as a total maximum reward of £30 million and maximum penalty of £12 million for the two-year period. As part of this incentive scheme, a

“Performance Panel” of industry stakeholders scores the ESO on its performance, informing the reward or penalty awarded by Ofgem at the end of the two-year business plan 2 period.

Regulation of interconnectors

Interconnectors primarily derive their revenues from sales of capacity to users who wish to move power between market areas with different prices. Under UK legislation, interconnection businesses must be separate from the transmission businesses. There is a range of different regulatory models available for interconnector projects. These involve various levels of regulatory intervention, ranging from fully merchant (where the project is fully reliant on sales of interconnector capacity) to cap and floor.

The cap and floor regime is now the regulated route for interconnector investment in Great Britain and may be sought by project developers who do not qualify for, or do not wish to apply for, exemptions from UK and European legislation which would facilitate a merchant development.

Offshore Hybrid Assets combine interconnection with offshore wind. Ofgem has established a pilot scheme and is developing the regulatory regime for these assets.

United States

In the United States, public utilities’ retail transactions are regulated by state utility commissions, which serve as economic regulators, approving cost recovery and authorised rates of return. The state commissions establish the retail rates to recover the cost of transmission and distribution services within their respective jurisdictions. They also serve the public interest by ensuring utilities provide safe and reliable services at just and reasonable prices. The commissions establish service standards and approve public utility mergers and acquisitions. State commissions are also asked to approve a variety of programmes and costs related to state energy and climate goals. At the federal level, the FERC regulates wholesale transactions for utilities, such as interstate transmission and wholesale electricity sales, including rates for these services. The FERC also regulates public utility holding companies and centralised service companies, including those of National Grid’s US businesses.

The US regulatory regime is premised on allowing the utility the opportunity to recover its cost of service and earn a reasonable return on its investments as determined by each commission. Utilities submit formal rate filings (rate cases) to the relevant state regulator when additional revenues are necessary to provide safe, reliable service to customers. Utilities can be compelled to file a rate case either due to complaints filed with the commission or at the commission’s own discretion.

The rate case is sometimes negotiated with parties representing customers and other interests. The utility is required to prove that the requested rate change is just and reasonable, and the requested rate plan can span multiple years. In the states where National Grid operates, a rate case proceeding can take nine to 13 months for the commission to render a final decision, although, in some instances, rules allow for longer negotiation periods which may extend the length of the rate case proceeding. Unlike the state processes, the FERC has no specified timeline for adjudicating a rate case; typically it makes a final decision effective retroactively when the case is complete.

Gas and electricity rates are established from a revenue requirement, or cost of service, equal to the utility’s total cost of providing distribution or delivery service to its customers, as approved by the commission in the rate case. This revenue requirement includes operating expenses, depreciation, taxes and a fair and reasonable return on shareholder capital invested in certain components of the utility’s regulated asset base. This is typically referred to as its rate base.

The final revenue requirement and rates for service are approved in the rate case decision. The revenue requirement is derived from a comprehensive study of the utility’s total costs during a representative 12-month period of operations, referred to as a test year. Each commission has its own rules and standards for adjustments to the test year. These may include forecast capital investments and operating costs.

Rate plans

Each operating company has a set of rates for service. National Grid has three electric operating companies: NMPC, with operations in upstate New York, and MECO and Nantucket Electric, with operations in Massachusetts. National Grid also has four gas distribution operating companies: NMPC, with operations in upstate New York, KEDNY and KEDLI, with operations in

downstate New York, and Boston Gas, with operations in Massachusetts. National Grid's distribution operating companies have revenue decoupling mechanisms that de-link the companies' revenues from the quantity of energy delivered and billed to customers. These mechanisms remove the natural disincentive utility companies have for promoting and encouraging customer participation in energy efficiency programmes that lower energy end-use and distribution volumes.

National Grid bills its customers for their use of electricity and gas services. Customer bills typically cover the cost of electricity or gas delivered, and charges covering its delivery service. National Grid's customers are allowed to select an unregulated competitive supplier for the commodity component of electricity and gas utility services. A substantial proportion of National Grid's costs, in particular electricity and gas commodity purchases, are 'pass-through' costs fully recoverable from its customers. National Grid recovers 'pass-through' costs through making separate charges to customers, designed to recover those costs with no profit. National Grid adjusts rates from time to time, often annually, to make sure that any over- or under-recovery of these costs is returned to, or recovered from, its customers.

National Grid's rate plans are designed to produce a specific allowed RoE, by reference to an allowed operating expense level and rate base. Some rate plans include earnings sharing mechanisms that allow National Grid to retain a proportion of the earnings above the allowed RoE it achieves through improving efficiency, with the balance benefiting customers.

In addition, National Grid's performance under certain rate plans is subject to service performance targets. National Grid may be subject to monetary penalties in cases where it does not meet those targets.

National Grid's FERC-regulated transmission companies (NMPC and NEP) use formula rates (instead of periodic stated rate cases) to set rates annually that recover their cost of service. Through the use of annual true-ups, formula rates recover National Grid's actual costs incurred and the allowed RoE based on the actual transmission rate base each year. National Grid must make annual formula rate filings documenting the revenue requirement that customers can review and challenge.

Revenue for National Grid's wholesale transmission businesses in New England and New York is collected from wholesale transmission customers. These are typically other utilities and include National Grid's own New England electricity distribution businesses. With the exception of upstate New York, which continues to combine retail transmission and distribution rates to end-use customers, these wholesale transmission costs are incurred by distribution utilities on behalf of their customers. They are fully recovered as a pass-through from end-use customers, as approved by each state commission.

National Grid's Long Island generation plants sell capacity to LIPA under 15-year and 25-year power supply agreements and within wholesale tariffs approved by FERC. Through the use of cost-based formula rates, these long-term contracts provide a similar economic effect to cost-of-service rate regulation.

One measure used to monitor the performance of National Grid's regulated businesses is a comparison of achieved RoE to allowed RoE. However, this measure cannot be used in isolation, as several factors may prevent National Grid from achieving the allowed RoE. These include financial market conditions, regulatory lag (e.g. the time period after a rate or expense is approved for recovery but before we collect the same from customers) and decisions by the regulator preventing cost recovery in rates from customers.

National Grid works to increase achieved RoE through:

- productivity improvements;
- positive performance against incentives or earned savings mechanisms, such as available energy-efficiency programmes; and
- filing a new rate case when achieved returns are lower than those National Grid could reasonably expect to attain through a new rate case.

Regulatory filings

The objectives of National Grid's rate case filings are to make sure that National Grid has the right cost of service with the ability to earn a fair and reasonable rate of return, while providing a safe,

reliable and affordable service to National Grid’s customers. In order to achieve these objectives and to reduce regulatory lag, National Grid has been successful in obtaining structural changes to its rate plans, such as revenue decoupling mechanisms, capital trackers, commodity-related bad debt true ups, pension and other post-employment benefit true ups, separately from base rates, and performance-based frameworks such as incentives and multi-year plans. The following chart provides a summary of National Grid’s rate plans as at 31 March 2024.

Summary of US price controls and rate plans as at 31 March 2024

		2020	2021	2022	2023	2024	2025	2026	Rate base (31 Mar 2024)	Equity-to-debt ratio	Allowed Return on Equity	Achieved Return on Equity (31 Mar 2024)	Revenue decoupling ^f	Capital tracker ^g	Commodity-related bad debt true-up ^h	Pension/OPEB true-up ⁱ
NYPSC	Niagara Mohawk ^{1,5} (upstate, electricity)		◆			◆	◆		\$8,317m	48:52	9.0%	8.1%	✓	P	P	✓
	Niagara Mohawk (upstate, gas)		◆			◆	◆		\$1,765m	48:52	9.0%	6.0%	✓	P	P	✓
	KEDNY (downstate) ^{2,6}	◆			◆	◆			\$6,454m	48:52	8.8%	8.9%	P	P	P	✓
	KEDLI (downstate) ³	◆			◆	◆			\$4,149m	48:52	8.8%	9.7%	P	P	P	✓
Massachusetts Department of Public Utilities	Massachusetts Electric/Nantucket Electric ⁵					◆	◆		\$3,541m	53:47	9.6%	7.6%	✓	P	✓	✓
	Massachusetts Gas ⁵		◆						\$4,758m	53:47	9.7%	9.2%	✓	P	P	✓
Federal Energy Regulatory Commission	Canadian Interconnector/Other ⁴					◆	◆		\$48m	65:35	11.1%	11.1%	n/a	✓	n/a	✓
	New England Power					◆	◆		\$2,645m	60:40	10.6%	11.1%	n/a	✓	n/a	✓

1. Both transmission and distribution, excluding stranded costs.
 2. KeySpan Energy Delivery New York (the Brooklyn Union Gas Company).
 3. KeySpan Energy Delivery Long Island (KeySpan Gas East Corporation).
 4. Equity ratio and Return on Equity values are for the Canadian Interconnector only.
 5. The chart shows the anticipated date rates are to be in effect.
 6. National Grid, Department of Public Service Staff, and other settling parties filed a Joint Proposal for a three-year rate plan beginning 1 April 2024 and ending 31 March 2027. The settlement was filed on 9 April 2024 with an agreed upon 9.35% return on equity. A final decision from the NYPSC is expected later this year.

+ Rate filing made
● New rates effective
◆ Rate plan ends
--- Rates continue indefinitely
— Multi-year rate plan

✓ Feature in place
P Feature partially in place

†Revenue decoupling

A mechanism that removes the link between a utility’s revenue and sales volume so that the utility is indifferent to changes in usage. Revenues are reconciled to a revenue target, with differences billed or credited to customers. This allows the utility to support energy efficiency.

\$Commodity-related bad debt true-up

A mechanism that allows a utility to reconcile commodity-related bad debt either to actual commodity-related bad debt or to a specified commodity-related bad debt write-off percentage. For electricity utilities, this mechanism also includes working capital.

‡Capital tracker

A mechanism that allows the recovery of the revenue requirement of incremental capital investment above that embedded in base rates, including depreciation and a return on the incremental investment.

◊Pension/OPEB true-up

A mechanism that reconciles the actual non-capitalised costs of pension and other post-employment benefits (OPEB) and the actual amount recovered in base rates. The difference may be amortised and recovered over a period or deferred for a future rate case.

The following is a summary of significant, recent developments in rate filings and the regulatory environment:

- A joint proposal setting forth a three-year rate plan for KEDNY and KEDLI was approved by the New York State Public Service Commission (“**NYPSC**”) in August 2021.
- A joint proposal, setting forth a three-year rate plan for Niagara Mohawk, was approved by the NYPSC in January 2022.

In November 2023, National Grid filed a petition for an increase in electric base distribution rates for MECO and Nantucket Electric with the Massachusetts Department of Public Utilities (“**MADPU**”). The MADPU has suspended the effective date of the proposed rate increase until 1 October 2024, in order to investigate National Grid’s proposal. The proposed overall increase to distribution revenues is approximately \$131.62 million, which represents an approximately 12.7 per cent. increase in distribution revenue. The filing also includes a proposed Comprehensive Performance and Investment Plan that seeks to (i) implement a five-year performance-based ratemaking mechanism for operation and maintenance costs only, which would allow the adjustment of base distribution rates on an annual basis through the application of a revenue-cap mathematical formula; and (ii) implement an Infrastructure, Safety, Reliability and Electrification reconciling mechanism to recover investments in core capital projects necessary to provide safe and reliable electric distribution service to customers.

On 30 September 2021, the MADPU issued an order in Boston Gas Company’s most recent rate case. The MADPU decision: (1) allowed an increase in base revenues of \$144.86 million, as

compared with the request for \$220.74 million; (2) authorised an RoE of 9.70 per cent., raised from the previous RoE of 9.5 per cent.; (3) authorised a capital structure of 53.44 per cent. equity and 46.56 per cent. debt; and (4) allowed for recovery of the costs of 133 new, incremental full-time employees. The decision also approved the Boston Gas Company's proposed five-year performance-based ratemaking plan which adjusts distribution rates annually based on a predetermined formula. Boston Gas Company had also presented its Future of Heat proposals to address Massachusetts' ambitious greenhouse gas emissions reduction goals.

KEDNY and KEDLI filed rate cases with the NYPSC on 28 April 2023 seeking to update allowed revenues to reflect the Group's cost of service more closely, while maintaining affordable energy for customers. A joint proposal setting forth a three-year rate plan for KEDNY and KEDLI was filed with the NYPSC on 9 April 2024 setting forth overall annual revenue requirement increases, including \$444 million for KEDNY and \$246.5 million for KEDLI for the year ending on 31 March 2025. The joint proposal reflects \$1.57 billion in capital investments for KEDNY and KEDLI in the first rate year to modernise KEDNY and KEDLI's gas infrastructure to implement safety improvements, enhance reliability and resilience, replace ageing and leak-prone facilities, and reduce methane emissions.

Regulatory Audit

Under the various state and federal laws, the regulators are permitted to conduct periodic routine audits of various aspects of public utility's activities (e.g., staffing, operations data management etc.). National Grid is subject to these regulatory operational audits on a regular basis.

PART VI
OPERATING AND FINANCIAL REVIEW OF THE GROUP

This Part VI should be read in conjunction with National Grid's consolidated financial information set out in Part VII (*Financial Information of the Group*) and its audited consolidated financial statements for the years ended 31 March 2024, 2023 and 2022, which are incorporated by reference into this document as described in Part XIII (*Documentation Incorporated by Reference*).

The information comprising National Grid's operating and financial review for the year ended 31 March 2024 compared to the year ended 31 March 2023 can be found on pages 60 to 73 of Annual Report and Accounts 2023/24, which is incorporated by reference into this document as described in Part XIII (*Documentation Incorporated by Reference*). The information comprising National Grid's operating and financial review for the year ended 31 March 2023 compared to the year ended 31 March 2022 can be found on pages 257 to 258 of Annual Report and Accounts 2023/24, which is incorporated by reference into this document as described in Part XIII (*Documentation Incorporated by Reference*).

PART VII
FINANCIAL INFORMATION OF THE GROUP

Financial information relating to National Grid as at and for the years ended 31 March 2024, 2023 and 2022 is incorporated into this document by reference to National Grid's Annual Report and Accounts for each of the years ended 31 March 2024, 2023 and 2022, as described in Part XIII (*Documentation Incorporated by Reference*) of this document.

The independent auditor's reports in respect of the financial information for each of the years ended 31 March 2024, 2023 and 2022 are unqualified. Investors should read the whole of this document and the documents incorporated herein by reference and should not rely solely on the financial information set out in this Part VII.

The tables below set out selected Group audited financial information as at and for the years ended at 31 March 2024, 2023 and 2022. The data as at and for the three years ended 31 March 2024, 2023 and 2022 has been extracted without material adjustment from, and should be read together with, the relevant financial statements included in, and incorporated by reference into, this document except where otherwise indicated.

Consolidated Income Statement

	For the year ended 31 March		
	2024	2023	2022
	(£ millions)		
Continuing operations			
Revenue	19,850	21,659	18,449
Provision for bad and doubtful debts	(179)	(220)	(167)
Other operating costs ⁽¹⁾	(15,208)	(17,549)	(14,139)
Other operating income ⁽¹⁾	12	989	228
Operating profit	4,475	4,879	4,371
Finance income	248	138	50
Finance costs	(1,712)	(1,598)	(1,072)
Share of post-tax results of joint ventures and associates	37	171	92
Profit before tax	3,048	3,590	3,441
Tax	(831)	(876)	(1,258)
Profit after tax from continuing operations	2,217	2,714	2,183
Profit after tax from discontinued operations	74	5,083	171
Total profit for the year (continuing and discontinued)	2,291	7,797	2,354
Attributable to:			
Equity shareholders of the parent	2,290	7,797	2,353
Non-controlling interests from continuing operations	1	—	1
Earnings per share (pence)			
Basic earnings per share (continuing)	60.0	74.2	60.6
Diluted earnings per share (continuing)	59.7	73.8	60.3
Basic earnings per share (continuing and discontinued)	62.0	213.1	65.4
Diluted earnings per share (continuing and discontinued)	61.7	212.1	65.0

Note:

(1) "Other operating income/costs" of £(13,911) million, as presented in the Group's audited results for the year ended 31 March 2022, has been re-presented on an unaudited (comparative) basis, as presented in the Group's audited results for the year ended 31 March 2023, to disclose other operating income separately from other operating costs.

Consolidated Statement of Financial Position

	As at 31 March		
	2024	2023	2022
	(£ millions)		
<i>Non-current assets</i>			
Goodwill	9,729	9,847	9,532
Other intangible assets	3,431	3,604	3,272
Property, plant and equipment	68,907	64,433	57,532
Other non-current assets	848	620 ⁽¹⁾	303
Pension assets	2,407	2,645	3,885
Financial and other investments	880	859	830
Investments in joint ventures and associates	1,420	1,300	1,238
Derivative financial assets	324	276	305
Total non-current assets	87,946	83,584	76,897
<i>Current assets</i>			
Inventories and current intangible assets	828	876	511
Trade and other receivables	3,415	3,830 ⁽¹⁾	3,715
Current tax assets	11	43	106
Financial and other investments	3,699	2,605	3,145
Derivative financial assets	44	153	282
Cash and cash equivalents	559	163	204
Assets held for sale	1,823	1,443	10,000
Total current assets	10,379	9,113	17,963
Total assets	98,325	92,697	94,860
<i>Current liabilities</i>			
Borrowings	(4,859)	(2,955)	(12,121)
Derivative financial liabilities	(335)	(222)	(144)
Trade and other payables	(4,076)	(5,068)	(4,915)
Contract liabilities	(127)	(252)	(130)
Current tax liabilities	(220)	(236)	(32)
Provisions	(298)	(288)	(240)
Liabilities held for sale	(1,474)	(109)	(7,188)
Total current liabilities	(11,389)	(9,130)	(24,770)
<i>Non-current liabilities</i>			
Borrowings	(42,213)	(40,030)	(33,344)
Derivative financial liabilities	(909)	(1,071)	(869)
Other non-current liabilities	(880)	(921)	(805)
Contract liabilities	(2,119)	(1,754)	(1,342)
Deferred tax liabilities	(7,519)	(7,181)	(6,765)
Pensions and other post-retirement benefit obligations	(593)	(694)	(810)
Provisions	(2,811)	(2,354)	(2,299)
Total non-current liabilities	(57,044)	(54,005)	(46,234)
Total liabilities	(68,433)	(63,135)	(71,004)
Net assets	29,892	29,562	23,856
<i>Equity</i>			
Share capital	493	488	485
Share premium account	1,298	1,302	1,300
Retained earnings	32,066	31,608	26,611
Other equity reserves	(3,990)	(3,860)	(4,563)
Total shareholders' equity	29,867	29,538	23,833
Non-controlling interests	25	24	23
Total equity	29,892	29,562	23,856

Note:

(1) In FY24, the Group revised its policy in relation to the classification of capital expenditure prepayments between current and non-current in order to align these to the operating cycles of the underlying assets to which they relate. Accordingly, comparative amounts have been re-presented to reflect this change (see notes 14 and 19). See notes 14 and 19 to the consolidated financial statements of the Group for the year ended 31 March 2024.

Consolidated Cash Flow Statement

	For the year ended 31 March		
	2024	2023	2022
	(£ millions)		
<i>Cash flows from operating activities</i>			
Total operating profit from continuing operations	4,475	4,879	4,371
Adjustments for:			
Exceptional items and remeasurements	987	(585)	(558)
Other fair value movements	(16)	21	(65)
Depreciation, amortisation and impairment	2,061	1,984	1,830
Share-based payments	37	48	38
Changes in working capital	(49)	286	361
Changes in provisions	(154)	23	140
Changes in pensions and other post-retirement benefit obligations	31	(46)	(76)
Cash flows relating to exceptional items	(91)	(178)	(253)
Cash generated from operations—continuing operations	7,281	6,432	5,788
Tax paid	(342)	(89)	(298)
Net cash inflow from operating activities—continuing operations	6,939	6,343	5,490
Net cash inflow from operating activities—discontinued operations	—	555	782
<i>Cash flows from investing activities</i>			
Purchases of intangible assets	(549)	(567)	(446)
Purchases of property, plant and equipment	(6,904)	(6,325)	(5,098)
Disposals of property, plant and equipment	52	87	26
Investments in joint ventures and associates	(332)	(443)	(265)
Dividends received from joint ventures, associates and other investments	176	190	166
Acquisition of National Grid Electricity Distribution ⁽¹⁾	—	—	(7,837)
Disposal of interest in the UK Gas Transmission business ⁽²⁾	681	4,027	—
Disposal of interest in The Narragansett Electric Company ⁽²⁾	—	2,968	—
Disposal of interest in Millennium Pipeline Company LLC	—	497	—
Disposal of interest in St William Homes LLP	—	—	413
Disposal of financial and other investments	102	116	215
Acquisition of financial investments	(81)	(95)	(197)
Contributions to National Grid Renewables and Emerald Energy Venture LLC	(19)	(19)	(16)
Net movements in short-term financial investments	(1,141)	586	(781)
Interest received	148	65	40
Cash inflows on derivatives	123	—	17
Cash outflows on derivatives	—	(362)	(122)
Cash flows from exceptional items	143	79	—
Net cash flow (used in)/from investing activities—continuing operations	(7,601)	804	(13,885)
Net cash flow from/(used in) investing activities—discontinued operations	102	(564)	(125)
<i>Cash flows from financing activities</i>			
Proceeds from issue of treasury shares	20	16	33
Transactions in own shares	(4)	1	(3)
Proceeds received from loans	5,563	11,908	12,347
Repayment of loans	(1,701)	(15,260)	(1,261)
Payments of lease liabilities	(118)	(155)	(117)
Net movements in short-term borrowings	544	(511)	(11)
Cash inflows on derivatives	86	190	20
Cash outflows on derivatives	(58)	(118)	(114)
Interest paid	(1,627)	(1,430)	(1,053)
Dividends paid to shareholders	(1,718)	(1,607)	(922)
Net cash flow from/(used in) financing activities—continuing operations	987	(6,966)	8,919
Net cash flow used in financing activities—discontinued operations	—	(207)	(1,150)
Net increase/(decrease) in cash and cash equivalents	427	(35)	31
Reclassification to held for sale	(30)	9	(11)
Exchange movements	(1)	7	5
Cash and cash equivalents at start of year	163	182	157
Cash and cash equivalents at end of year	559	163	182

Notes:

(1) Balance consists of cash consideration paid and cash acquired from NGED.

(2) The balance for the year ended 31 March 2023 consists of cash proceeds received, net of cash disposed.

Certain Alternative Performance Measures

The following table reconciles Underlying and Adjusted Operating Profit, Profit After Tax and Earnings Per Share to their respective statutory measures for each of the periods presented.

	For the year ended 31 March ⁽¹⁾								
	Operating Profit ⁽¹⁾			Profit after tax ⁽¹⁾			Earnings per share ⁽¹⁾		
	2024	2023	2022	2024	2023	2022	2024	2023	2022
	(£ millions)						(pence)		
Statutory results	4,475	4,879	4,371	2,217	2,714	2,183	60.0	74.2	60.6
Exceptional items	1,011	(935)	(166)	852	(619)	320	23.1	(16.9)	8.9
Remeasurements	(24)	350	(392)	32	240	(292)	0.9	6.5	(8.1)
Adjusted results	5,462	4,294	3,813	3,101	2,335	2,211	84.0	63.8	61.4
Timing ⁽²⁾	(915)	30	16	(688)	26	19	(18.6)	0.7	0.5
Deferred tax ⁽²⁾⁽³⁾	—	—	—	302	178	133	8.2	4.8	3.7
Major storm costs ⁽²⁾	226	258	163	165	188	121	4.4	5.2	3.4
Underlying results⁽²⁾⁽³⁾	4,773	4,582	3,992	2,880	2,727	2,484	78.0	74.5	69.0

Notes:

- (1) From continuing operations.
- (2) These items have been extracted without material adjustment from the Group's "Other unaudited financial information" as set out in its financial statements for the years ended 31 March 2024, 2023 and 2022. The Group discloses "adjusted results", which exclude exceptional items and remeasurements, and "underlying results", which further take account of: (i) volumetric and other revenue timing differences arising from regulatory contracts; (ii) major storm costs that are recoverable in future periods where these are in excess of \$100 million (in aggregate) in the financial year; and (iii) the impact of deferred tax on underlying results in its UK ET and UK ED segments.
- (3) Underlying results for the years ended 31 March 2023 and 2022 have been restated to exclude deferred tax amounts in respect of the Group's UK ET and UK ED segments, in line with the presentation in the annual report and accounts of the Group for the year ended 31 March 2024 and are presented on an unaudited basis.

For further details regarding National Grid's alternative performance measures, see pages 242 to 256 of the Annual Reports and Accounts 2023/24 incorporated by reference into this document.

**PART VIII
CAPITALISATION AND INDEBTEDNESS**

The following table shows the consolidated capitalisation and indebtedness of National Grid as at 31 March 2024. The capitalisation table has been extracted, without material adjustment, from the audited financial statements for the year ended 31 March 2024 and the indebtedness table has been extracted, without material adjustment, from the accounting records underlying the audited financial statements for the year ended 31 March 2024 which are incorporated by reference into this document as set out in Part XIII (*Documentation Incorporated by Reference*) of this document.

The following table shows the capitalisation of the Group as at 31 March 2024:

	As at 31 March 2024
	<i>(£ millions)</i>
Shareholders' equity	
Share capital	493
Share premium	1,298
Retained earnings	32,066
Other equity reserves ⁽¹⁾	<u>(3,990)</u>
Total shareholders' equity	<u><u>29,867</u></u>

Note:

(1) Other equity reserves includes the translation reserve of £971 million, cash flow hedging reserve of £94 million, cost of hedging reserve of £(18) million, FVOCI debt reserve of £109 million, capital redemption reserve of £19 million, and merger reserve of £(5,165) million

The following table sets out financial indebtedness of the Group as at 31 March 2024:

	As at 31 March 2024
	<i>(£ millions)</i>
Total current debt⁽¹⁾	<u>4,859</u>
Total non-current debt⁽¹⁾	<u>42,213</u>
Total gross indebtedness	<u><u>47,072</u></u>

Note:

(1) Unsecured.

The following table sets out the net financial indebtedness of the Group as at 31 March 2024:

	As at 31 March 2024
	<i>(£ millions)</i>
Cash ⁽¹⁾	259
Cash equivalents ⁽¹⁾	300
Current financial and other investments ⁽²⁾	<u>3,699</u>
Liquidity	4,258
Net current derivative financial instruments ⁽³⁾	(231)
Current bank debt	(460)
Current bonds	(2,841)
Other current financial debt ⁽⁴⁾	<u>(1,558)</u>
Current financial indebtedness	<u>(4,859)</u>
Net current financial indebtedness	(832)
Net non-current derivative financial instruments ⁽⁵⁾	(562)
Non-current bank loans	(2,434)
Non-current bonds	(39,114)
Other non-current financial debt ⁽⁶⁾	<u>(665)</u>
Non-current financial indebtedness	<u>(42,213)</u>
Net financial indebtedness	<u>(43,607)</u>

Notes:

- (1) Included within cash and cash equivalents are restricted balances of £11 million.
- (2) Current financial and other investments comprise FVTPL investments of £3,084 million (principally comprising short-term money funds) and financial assets at amortised cost of £615 million (principally comprising collateral posted with counterparties). Included within the total are restricted balances of £1,428 million, representing cash and investments within National Grid's captive insurance companies and collateral posted with counterparties.
- (3) Net current derivative financial instruments comprises assets of £18 million and liabilities of £249 million.
- (4) Other current financial debt comprises commercial paper of £1,444 million and lease liabilities of £114 million.
- (5) Net non-current derivative financial instruments comprises assets of £315 million and liabilities of £877 million.
- (6) Other non-current financial debt comprises lease liabilities of £665 million.

Future capital expenditure (contracted but not provided) is detailed in note 30 to the consolidated accounts of National Grid for the year ended 31 March 2024 which is incorporated by reference into this document as described in Part XIII (*Documentation Incorporated by Reference*).

PART IX
UNAUDITED PRO FORMA FINANCIAL INFORMATION

Section A—Unaudited Pro Forma Financial Information

The unaudited pro forma statement of net assets (the “**Unaudited Pro Forma Financial Information**”) has been prepared on the basis set out below to show the effect of the Rights Issue on the Group’s net assets as at 31 March 2024 as if the Rights Issue had taken place at that date.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and illustrates the impact of the Rights Issue on the Group’s net assets as if it had been undertaken at 31 March 2024. As a result, the hypothetical financial position included in the Unaudited Pro Forma Financial Information may differ from the Group’s actual financial position.

The Unaudited Pro Forma Financial Information is presented on the basis of the accounting policies adopted by the Group in preparing the financial statements for the year ended 31 March 2024 and as set out in the notes below. The Unaudited Pro Forma Financial Information has been prepared in accordance with the requirements of Sections 1 and 2 of Annex 20 of the Prospectus Delegated Regulation. Shareholders should read the whole of this document and not rely solely on the Unaudited Pro Forma Financial Information in this Part IX. Deloitte LLP’s report on the Unaudited Pro Forma Financial Information is set out in Section B of this Part IX.

The Unaudited Pro Forma Financial Information has not been prepared, and shall not be construed as prepared, in accordance with Article 11 of Regulation S-X under the US Securities Act. In addition, the Unaudited Pro Forma Financial Information does not purport to represent what the Group’s financial position actually would have been if the Rights Issue had been completed on the date indicated, nor does it purport to represent the financial condition at any future date.

Unaudited pro forma statement of net assets

	As at 31 March 2024⁽¹⁾	Adjustment⁽²⁾	Group Pro Forma Total
		<i>(£ millions)</i>	
<i>Non-current assets</i>			
Goodwill	9,729	—	9,729
Other intangible assets	3,431	—	3,431
Property, plant and equipment	68,907	—	68,907
Other non-current assets	848	—	848
Pension assets	2,407	—	2,407
Financial and other investments	880	—	880
Investments in joint ventures and associates	1,420	—	1,420
Derivative financial assets	324	—	324
Total non-current assets	87,946	—	87,946
<i>Current assets</i>			
Inventories and current intangible assets	828	—	828
Trade and other receivables	3,415	—	3,415
Current tax assets	11	—	11
Financial and other investments	3,699	—	3,699
Derivative financial assets	44	—	44
Cash and cash equivalents	559	6,836	7,395
Assets held for sale	1,823	—	1,823
Total current assets	10,379	6,836	17,215
Total assets	98,325	6,836	105,161
<i>Current liabilities</i>			
Borrowings	(4,859)	—	(4,859)
Derivative financial liabilities	(335)	—	(335)
Trade and other payables	(4,076)	—	(4,076)
Contract liabilities	(127)	—	(127)
Current tax liabilities	(220)	—	(220)
Provisions	(298)	—	(298)
Liabilities held for sale	(1,474)	—	(1,474)
Total current liabilities	(11,389)	—	(11,389)

	As at 31 March 2024⁽¹⁾	Adjustment⁽²⁾ <i>(£ millions)</i>	Group Pro Forma Total
<i>Non-current liabilities</i>			
Borrowings	(42,213)	—	(42,213)
Derivative financial liabilities	(909)	—	(909)
Other non-current liabilities	(880)	—	(880)
Contract liabilities	(2,119)	—	(2,119)
Deferred tax liabilities	(7,519)	—	(7,519)
Pensions and other post-retirement benefit obligations	(593)	—	(593)
Provisions	(2,811)	—	(2,811)
Total non-current liabilities	(57,044)	—	(57,044)
Total liabilities	(68,433)	—	(68,433)
Net assets	29,892	6,836	36,728

Notes:

- (1) The net assets of the Group as at 31 March has been extracted without adjustment from the audited consolidated financial statements of the Group for the year ended 31 March 2024, which are prepared in accordance with IFRS as adopted by the United Kingdom and incorporated by reference into this document as detailed in Part XIII (*Documentation Incorporated by Reference*).
- (2) The adjustment reflects the net proceeds of the Rights Issue receivable by the Group of £6,836 million consisting of gross proceeds of £7,001 million on the basis that the Group issues 1,085 million New Shares at the Issue Price, less expected fees and expenses of £165 million as detailed in Part I (*Letter from the Chair of National Grid Plc*) of this document.
- (3) The adjustment reflects the application of the net proceeds of the Rights Issue against the cash and cash equivalents balance as at 31 March 2024.
- (4) No adjustment has been made to reflect the trading results of the Group since 31 March 2024.
- (5) The pro forma financial information does not constitute statutory accounts within the meaning of Section 434(3) of the Companies Act.

Section B—Accountants’ Report on the Pro Forma Financial Information



Deloitte LLP

**1 New Street Square
London
EC4A 3HQ**

The Board of Directors on behalf of

National Grid plc
1-3 Strand
London
WC2N 5EH
United Kingdom

Barclays Bank PLC
1 Churchill Place
London
E14 5HP
United Kingdom

J.P Morgan Securities plc
25 Bank Street
London
E14 5JP
United Kingdom

(the “Addressees”)

23 May 2024

Dear Addressees,

National Grid plc (the “Company”)

We report on the pro forma financial information (the “Pro forma financial information”) set out in Part IX of the prospectus dated 23 May 2024 (the “Prospectus”). This report is required by Annex 20, section 3 of the UK version of the Commission delegated regulation (EU) 2019/980 which is part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended (the “Prospectus Delegated Regulation”) and is given for the purpose of complying with that regulation and for no other purpose.

Opinion

In our opinion:

- (a) the Pro forma financial information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Responsibilities

It is the responsibility of the directors of the Company (the “Directors”) to prepare the Pro forma financial information in accordance with Annex 20 sections 1 and 2 of the Prospectus Delegated Regulation.

It is our responsibility to form an opinion, as to the proper compilation of the Pro forma financial information and to report that opinion to you in accordance with Annex 20 section 3 of the Prospectus Delegated Regulation.

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such

other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex 1 item 1.3 of the Prospectus Delegated Regulation, consenting to its inclusion in the Prospectus.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed at the date of their issue.

Basis of preparation

The pro forma financial information has been prepared on the basis described in the notes, for illustrative purposes only, to provide information about how the transaction might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 31 March 2024.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent of the Company in accordance with the Financial Reporting Council's Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards or practices.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f) we are responsible for this report as part of the Prospectus and declare that to the best of our knowledge, the information contained in this report is, in accordance with the facts and that the report makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex 3 item 1.2 of the Prospectus Delegated Regulation.

Yours faithfully

Deloitte LLP

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London EC4A 3HQ, United Kingdom. Deloitte LLP is the United Kingdom affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients.

PART X PROFIT FORECASTS

1 FY25 and FY29 Profit Forecasts

(A) The FY25 Profit Forecast

On 23 May 2024, National Grid published its results for the financial year ended 31 March 2024 (the “**FY24 Results**”), which included the following statement in relation to its expectations for FY25:

“Guidance is based on our continuing businesses, as defined by IFRS, including the ESO until disposal. It excludes the minority stake of National Gas Transmission, which is classified as a discontinued operation.

For 2024/25, whilst we see good underlying growth across our regulated businesses, we expect underlying EPS to be broadly in line with our underlying FY24 EPS once this has been adjusted for the number of bonus shares issued as part of the rights issue.”¹

This statement constitutes a profit forecast under the Prospectus Regulation (the “**FY25 Profit Forecast**”). The Directors confirm that the FY25 Profit Forecast continues to be valid at the date of this document.

(B) The FY29 Profit Forecast

On 9 November 2023, National Grid published its results for the six months ended 30 September 2023, which included the following statement:

“We have today updated our Five-Year Financial Framework for the period 2020/21 to 2025/26: ...driving underlying EPS CAGR of 6-8% from the 2020/21 EPS baseline of 54.2 pence per share”

The foregoing statement constitutes a profit forecast under the Prospectus Regulation Rules (the “**FY26 Profit Forecast**”). The FY26 Profit Forecast did not reflect the Rights Issue. Furthermore, the Company is changing how it assesses underlying EPS to exclude deferred tax amounts in respect of the Group’s UK ET and UK ED segments. In light of the above, National Grid considers the FY26 Profit Forecast to no longer be valid and is, therefore, replacing the five-year financial framework for the period 2021/22 to 2025/26 with a five-year financial framework for the period 2024/25 to 2028/29 that takes into account the Company’s latest assessment on capital investment and regulatory outcomes including the Rights Issue. In that regard, in the FY24 Results, National Grid made the following statement in respect of the period from an FY25 baseline to FY29.

“We then expect EPS CAGR of 6-8% from a 2024/25 baseline, through to 2028/29, assuming an exchange rate of £1:\$1.25”.

This statement constitutes a profit forecast under the Prospectus Regulation Rules (the “**FY29 Profit Forecast**”).

The Directors confirm that the FY29 Profit Forecast is valid as at the date of this document.

Please see paragraph 4 below for a summary of the assumptions underlying the Profit Forecasts. The Profit Forecasts have been made based on a number of principal assumptions about National Grid’s operating environment and performance during the relevant period, which are distinguished between: (i) the factors exclusively outside the Group’s influence or control: and (ii) the factors within the Group’s influence or control. Since these principal assumptions are forward-looking, there can be no assurance that they will individually or in the aggregate prove to be correct, which may materially change the outcome of the Group’s results as compared to the Profit Forecasts.

¹ The 2023/24 comparative underlying EPS of 70.8 pence per share is estimated based on the weighted average number of shares of 3,692 million adjusted for 374 million shares (being the number of shares classified as ‘bonus shares’ pursuant to IAS33 calculated based on the closing middle-market share price of 1,127.5 pence on 22 May 2024). For 2024/25 all bonus shares will be included in the EPS calculation along with the pro-rated number of fully subscribed shares once the proposed Rights Issue completes.

2 Basis of preparation

The FY25 Profit Forecast and the FY29 Profit Forecast (together, the “Profit Forecasts”) have been properly compiled on the basis of the assumptions stated below, on a basis comparable with the results for the financial year ended 31 March 2024 and consistent with the accounting policies used in National Grid’s Annual Report and Accounts 2023/24.

The FY25 Profit Forecast is based on the Group’s annual budget for the twelve months ending 31 March 2025. This budget has been approved by the Board of Directors.

The FY29 Profit Forecast is based on the Group’s long-term strategic business plan that is approved by the Board of Directors.

Both the long-term strategic business plan and the Group’s annual budget have been updated to reflect the key assumptions outlined below. The Profit Forecasts have been prepared on an underlying basis, as further explained in paragraph 3 below.

National Grid notes that the FY29 Profit Forecast has been prepared as a target in respect of future financial periods in the medium term and that any such forecast is necessarily subject to materially greater uncertainty than a forecast prepared in respect of a current financial period or a future financial period in the short term.

3 Use of Underlying EPS for the guidance

National Grid provides earnings guidance to the investor community based on underlying results. National Grid is not able to give guidance for statutory results (in accordance with IFRS) as it cannot reliably forecast certain material elements of the statutory results that can be significantly impacted by external factors.

The adjustments between statutory and underlying EPS are:

Exceptional items: These are items which National Grid excludes because, if included, these items could distort understanding of performance for the year and the comparability between periods. Examples of items previously treated as exceptional include the following:

- transaction, separation and integration costs;
- costs incurred in respect of efficiency programmes;
- environmental remediation costs;
- insurance proceeds;
- and gains on disposal of assets.

Remeasurements: These comprise unrealised gains or losses recorded in the consolidated income statement arising from changes in the fair value of certain of the Group’s assets and liabilities accounted for at fair value through profit and loss.

Timing adjustments: These comprise volumetric and other revenue timing differences arising from regulatory contracts.

The exclusion of deferred tax amounts in respect of the Group’s UK ET and UK ED segments noting that the regulatory framework in the United Kingdom provides funding for cash tax payable and not deferred tax that is payable in future years; and

US Major Storm Costs: major storm costs which are recoverable in future periods, where these are in excess of \$100 million in the year, neither of which give rise to economic gains or losses.

Further details of adjustments between Statutory and Underlying results are included in under the heading “Other unaudited financial information” in the Group’s Annual Reports and Accounts 2023/24, incorporated into this document by reference as described in Part XIII (*Documentation Incorporated by Reference*). These adjustments have been applied consistently in respect of the Profit Forecasts.

The Directors believe that it is both more useful and necessary to provide guidance in relation to Underlying EPS as: (i) these measures are used by the Board and Executive Committee for planning and internal reporting purposes; and (ii) Underlying EPS is in line with investor expectations and historical reporting.

4 Assumptions

The assumptions below apply to each of the Profit Forecasts except where specifically indicated.

Assumptions outside National Grid's control

Specific to FY25 Profit Forecasts

- The planned disposal of the UK Electricity System Operator completes in line with the current planned timetable (expected completion during the second half of calendar year 2024);

Applies to both FY25 and FY29 Profit Forecasts

- There will be no material changes in the regulatory framework in respect of our existing price controls in either our UK or US businesses or unexpected changes in pricing as a result of government, legislative and/or regulatory reform that are material in the context of the Profit Forecasts;
- There will be no material changes, other than known changes currently under negotiation with the regulator (primarily relating to a proposed new capital recovery mechanism in New England (MECO)), in the core regulatory framework principles for future price controls in our UK and US businesses with the regulatory assumptions included in the Profit Forecasts remaining appropriate;
- There will be no material interruptions to transmission and distribution in our UK and US businesses which would result in prolonged shortages of supply that are material in the context of the Profit Forecasts;
- There will be no material impacts from changes to global macro-economic activity (including inflation, overall cost of living and political conditions such as a change in the UK or US government);
- The Group remains able to access the global capital markets for financing needs and is able to both refinance maturing debt and arrange new financing where needed in line with the Group's projected cash needs;
- There will be no material change in interest rates and inflation rates from the current forward rates underpinning the Profit Forecasts;
- There will be no change in interconnector forecast clearing prices between the United Kingdom and continental Europe that is material in the context of the Profit Forecasts;
- There will be no additional environmental remediation spend, which is not provided for as at 31 March 2024, that is required from regulators, political bodies or other state organisations which could materially impact the Profit Forecasts;
- There will be no additional litigation, regulatory action or investigation costs for National Grid that are material in the context of the Profit Forecasts;
- The tax rate expectation is based on enacted legislation with no planned changes and is reflective of the anticipated performance of the business and key assets;
- There will be no significant movements in foreign exchange rates from the rates underpinning the Profit Forecasts;
- The level of minor storm costs (particularly in our US business) remains in line with recent historic levels;
- The level of major storm costs remains in excess of our \$100m threshold and is therefore expected to be excluded from the Profit Forecasts;
- There will be no significant adverse change in the Group's ability to implement its capex programme or agreed capex framework in the context of the Profit Forecasts (including the ability to secure both the workforce and supply chain to deliver the Group's capital programmes), or material change to the total level of capex required compared to the forecasts;

Assumptions within National Grid's control and influence (applies to both FY25 and FY29 Profit Forecasts)

Specific to both FY25 and FY29 Profit Forecasts

- There will be no material breach in regulatory licence conditions during the period;
- The Group's dividend policy remains as stated on page 41 during the period with an assumption that 25 per cent. of each relevant dividend will be settled via scrip rather than in cash;
- The Rights Issue is successfully completed;
- The forecast assumes no further share issuances other than scrip (per assumption above), employee share awards and the Rights Issue covered by this Prospectus;
- The forecasts exclude any impact from material future mergers, unannounced acquisitions, disposals or divestments beyond the planned disposals of the Grain LNG terminal and National Grid Renewables businesses. These disposals are assumed to complete by FY29 but are not assumed to complete in the FY25 profit forecast;
- The forecasts assume that the remaining 20% minority interest in the UK Gas Transmission and Metering Business is treated as an Asset Held for Sale within Discontinued Operations and therefore does not contribute to the Group's Underlying EPS throughout the profit forecast period whilst owned by the Group;
- There will be no material change in the operational structure and strategy of National Grid;
- The defined benefit pension schemes associated with the Group and its subsidiaries will continue to operate on an ongoing basis with no material changes; and
- There will be no material change in the current key management of National Grid.

PART XI TAXATION

1 United Kingdom

The comments set out below are based on current United Kingdom tax law as applied in England and Wales and HM Revenue & Customs (“**HMRC**”) published practice (which may not be binding on HMRC), in each case as at the Latest Practicable Date, and 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 United Kingdom and to whom “split year” treatment does not apply (except insofar as express reference is made to the treatment of non-United Kingdom residents), who hold Shares in the Company as an investment and who are, or are treated as, 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 benefiting from certain reliefs or exemptions, those connected with the Company or Group, officers, former officers, employees and former employees of the Company or any Group Company who have acquired Shares in a personal capacity 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 United Kingdom, should consult their own professional advisers immediately. In particular, Shareholders should be aware that the tax legislation of any jurisdiction where a Shareholder is resident or otherwise subject to taxation may have an impact on the tax consequences of an investment in the Shares including in respect of any income received from the Shares.

1.1 Capital gains tax

For the purposes of United Kingdom taxation of capital gains, the issue of the New Shares should be regarded as a reorganisation of the share capital of the Company.

Accordingly, you should not be treated as making a disposal of all or part of your holding of Existing Shares by reason of taking up all or part of your rights to New Shares. No liability to United Kingdom tax on capital gains in respect of the New Shares should arise if you take up your entitlement to New Shares in full.

Your Existing Shares and New Shares should be treated as the same asset acquired at the time you acquired your Existing Shares. The subscription monies for your New Shares should be added to the base cost of your existing holding(s).

If you sell all or some of the New Shares allotted to you, or your rights to subscribe for them, or if you allow or are deemed to have allowed your rights to lapse and receive a cash payment in respect of them, you may, depending on your circumstances, incur a liability to tax on any capital gain realised.

If you dispose of all or part of your rights to subscribe for New Shares or allow or are deemed to allow them to lapse in return for a cash payment and the proceeds resulting from the disposal or lapse of rights are “small” as compared to the value of the Shares in respect of which the rights arose, you may be treated as making no disposal for the purpose of tax on capital gains. No liability to tax on capital gains will then arise as a result of the disposal or lapse of the rights, but the proceeds will be deducted from the base cost of your holding of Existing Shares. HMRC interprets “small” as 5 per cent. or less of the value of the Shares in respect of which the rights arose or £3,000 or less, regardless of whether or not it would pass the 5 per cent. test.

1.2 Taxation of dividends

The Company will not be required to withhold amounts on account of United Kingdom tax at source when paying a dividend (whether the payment is made to a UK resident Shareholder, or a non-UK resident Shareholder).

Individual Shareholders

Dividends received by a United Kingdom resident individual Shareholder from the Company will generally be subject to tax as dividend income.

The first £500 (the “**Dividend Allowance**”) of the total amount of dividend income (including any dividends received from the Company) received by such a Shareholder in a tax year will be taxed at a nil rate (and so no income tax will be payable in respect of such amounts).

If a United Kingdom resident individual Shareholder’s total dividend income for a tax year exceeds the Dividend Allowance (such excess being referred to as the “**Taxable Excess**”), then the Taxable Excess will be subject to tax depending on the tax rate band or bands it falls within. The relevant tax rate band is determined by reference to the Shareholder’s total income charged to income tax (including the dividend income charged at a nil rate by virtue of the Dividend Allowance) less relevant reliefs and allowances (including the Shareholder’s personal allowance). The Taxable Excess is, in effect, treated as the top slice of any resulting taxable income and:

- (a) To the extent that the Taxable Excess falls below the basic rate limit, the Shareholder will be subject to tax on it at the dividend basic rate of 8.75 per cent.
- (b) To the extent that the Taxable Excess falls above the basic rate limit but below the higher rate limit, the Shareholder will be subject to tax on it at the dividend upper rate of 33.75 per cent.
- (c) To the extent that the Taxable Excess falls above the higher rate limit, the Shareholder will be subject to tax on it at the dividend additional rate of 39.35 per cent.

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.

Non-UK Shareholders

A Shareholder resident or otherwise subject to tax outside the United Kingdom (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 Stamp duty and stamp duty reserve tax

The statements in this section are intended as a general guide to the current United Kingdom stamp duty and SDRT position. Special rules apply to certain transactions such as transfers of the Shares to a company connected with the transferor and those rules are not described below. Investors should also note that certain categories of person are not liable to stamp duty or SDRT and others may be liable at a higher rate or may, although not primarily liable for tax, be required to notify and account for SDRT under the Stamp Duty Reserve Tax Regulations 1986.

- (i) No stamp duty or stamp duty reserve tax (“**SDRT**”) will be payable on the issue of Provisional Allotment Letters or split Provisional Allotment Letters. Accordingly where Shares represented by such documents are registered in the name of the original subscriber, no liability to stamp duty or SDRT will arise.
- (ii) The purchase of rights to New Shares represented by Provisional Allotment Letters or split Provisional Allotment Letters or credited in CREST (whether nil paid or fully paid) on or before the latest time for registration or renunciation will not generally be liable to stamp duty, but the purchaser will normally be liable to pay SDRT at the rate of 0.5 per cent. of the actual consideration paid.

- (iii) Where such a purchase is effected through a stockbroker or other financial intermediary that person will normally account for the liability of SDRT and will indicate that this has been done in any contract note issued to a purchaser. In other cases, the purchaser of the rights to the New Shares represented by the Provisional Allotment Letter or split Provisional Allotment Letter is liable to pay the SDRT and must account for it to HMRC.
- (iv) No stamp duty or SDRT will be payable on the registration of Provisional Allotment Letters or split Provisional Allotment Letters, whether by the original holders or their renouneees.
- (v) Any subsequent dealings in New Shares will be subject to stamp duty or SDRT in the normal way. An agreement to transfer shares in the Company will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. SDRT is, in general, payable by the purchaser. Transfers of Shares in the Company will generally be subject to stamp duty at the rate of 0.5 per cent. of the consideration given for the transfer (rounded up to the next £5.00). The purchaser normally pays the stamp duty. If a duly stamped transfer completing an agreement to transfer is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional) any SDRT paid is generally repayable, normally with interest, and otherwise the SDRT charge is cancelled.
- (vi) Paperless transfers of shares in the Company within the CREST system are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Deposits of shares into CREST will not generally be subject to SDRT or stamp duty, unless the transfer into CREST is itself for consideration.
- (vii) Special rules would apply if Shares in the Company were transferred: (a) to, or to a nominee or an agent for, a person whose business is or includes the provision of clearance services; or (b) to, or to a nominee or an agent for, a person whose business is or includes issuing depository receipts, (including in each case within CREST to a CREST account of such a person). In such circumstances, stamp duty or SDRT may be payable at the higher rate of 1.5 per cent. of the amount or value of the consideration given or, in certain circumstances, the value of the shares. Similarly, special rules would apply to the transfer of shares within a clearance service or in respect of agreements to transfer interests in depository receipts. **Accordingly, specific professional advice should be sought in relation to stamp duty and SDRT if shares are to be transferred to, within or via a clearance service or depository receipt system.**

2 United States

The following is a summary of certain US federal income tax consequences of the acquisition, ownership and disposition of Nil Paid Rights, Fully Paid Rights and New Shares by a US Holder (as defined below). This summary deals only with initial holders of Nil Paid Rights, Fully Paid Rights and New Shares that are US Holders and that will hold the Nil Paid Rights, Fully Paid Rights or New Shares as capital assets. The discussion below does not cover all aspects of US federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Nil Paid Rights, Fully Paid Rights or New Shares by particular investors (including consequences under the alternative minimum tax or net investment income tax), and does not address state, local, non-US or other tax laws (such as estate or gift tax laws). This summary also does not address tax considerations applicable to investors that own (directly, indirectly or by attribution) ten per cent. or more of the shares of the Company by vote or value, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the US federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Nil Paid Rights, Fully Paid Rights or New Shares as part of straddles, hedging transactions or conversion transactions for US federal income tax purposes, persons that have ceased to be US citizens or lawful permanent residents of the United States, investors holding the Nil Paid Rights, Fully Paid Rights or New Shares in

connection with a trade or business conducted outside of the United States, US citizens or lawful permanent residents living abroad or investors whose functional currency is not the US dollar).

As used herein, the term “**US Holder**” means a beneficial owner of Nil Paid Rights, Fully Paid Rights or New Shares that is, for US 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, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to US 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 US persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for US federal income tax purposes.

The US federal income tax treatment of a partner in an entity or arrangement treated as a partnership for US federal income tax purposes that holds Nil Paid Rights, Fully Paid Rights or New Shares will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for US federal income tax purposes should consult their tax advisers concerning the US federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Nil Paid Rights, Fully Paid Rights or New Shares by the partnership.

The 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, all as of the date hereof and all subject to change at any time, possibly with retroactive effect. No rulings have been requested from the US Internal Revenue Service (the “**IRS**”) and there can be no guarantee that the IRS would not challenge, possibly successfully, the treatment described below.

Except as specifically described otherwise under “—*Passive Foreign Investment Company Considerations*” below, this discussion assumes that the Company has not been, and will not become, a passive foreign investment company for US federal income tax purposes.

THE SUMMARY OF US FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF THE NIL PAID RIGHTS, FULLY PAID RIGHTS OR NEW SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-US AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Taxation in respect of Nil Paid Rights

Receipt of Nil Paid Rights

The US federal income tax consequences of the receipt of Nil Paid Rights by a US Holder are not free from doubt. In particular, it is not clear whether the sale of New Shares by the Underwriters, and the remittance of the proceeds from that sale to certain holders, should be treated as a sale and distribution by the Company, or as a distribution of Nil Paid Rights by the Company and a subsequent exercise of those Nil Paid Rights and sale of the New Shares by the relevant holders. If the sale and distribution were considered to be made by the Company, then the receipt of Nil Paid Rights would be taxable to US Holders as a dividend to the extent of the Company’s current or accumulated earnings and profits, as described below under “—*Taxation in respect of New Shares—Distributions*”. However, based on the particular facts relating to the Nil Paid Rights and the sale of New Shares by the Underwriters, the Company believes that the better view is that a US Holder is not required to include any amount in income for US federal income tax purposes as a result of the receipt of the Nil Paid Rights. It is possible that the IRS will take a contrary view and require a US Holder to include in income the fair market value of the Nil Paid Rights on the date of their distribution. The remainder of this discussion assumes that the receipt of the Nil Paid Rights will not be a taxable event for US federal income tax purposes.

If, on the date of receipt, the fair market value of Nil Paid Rights is less than 15 per cent. of the fair market value of the Existing Shares with respect to which Nil Paid Rights are received, Nil Paid Rights will be allocated a zero tax basis unless the US Holder affirmatively elects to allocate tax basis in proportion to the relative fair market values of the US Holder’s Existing Shares and Nil Paid Rights received determined on the date of receipt. This election must be made in the US

Holder's timely filed US federal income tax return for the taxable year in which Nil Paid Rights are received, in respect of all Nil Paid Rights received by the US Holder, and is irrevocable.

If, on the date of receipt, the fair market value of Nil Paid Rights is 15 per cent. or more of the fair market value of the Existing Shares with respect to which the rights are received, then, except as discussed below under "*Expiration of Nil Paid Rights*", the basis in the US Holder's Existing Shares must be allocated between the Existing Shares and Nil Paid Rights received in proportion to their fair market values determined on the date of receipt.

Sale or other taxable disposition of Nil Paid Rights

This section is subject to further discussion under "*Passive Foreign Investment Company Considerations*" below.

Upon a sale or other taxable disposition of Nil Paid Rights, a US Holder will generally recognise a capital gain or loss equal to the difference, if any, between the amount realised on the sale or other taxable disposition and the US Holder's adjusted tax basis in the Nil Paid Rights, in each case as determined in US dollars. Any gain or loss will generally be a long-term capital gain or loss if the US Holder's holding period in the Nil Paid Rights exceeds one year. A US Holder's holding period in the Nil Paid Rights will include the holding period in the Existing Shares with respect to which the Nil Paid Rights were distributed. However, a US Holder's holding period in Fully Paid Rights will not include the holding period in the Existing Shares with respect to which the Nil Paid Rights were distributed.

Any gain or loss recognised by a US Holder on the sale or other taxable disposition of the Nil Paid Rights generally will be US source for foreign tax credit limitation purposes. The rules relating to foreign tax credits are complex. US Holders should consult their own tax advisers regarding the US federal income tax implications if non-US taxes (if any) are imposed on any gains realised upon the sale or other taxable disposition of Nil Paid Rights.

Expiration of Nil Paid Rights

If a US Holder allows the Nil Paid Rights to expire without selling or exercising them and does not receive any proceeds from the sale of New Shares by the Underwriters, such US Holder will not recognise any loss upon the expiration of the Nil Paid Rights, and such US Holder will not be entitled to allocate any basis to the Nil Paid Rights. Any basis previously allocated to the Nil Paid Rights will be re-allocated to the Existing Shares.

Exercise of Nil Paid Rights

A US Holder will not recognise taxable income upon the receipt of Fully Paid Rights pursuant to the exercise of Nil Paid Rights.

Proceeds from sale by Underwriters

The US federal income tax treatment of a US Holder that receives proceeds as a result of the sale by the Underwriters of New Shares at a premium over the exercise price in respect of such US Holder's Nil Paid Rights is not free from doubt. Generally, such a US Holder will be treated either as having sold the Nil Paid Rights (as described above) or as having exercised the Nil Paid Rights and sold the New Shares. A US Holder that is treated as having sold the New Shares will recognise a short-term capital gain or loss as described below under "*Taxation in respect of New Shares—Sale or other taxable disposition*", regardless of the holding period of the Nil Paid Rights. US Holders that receive amounts in respect of lapsed Nil Paid Rights should consult their own tax advisers regarding the US federal income tax treatment of such amounts.

Taxation in respect of Fully Paid Rights

Receipt of Fully Paid Rights

A US Holder's basis in Fully Paid Rights will equal the sum of the US dollar value of the Issue Price determined as the spot rate on the date of exercise and the US Holder's basis in the Nil Paid Rights exercised to obtain the Fully Paid Rights. A US Holder's holding period for Fully Paid Rights will begin with and include the date of exercise of the underlying Nil Paid Rights.

Sale or other taxable disposition of Fully Paid Rights

This section is subject to further discussion under “—*Passive Foreign Investment Company Considerations*” below.

A US Holder will recognise a capital gain or loss on the sale or other taxable disposition of Fully Paid Rights in an amount equal to the difference between the amount realised on the disposition and the US Holder’s tax basis in the Fully Paid Rights, in each case as determined in US dollars. Such capital gain or loss will generally be a short-term capital gain or loss. Short-term capital gain or loss of a non-corporate US Holder is generally taxed at the same rates as ordinary income. A US Holder’s ability to deduct any capital losses may be subject to significant limitations. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes. The rules relating to foreign tax credits are complex. US Holders should consult their own tax advisers regarding the US federal income tax implications if non-US taxes (if any) are imposed on any gains realised upon the sale or other taxable disposition of Fully Paid Rights.

Receipt of New Shares

The receipt of New Shares through issuance to the US Holders of Fully Paid Rights should be a non-taxable event to a US Holder for US federal income tax purposes.

Taxation in respect of New Shares

Distributions

This section is subject to further discussion under “—*Passive Foreign Investment Company Considerations*” below.

Distributions paid by the Company out of current or accumulated earnings and profits (as determined for US federal income tax purposes) will generally be taxable to a US Holder as dividend income, and will not be eligible for the dividends received deduction allowed to corporations. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the US Holder’s basis in the New Shares and thereafter as capital gain. However, the Company does not maintain calculations of its earnings and profits in accordance with US federal income tax accounting principles. US Holders should therefore assume that any distribution by the Company with respect to New Shares will constitute ordinary dividend income. US Holders should consult their own tax advisers with respect to the appropriate US federal income tax treatment of any distribution received from the Company, as well as the foreign tax credit implications of any such distribution and of non-US taxes (if any) imposed on such distribution.

Dividends paid by the Company will generally be taxable to a non-corporate US Holder at the special reduced rate normally applicable to long-term capital gains, provided the Company qualifies for the benefits of the income tax treaty between the United States and the United Kingdom, and certain holding period and other requirements are met. A US Holder will not be able to claim the reduced rate on dividends received from the Company if the Company is treated as a passive foreign investment company in the Company’s taxable year in which the dividends are received or in the preceding taxable year. See “—*Passive Foreign Investment Company Considerations*” below. Prospective purchasers should consult their tax advisers regarding the qualified dividend income rules.

Dividends paid in pounds sterling will be included in income in a US dollar amount calculated by reference to the exchange rate in effect on the day the dividends are received by the US Holder, regardless of whether the pounds sterling are converted into US dollars at that time. If dividends received in pounds sterling are converted into US dollars on the day they are received, the US Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income.

Sale or other taxable disposition

This section is subject to further discussion under “—*Passive Foreign Investment Company Considerations*” below.

Upon a sale or other taxable disposition of New Shares, a US Holder generally will recognise capital gain or loss for US federal income tax purposes equal to the difference, if any, between the amount realised on the sale or other taxable disposition and the US Holder's adjusted tax basis in the New Shares, in each case as determined in US dollars. This capital gain or loss will be long-term capital gain or loss if the US Holder's holding period in the New Shares exceeds one year. For this purpose, the holding period of the New Shares includes the holding period of the Fully Paid Rights but will not include that of the corresponding Nil Paid Rights. Non-corporate US Holders are subject to tax on long-term capital gain at reduced rates. The deductibility of capital losses is subject to significant limitations. US Holders should consult their own tax advisers about how to account for proceeds received on the sale or other taxable disposition of the New Shares that are not paid in US dollars.

Any gain or loss recognised by a US Holder on the sale or other taxable disposition of the New Shares will generally be US source for foreign tax credit limitation purposes. The rules relating to foreign tax credits are complex. US Holders should consult their own tax advisers regarding the US federal income tax implications if non-US taxes (if any) are imposed on any gains realised upon the sale or other taxable disposition of New Shares.

Passive Foreign Investment Company ("PFIC") considerations

A non-US corporation will be a PFIC in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable "look-through rules", either (i) at least 75 per cent. of its gross income is "passive income" or (ii) at least 50 per cent. of the average value of its assets (generally determined on a quarterly basis) is attributable to assets which produce passive income or are held for the production of passive income. For these purposes, "passive income" generally includes interest, dividends, rents, royalties and gains from non-dealer securities transactions. In general, cash is a passive asset for these purposes.

Based on the Company's historic and anticipated operations, and the current and projected composition of the Company's income and assets, the Company does not believe it was a PFIC for its most recent taxable year and does not expect to be a PFIC for the current taxable year or in the foreseeable future. However, the Company's possible status as a PFIC must be determined annually after the close of each taxable year, and therefore may be subject to change. In addition, the Company's possible status as a PFIC will also depend on the application of complex statutory and regulatory rules that are subject to potentially varying or changing interpretations. Accordingly, there can be no assurance that the Company will not be a PFIC for any year in which a US Holder holds the New Shares.

If the Company is a PFIC in any year during a US Holder's holding period of the New Shares (or under proposed Treasury regulations that have a retroactive effective date, the Rights), and such holder has not made any of the elections described below, the US Holder will generally be subject to special rules with respect to: (i) any "excess distribution" (generally, the excess of the distributions received by the US Holder during a taxable year on the New Shares over 125 per cent. of the average annual distributions received by the US Holder in the three preceding taxable years or, if shorter, the US Holder's holding period for the New Shares); and (ii) any gain realised on the sale or other disposition of the New Shares or the Rights. Under these rules (a) the excess distribution or gain will be allocated ratably over the US Holder's holding period, (b) the amount allocated to the current taxable year and any taxable year prior to the first taxable year in which the Company is a PFIC will be taxed as ordinary income, and (c) the amount allocated to each of the other taxable years will be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year and an interest charge for the deemed deferral benefit will be imposed with respect to the resulting tax attributable to each such other taxable year. Additionally, dividends paid by the Company will not be eligible for the special reduced rate of tax described above under "*Taxation in Respect of New Shares—Distributions*". If the Company is a PFIC for any taxable year during a US Holder's holding period for the New Shares, the Company would generally continue to be treated as a PFIC with respect to such US Holder for all succeeding years during which such holder owns the New Shares, even if the Company ceases to meet the threshold requirements for PFIC status (unless the US Holder makes a deemed sale election with respect to the New Shares once the Company is no longer a PFIC). If the Company is a PFIC for any taxable year, US Holders should consult their tax advisers regarding the application of the PFIC rules to their ownership of the New Shares or the Rights.

If the Company is a PFIC for any taxable year, to the extent any of its subsidiaries are also PFICs, a US Holder will generally be deemed to own equity interests in such lower-tier PFICs that are directly or indirectly owned by the Company in the proportion which the value of the New Shares owned by such US Holder bears to the value of all of the Company's equity interests, and such US Holder will generally be subject to the tax consequences described above (and the IRS Form 8621 reporting requirement described below) with respect to the equity interests of such lower-tier PFIC the US Holder is deemed to own. As a result, if the Company receives a distribution from any lower-tier PFIC or sells equity interests in a lower-tier PFIC, a US Holder will generally be subject to tax under the excess distribution rules described above in the same manner as if such US Holder had held a proportionate share of the lower-tier PFIC equity interests directly, even if such amounts are not distributed to the US Holder. The application of the PFIC rules to indirect ownership of any lower-tier PFIC held by the Company is complex and uncertain, and US Holders should therefore consult their own tax advisers regarding the application of such rules to their ownership of New Shares.

If the Company is a PFIC in a taxable year and the New Shares (but not the Rights) are treated as "marketable stock" in such year, a US Holder may make a mark-to-market election with respect to its New Shares. A US Holder that makes such election for the first taxable year in which the Company is a PFIC generally will not be subject to the PFIC rules described above. Instead, in general, such US Holder will include as ordinary income each year the excess, if any, of the fair market value of the New Shares at the end of the taxable year over the US Holder's adjusted basis in the New Shares. Such US Holder will also be allowed to take an ordinary loss in respect of the excess, if any, of such holder's adjusted basis in the New Shares over the fair market value of such New Shares at the end of the taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). The US Holder's basis in the New Shares will be adjusted to reflect any such income or loss amounts. Any gain that is recognized on the sale or other taxable disposition of the New Shares would be ordinary income and any loss would be an ordinary loss to the extent of the net amount of previously included income as a result of the mark-to-market election and, thereafter, a capital loss. However, because a mark-to-market election cannot technically be made for equity interests in any lower-tier PFICs of the Company that are not "marketable stock", a US Holder should expect to continue to be subject to the excess distribution rules with respect to any subsidiaries of the Company that are PFICs, any distributions received by the Company from a subsidiary that is a PFIC, and any gain recognized by the Company upon a sale of equity interests of a subsidiary that is a PFIC, even if a mark-to-market election has been made by the US Holder with respect to its New Shares. The interaction of the mark-to-market rules and the rules governing lower-tier PFICs is complex and uncertain, and US Holders should therefore consult their own tax advisers regarding the availability and advisability of the mark-to-market election as well as the application of the PFIC rules to their ownership of the New Shares.

In some cases, a shareholder of a PFIC may be subject to alternative treatment by making a qualified electing fund ("QEF") election to be taxed currently on its share of the PFIC's undistributed income. To make a QEF election, the Company must provide US Holders with certain information compiled according to US federal income tax principles. The Company currently does not intend to provide such information for US Holders, and therefore it is expected that this election will be unavailable.

A US Holder who owns, or who is treated as owning, PFIC stock during any taxable year in which the Company is classified as a PFIC may be required to file IRS Form 8621. Prospective purchasers should consult their tax advisers regarding the requirement to file IRS Form 8621 and the potential application of the PFIC regime to their investment in the Company.

Backup withholding and information reporting

Payments of dividends on New Shares and proceeds from the sale or other taxable disposition of Rights or New Shares by a US or US-connected paying agent or other US or US-connected intermediary will be reported to the IRS and to the US Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the US Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Certain US Holders are not subject to backup withholding. US Holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of the New Shares or the

Rights, including reporting obligations related to the holding of certain “specified foreign financial assets”.

Transfer reporting requirements

A US Holder who acquires New Shares (including upon exercise of Rights) may be required to file Form 926 (or similar form) with the IRS in certain circumstances. A US Holder who fails to file any such required form could be subject to substantial penalties or other adverse US federal income tax consequences. US Holders should consult their tax advisers with respect to this or any other reporting requirement that may apply to an acquisition, ownership and disposition of the Rights or New Shares.

**PART XII
ADDITIONAL INFORMATION**

1 Responsibility

The Company and the Directors, whose names are set out on page 34 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors, the information contained in this document is in accordance with the facts and the Prospectus makes no omission likely to affect its import.

2 Incorporation and registered office

The Company was incorporated and registered in England and Wales on 11 July 2000 under the Companies Act 1985 as a private limited company with registered number 04031152 under the name Intercede 1610 Limited. On 30 August 2000, it changed its name to New National Grid Limited, and on 29 November 2000 it re-registered as a public limited company under the name of New National Grid plc. On 31 January 2002, it changed its name to National Grid Group plc. On 21 October 2002, it changed its name to National Grid Transco plc. On 26 July 2005, it changed its name to its present name, National Grid plc. The Company is domiciled in England and Wales. Its registered and head office is located at 1-3 Strand, London WC2N 5EH. The Company's telephone number is +44 20 7004 3000.

The principal legislation under which the Company operates is the Companies Act 2006 (the "Companies Act").

Deloitte LLP, whose address is 1 New Street Square, London, EC4A 3HQ, is the auditor of the Company. Deloitte LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

3 Share capital

3.1 Issued share capital

3.1.1 On the Latest Practicable Date, the issued and fully paid share capital of the Company was 3,721,539,361 Existing Shares (which excludes 245,598,853 Shares held in treasury) of 12 and 204473 pence each. The Existing Shares are listed on the premium listing segment of the Official List and admitted to trading on the London Stock Exchange's main market for listed securities.

3.1.2 The following table shows the issued and fully paid share capital of 3,721,539,361 Existing Shares (which excludes 245,598,853 Shares held in treasury) as at the Latest Practicable Date and the issued share capital of 4,806,988,341 Shares following completion of the Rights Issue.

	Existing Shares prior to the Rights Issue		Shares following the Rights Issue	
	Number	£	Number	£
Shares in issue ⁽¹⁾⁽²⁾ . . .	3,721,539,361	462,635,337	4,806,988,341	597,570,644

Notes:

- (1) Excludes 245,598,853 Shares held in treasury.
- (2) On the assumption that no further Shares are issued as a result of the exercise of any options or awards vesting under any Share Schemes between the Latest Practicable Date and the New Share issue.

3.1.3 The number of Shares outstanding at the beginning and end of the last financial year is as follows:

Date	Issued and fully paid
1 April 2023	3,676,522,734
31 March 2024	3,719,722,299

- 3.1.4 On the Latest Practicable Date, the number of Shares held by or on behalf of the Company or by subsidiaries of the Company was 3,721,539,361 of 12 and 204473 pence each, representing an aggregate nominal value of 46,263,533,705 pence.
- 3.1.5 Save as disclosed above, since the Latest Practicable Date there has been no issue of share capital of the Company, fully or partly paid, either in cash or for other consideration and (other than in connection with the Rights Issue and the exercise of options or vesting of awards under the Share Scheme) no such issues are proposed. As at the date of this document the Company holds 245,598,853 Shares in treasury.
- 3.1.6 The Company remains subject to the continuing obligations of the Listing Rules with regards to the issue of securities for cash and the provisions of section 561 of the Companies Act 2006 apply to the issued share capital of the Company which is not the subject of the disapplication approved by the Shareholders in a general meeting of the Company.

3.2 New Share Issue

- 3.2.1 Subject to Admission, the New Shares will be issued which will result in the issued ordinary share capital of the Company as at the date of this document increasing by approximately 29.2 per cent. If Shareholders do not take up their rights in the Rights Issue, the holding of such Shareholders will be diluted by approximately 22.6 per cent.
- 3.2.2 The New Shares which are the subject of the Rights Issue will be provisionally allotted to the Qualifying Shareholders by a resolution of a committee of the Board and created in accordance with the laws of England and Wales.

4 Articles of Association

The Articles of Association of the Company may be found at www.nationalgrid.com and are summarised below:

4.1 Objects

The Company's objects are not restricted by its Articles of Association. Accordingly, pursuant to Section 31 of the Companies Act, the Company's objects are unrestricted.

4.2 Limited liability

The liability of each member is limited to the amount, if any, for the time being unpaid on the shares held by that member.

4.3 Directors

4.3.1 *Appointment of directors*

Unless otherwise determined by ordinary resolution, the number of directors shall not be less than two (other than alternate directors). There is no maximum number of directors. Directors may be appointed by ordinary resolution of Shareholders.

The Board can appoint any person as an extra director or to fill a casual vacancy. Subject to the provisions on rotation of directors, any director appointed by the Board holds office only until the next AGM and if not reappointed at such meeting shall vacate office at its conclusion.

The Board or any committee may appoint any one or more directors to hold executive office in the Company on such terms and for such period as the Board thinks fit.

4.3.2 *Chair of the Board*

The Board or any committee can appoint any Director as Chair, or as Chief Executive, or to act in any other executive capacity they decide on.

The Board may appoint a person other than the Chair of the Board to act as chair of a particular meeting if the Chair is not present, or if the Chair is not willing to act as Chair, within 10 minutes of the time when the meeting is due to start.

4.3.3 *No share qualification*

A director shall not be required to hold any shares in the capital of the Company by way of qualification.

4.3.4 *Retirement of directors by rotation*

At an AGM, any director who was elected or last re-elected three or more calendar years before the current year will automatically retire from office. Alternatively, they may automatically retire at an earlier AGM if the directors decide this will be the case. A director who retires at any AGM shall be eligible for re-election.

4.3.5 *Removal of directors*

The Company may by ordinary resolution, of which special notice has been given, remove any director before their period of office has expired.

4.3.6 *Permitted interests of directors*

Subject to the provisions of the Companies Act, a director can have the following interests:

- (i) a director (or a person connected with them) can be a director, officer or employee of, or have an interest in (including holding shares) any Relevant Company.
- (ii) a director (or a person connected with them) can have an interest in any Relevant Company we have an interest in, or be a party to a contract with that company.
- (iii) a director (or a person connected with them, or any firm the director is a partner, employee or shareholder of) can do professional work for any Relevant Company (other than as an auditor) whether or not they are paid for the work.
- (iv) a director can have an interest if it is unreasonable to expect that it will result in a conflict of interest.
- (v) a director can have an interest, transaction or arrangement which may result in another interest which they do not know about.
- (vi) a director may have an interest in any matter authorised under Article 80 of the Articles of Association.
- (vii) a director may have any other interest authorised by ordinary resolution.

The director must declare the nature and extent of the interest at a Board meeting or by sending notice in writing to other directors electronically or otherwise. If a director has an interest in a company and is interested in any transaction or arrangement with that company, or is connected with a person and is interested in a transaction with that person, they must declare the nature and extent of any interest and give such notice at a Board meeting.

4.3.7 *Restrictions on voting*

Save as provided in paragraph 4.3.6 above, a director shall not be entitled to vote on any resolution in respect of any contract, transaction or arrangement, or any other proposal, in which the director (or a person connected with the director) is

interested. Any vote of a director in respect of a matter where the director is not entitled to vote shall be disregarded.

This prohibition shall not apply to any contract, transaction, arrangement, or proposal:

- (i) if the other directors already know about the interest (and for this purpose the other directors will be treated as knowing about the interest if it is reasonable to expect they know about it; and
- (ii) if the interest concerns the terms of their service contract (as defined in Section 227 of the Companies Act) that have been or are to be considered at a Board meeting or at a committee meeting of directors appointed under the Articles of Association to consider the terms.

4.3.8 *Borrowing powers*

The Board may exercise all the powers of the Company to borrow money and give any form of guarantee or security, either outright or as collateral and over all or any of our undertakings, property and assets, and to issue debentures and other securities. The Board shall restrict the borrowings of the Group (excluding any borrowings owed by one member of the Group to another) so that the aggregate amount outstanding in respect of borrowings by the Group shall not, without an ordinary resolution of the Company, exceed more than £55,000,000,000 or any other amount approved by shareholders by an ordinary resolution at a general meeting.

4.4 Rights attaching to ordinary shares

Without prejudice to any rights attaching to any Existing Shares, the Company may issue shares with such rights or restrictions as determined by either the Company by ordinary resolution or, if the Company passes a resolution to so authorise them, the directors.

4.5 Transfer of shares

All transfers of shares which are in certificated form must be delivered to the office where the share register is kept (or any other place the directors may decide). The transfer form must have with it the share certificate for the shares to be transferred and any other evidence which the directors ask for to prove that the person wanting to make the transfer is entitled to do so. A transfer form for shares in certificated form must be signed, or made effective in some other way, by the person making the transfer.

All transfers of shares which are in uncertificated form shall be effected by means of a relevant system unless the CREST Regulations provide otherwise.

The directors may decline to register any transfer of shares in certificated form if:

- (i) the relevant conditions above are not satisfied;
- (ii) the transfer is in favour of a minor, a bankrupt, or a person of unsound mind; or
- (iii) the Board is obliged or entitled to refuse to do so as a result of any failure to comply with a notice under Section 793 of the Companies Act.

4.6 General meetings

An AGM shall be held each year in the period of six months beginning with the day following the Company's accounting reference date, at such place or places, date and time as may be decided by the directors. The directors may, whenever they think fit, and shall on requisition in accordance with the Companies Act, proceed to convene a general meeting.

4.7 Alteration of share capital

The Company may by special resolution reduce its share capital, share premium account, capital redemption reserve or other reserve which cannot be distributed in any way permitted by the Companies Act.

4.8 Dividends

4.8.1 *Declaration of dividends*

The directors can recommend the amount of any final dividend. The shareholders can then declare final dividends by passing an ordinary resolution. No dividend can exceed the amount recommended by the directors.

4.8.2 *Fixed and interim dividends*

If and so far as in the opinion of the directors the profits of the Company justify such payments, the directors may pay the fixed dividends on any class of shares carrying a fixed dividend on the dates set down for paying these dividends and pay interim dividends on shares of any class of the amounts, and on the dates and for the periods they decide.

But no interim dividend will be paid on shares which carry deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears (on any one of them).

Provided that directors act in good faith, they shall not incur any liability to the holders of any shares for any loss they may suffer by the lawful payment of any fixed or interim dividend on any other class of shares having rights ranking after or equal with those shares.

4.8.3 *Dividends in specie*

The Company may by ordinary resolution direct payment of a dividend in whole or in part by the transfer of specific assets, or by procuring the receipt by shareholders of specific assets, of equivalent value (including paid-up shares or debentures of any other company). The directors will give effect to such a resolution. Where any difficulty arises on distributing or valuing the assets, the directors can settle as they decide.

4.8.4 *Unclaimed dividends*

The directors can invest a dividend or use it in some other way for the Company's benefit if it has not been claimed for one year after the passing of either the resolution at a general meeting declaring that dividend, or the resolution of the directors providing for payment of that dividend (whichever is later).

If the directors decide to pay unclaimed dividends into a separate account, the Company will not be a trustee of the money and will not be liable to pay any interest on it. Any dividend which has not been claimed for 12 years after the date on which it was declared or became due for payment will be forfeited and belong to the Company.

4.8.5 *Waiver of dividends*

The Company can waive (not pay out) all or any dividend by acting on a document signed by the shareholder (or the person automatically entitled to the shares by law) and delivered to the Company.

4.9 Voting rights

Subject to any rights or restriction attached to the shares on a show of hands every member who is present in person or represented by proxy shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share of which they are the holder.

No member shall be entitled to vote at any general meeting unless all moneys payable by them in respect of the shares in the Company have been fully paid.

5 Directors and Senior Management of the Company

5.1 Directors

The Directors of the Company are listed below.

<u>Name</u>	<u>Age</u>	<u>Date of Appointment</u>	<u>Position</u>
Paula Rosput Reynolds . . .	67	Chair with effect from 31 May 2021 and to the Board on 1 January 2021	Chair
John Pettigrew	55	Chief Executive with effect from 1 April 2016 and to the Board on 1 April 2014	Chief Executive
Andy Agg	54	1 January 2019	Chief Financial Officer
Ian Livingston	59	1 August 2021	Senior Independent Non-Executive Director
Jacqui Ferguson	53	1 January 2024	Non-Executive Director
Iain Mackay	62	11 July 2022	Non-Executive Director
Anne Robinson	53	19 January 2022	Non-Executive Director
Earl Shipp	66	1 January 2019	Non-Executive Director
Jonathan Silver	66	16 May 2019	Non-Executive Director
Tony Wood	58	1 September 2021	Non-Executive Director
Martha Wyrsh	66	1 September 2021	Non-Executive Director

The business address of each of the Directors is 1-3 Strand, London, WC2N 5EH.

Set forth below are brief biographical descriptions of the Directors.

Paula Rosput Reynolds

Paula brings a wealth of board-level experience to National Grid, having led global companies in the energy and financial sectors. She has over 20 years' experience as a Non-executive Director in both the UK and US across multiple sectors and businesses and has brought a strategic and regulatory lens on issues to the Board. During her career, Paula has played a vital role with several company-wide transformations and mergers. She is recognised for having transformed AGL Resources from a local utility into a multi-state energy and telecommunications company and for materially enhancing the operating and financial performance of Safeco Corp, a US insurance company that was ultimately acquired by Liberty Mutual.

John Pettigrew

John has extensive experience in the utility sector. He joined National Grid as a graduate in 1991 and has progressed through many senior management roles. As Chief Executive, John is responsible for executive leadership and day-to-day management of the Group, bringing significant know-how and commerciality to ensure delivery of the strategy. He has delivered transformational organisational and portfolio change, positioning National Grid strongly for the energy transition. John engages widely with governments, policy makers and other stakeholders, helping to shape energy policy. He is a Fellow of the Energy Institute and of the Institution of Energy and Technology.

Andy Agg

Andy trained and qualified as a chartered accountant with PricewaterhouseCoopers and is a member of the Institute of Chartered Accountants in England and Wales. He has significant financial experience and commercial acumen, having held a number of senior finance leadership roles across the Group, including Group Financial Controller, UK Chief Financial Officer and Group Tax and Treasury Director. Andy has in-depth knowledge of National Grid, in both the United Kingdom and the United States, and has broad experience across operational and corporate finance roles, including a proven track record of leading and delivering value-creating strategies, significant transformation programmes, and significant transactional experience.

Ian Livingston

Ian brings a wealth of experience to National Grid, having been both CEO and CFO of BT Group plc, and CFO of Dixons Group. In addition to a highly successful executive career, he

has also had extensive non-executive experience in large UK and US public companies as board, audit and remuneration committee chair.

Ian also has significant experience of large, regulated companies operating in both the UK and internationally. He is a member of the House of Lords and has also previously served in the UK government as Minister of State for Trade and Investment. He is a qualified Chartered Accountant.

Jacqui Ferguson

Jacqui has significant non-executive experience in complex science and technology-centric businesses and in her executive career as a divisional CEO in the technology industry. She has global broad business experience, including in mergers and acquisitions, and has worked across numerous international and emerging markets. Jacqui has expertise in leading technology-enabled transformations, digital, cyber security, technology and business process solutions. Jacqui has formerly held various senior positions with Hewlett Packard (HP), including Chief of Staff to the Chairman and CEO, SVP HP Enterprise Services, Electronic Data Systems (which was acquired by HP) and KPMG.

Iain Mackay

Iain has significant financial experience, gained in a range of sectors and operating in regulated environments globally. He was most recently Chief Financial Officer at GSK plc, where he was responsible for several of its key global functions including Finance, Investor Relations and Technology. Prior to this, Iain was Group Finance Director at HSBC Holdings plc for eight years, working across Asia, the United States and Europe, and previously worked at General Electric, Dowell Schlumberger and Price Waterhouse. Iain's extensive background knowledge and financial expertise allow him to effectively chair the Audit & Risk Committee. Iain is a member of the Institute of Chartered Accountants of Scotland, holds an MA in Business Studies and Accounting, and received an Honorary Doctorate from Aberdeen University in Scotland.

Anne Robinson

Anne has over 20 years' legal experience in the financial services industry, where she has counselled senior executives on a wide range of legal, regulatory and business issues. She currently serves as Managing Director, General Counsel and Corporate Secretary of The Vanguard Group, Inc. Anne brings to the Board expansive and varied legal experience in the financial services and consulting fields as well as experience of working closely with boards and investors on a broad range of ESG issues. Anne earned a BS from Hampton University and a JD from Columbia University Law School and is an advocate for sponsorship and mentorship of other women in the legal profession.

Earl Shipp

Earl has substantial experience in the global industrial and energy sectors as an Executive and Non-executive Director. With a career of over 40 years in the chemical industry, he has a track record of successfully leading transformative growth projects and driving pioneering technology innovation.

Earl is a former Chair of the US Federal Reserve Bank of New Orleans and was a member of the Federal Reserve's Energy Advisory Committee for several years. He has an enhanced knowledge of cyber risk having graduated from the Carnegie Mellon University Cyber-Risk Oversight Program for Corporate Directors.

Jonathan Silver

Jonathan has considerable knowledge of the US-regulated energy environment, and experience and understanding of integrating public policy and technology into a utility. Jonathan's previous work in the US Department of Energy included leading the federal government's \$40 billion clean energy investment fund and a \$20 billion fund focused on electric vehicles. Jonathan's strong background in finance and government policy, along with

his long career at the intersection of policy, technology, finance and energy, brings innovative insight to the Board's policy discussions and to its interactions with management.

Jonathan's former roles include consultant at McKinsey in the Financial Institutions practice, COO of Tiger Management, Senior Advisor to Guggenheim Securities and Senior Policy Advisor to the US Secretary of Commerce and the US Secretary of the Interior.

Tony Wood

Tony has proven business leadership credentials as an experienced Chief Executive and brings to the Board significant engineering experience. Tony is also a Fellow of the Royal Aeronautical Society. He was most recently Chief Executive of Meggitt plc and led the operational and cultural transformation of the company, transitioning from an industrial holding structure to a focused and customer-led business, leveraging technology investment.

Tony was formerly President of the Aerospace division of Rolls Royce plc and developed a strong reputation as an operator, turning around and growing several challenging business units and internationalising the company's footprint.

Martha Wyrsh

Martha has held a number of senior positions in the energy industry and has significant experience of the US market. She has served as General Counsel of energy and utility companies and was CEO of the divisions of major energy companies, including a major international gas transmission business, as well as leading the growth and development of the renewables business of Vestas in the United States.

As an accomplished Director for publicly listed companies in both the United Kingdom and the United States, Martha brings to the Board relevant experience across the renewable energy sector, as well as a strong understanding of the US regulatory environment, having previously held leadership roles in large US-regulated utility businesses.

Set out below are the directorships and partnerships held by the Directors (other than, where applicable, directorships held in subsidiaries of the Company), in the five years prior to the date of this document:

Name	Current directorships/partnership	Former directorships/partnerships
Paula Rosput Reynolds	President and CEO, PreferWest LLC Non-executive Director, GE Verona Non-executive Director, Linde plc	Non-executive Director, BP plc Non-executive Director, BAE Systems plc
John Pettigrew	Senior Independent Director, Rentokil Initial plc	—
Andy Agg	Non-executive Director, Weir Group plc	—
Ian Livingston	Non-executive Director, S&P Global Inc. Chair, BGF Group plc	Chair, Curry's plc Chair, Man Group Limited Non-executive Director, Belmond Ltd
Jacqui Ferguson	Chair, Tesco Bank Non-executive Director, The Engineering and Technology Board (EngineeringUK) Senior Independent Director, Softcat plc Senior Independent Director, Croda International plc	Non-executive Director, John Wood Group plc

Name	Current directorships/partnership	Former directorships/partnerships
	Director, F&F Holdings Limited	
Iain Mackay	Non-executive Director, UK Government Investments Ltd Non-executive Director, Schroders plc	Chief Financial Officer & Executive Director, GSK PLC
Anne E. Robinson	—	—
Earl Shipp	Non-executive Director, Olin Corporation Non-executive Director, Great Lakes Dredge and Dock Co.	Non-executive Director, CHI. St. Luke's Health System of Texas
Jonathan Silver	Non-executive Director, Intellihot, Inc.	Director, EG Acquisition Corp. Director, Plug Power, Inc. Non-executive & Chair, the Global Climate Council at Apollo Global Management, Inc. Non-executive Director, Peridot Acquisition Corp.
Tony Wood	LLP Designated Member of Birchstone LLP Non-executive Director, Airbus SE Director, ATL II MRO Holdings GP LLC	Chief Executive of Meggitt plc Director, Meggitt Investments Limited Director, Meggitt International Holdings Limited Director, Meggitt International Limited Director, Meggitt (UK) Limited Director, Meggitt Acquisition Limited Director, Meggitt Properties PLC Director, Meggitt Aerospace Limited Director, ADS Group Limited Director, Hieta Technologies Ltd
Martha Wyrsh	Director, First American Financial Director, Quanta Services Inc.	Director, Spectris PLC Non-executive Director, Noble Energy Inc.

5.2 Senior Management

In addition to the Executive Directors described above, the Company's Senior Managers, and the business and administrative departments they are responsible for, are indicated below.

Name	Age	Position
Justine Campbell	53	Group General Counsel & Company Secretary
Courtney Geduldig	48	Chief Corporate Affairs Officer
Talvis Love	56	Group Chief Information and Digital Officer
Will Serle	53	Chief People & Culture Officer
Ben Wilson	49	Chief Strategy and Regulation Officer

The business address of each Senior Manager is 1-3 Strand, London, WC2N 5EH.

Set forth below are brief biographical descriptions of the Senior Managers.

Justine Campbell

Justine is responsible for safety, legal, risk, compliance and corporate governance activities across the Group.

Justine served as Group General Counsel and Company Secretary at Centrica plc, a leading energy retail and trading company with operations in the UK and US. She has particular expertise in heavily regulated sectors, having held senior executive positions with responsibility for legal, regulatory, risk, compliance and public affairs at international telecommunications companies Telefonica and Vodafone. Justine qualified as a corporate lawyer at Freshfields and spent a number of years advising on regulatory and anti-trust matters in both London and Brussels. She is also a member of the GC100 Group Executive Committee.

Courtney Geduldig

Courtney is responsible for National Grid's corporate affairs, stakeholder engagement, public and external affairs and policy, corporate communications and brand.

Courtney served as President of Camden Global Partners and held corporate roles at S&P Global, Chime and Micron. She was also formerly Managing Director and Head of Global and Federal Government Relations at the Financial Services Forum, including the Engage China Coalition partnership. Earlier in her career, Courtney held the Deputy Assistant Secretary position at the US Department of the Treasury and served as the Chief Legislative Counsel for the International Finance Subcommittee of the Senate Banking Committee and Senior Advisor for a US Senator.

Talvis Love

Talvis is responsible for the Group's IT and digital strategy, cyber-security, data and global IT infrastructure and operations functions.

Talvis previously served as Chief Information Officer at Baxter International, an American multinational healthcare company. Prior to that he held several executive and management positions at Cardinal Health, TD Bank Group, Ford Motor Company, Oracle Corporation and Quaker Oats Company, a division of PepsiCo.

Will Serle

Will is responsible for devising and delivering National Grid's people plan, aligned with the Group's business strategy.

Will was previously Chief People Officer at Capita plc; a consulting and digital services business, employing over 60,000 colleagues in a variety of countries and servicing both corporate and government clients. Prior to that he was Chief People Officer at Amec Foster Wheeler, a global engineering and project management company with over 40,000 colleagues in over 40 countries.

Ben Wilson

Ben is responsible for devising and delivering National Grid's strategy, market analytics, innovation (including National Grid Partners), sustainability, policy & regulatory strategy and M&A items.

Ben was previously the Chief Executive Officer of Australian Gas Infrastructure Group (AGIG), one of the largest utility infrastructure businesses in Australia; active in every mainland state and throughout storage, midstream, transmission, distribution and metering. Before AGIG, Ben was the Director of Strategy & Regulation and Chief Financial Officer of UK Power Networks, an electricity distribution business in the UK with 8 million customers. Before moving into industry, Ben spent 15 years as an energy and utilities investment banker, working in Europe and Asia.

Set out below are the directorships and partnerships held by the Senior Managers (other than, where applicable, directorships held in subsidiaries of the Company), in the five years prior to the date of this document:

<u>Name</u>	<u>Current directorships/ partnership</u>	<u>Former directorships/partnerships</u>
Justine Campbell . .	—	Director, GB Gas Holdings Limited Director, Centrica Services Limited Director, Centrica Overseas Holdings Limited Director, Centrica Holdings Limited Director, Centrica Gamma Holdings Limited Director, Centrica Finance (US) Limited Director, Centrica Finance (Canada) Limited Director, Centrica Beta Holdings Limited Director, Generation Green Solar Limited Director, Rhodes Holdings HK Limited
Courtney Geduldig .	—	Independent Director, Reliability First
Talvis Love	—	Director, Poly Inc. Director, Duck Creek Technologies Limited Director, (Covail)
Will Serle	—	—
Ben Wilson	—	Director, AGN (Darling Downs) Pty Ltd Director, DBNGP Finance Co Pty Limited Director, DBNGP Compressor Co Pty Limited Director, DBNGP (WA) Transmission Pty Limited Director, DBNGP (WA) Nominees Pty Limited Director, DBNGP (WA) Finance Pty Limited Director, AGI Operations Pty Limited Director, AGI Development Group Pty Limited Director, AGI Development Group Nominees Pty Limited Director, AGI Ashburton Pty Limited Director, AGI Tubridgi Pty Limited Director, AGI Tanami Pty Limited Director, AGI Fortescue River Pty Limited Director, Australian Gas Infrastructure Holdings Pty Limited Director, AGI Finance Pty Limited Director, Dampier Bunbury Investment Company Pty Limited (now AGI Services Pty Limited) Director, DUET Dampier Bunbury Pty Limited Director, CK William Australia Bidco Pty Ltd Director, CK William Australia Holdings Pty Ltd Director, CKM Australia Holdings Pty Ltd Director, CKM Australia Bidco Pty Ltd Director, DMC1 Pty Limited Director, DUET Company Pty Ltd Director, DUET Finance Pty Limited Director, Energy Networks Association Limited

There is no family relationship between any of the Company's Directors or Senior Managers.

5.3 As at the date of this document, none of the Directors and the Senior Managers has at any time within the past five years:

- (i) save as disclosed in paragraphs 5.1 and 5.2 above, been a director or partner of any companies or partnerships; or
- (ii) had any convictions in relation to fraudulent offences (whether spent or unspent); or

- (iii) been adjudged bankrupt or has entered into any individual voluntary arrangements; or
- (iv) been a director of any company at the time of or within a 12-month period preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with such company's creditors generally or with any class of creditors of such company; or
- (v) has been partner of any partnership at the time of or within a 12-month period preceding any compulsory liquidation, administration or partnership voluntary arrangement of such partnership; or
- (vi) had their assets for the subject of any receivership; or
- (vii) been partner of any partnership at the time of or within a 12 month period preceding any assets thereof being the subject of a receivership; or
- (viii) been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including any designated professional body); or
- (ix) ever been disqualified by a court from acting as a director or other officer of any company or from acting in the management or conduct of the affairs of any company.

5.4 Save for their capacities as persons legally and beneficially interested in Shares, there are:

- (i) no potential conflicts of interest between any duties to the Company of the Directors and the Senior Managers and their private interests and/or other duties; and
- (ii) no arrangements or understandings with major Shareholders, members, suppliers or others, pursuant to which any Director or the Senior Managers was selected.

6 Corporate governance

For a description of the Group's corporate governance arrangements, including the structure of the Board, see the sections titled "Corporate Governance overview" and "Our Board" in the Company's Annual Report and Accounts 2023/24, incorporated into this document as described in Part XIII (*Documentation Incorporated by Reference*).

7 Directors' and Senior Managers' interests

The interests of the Directors and Senior Managers, and their immediate families, in the share capital of the Company (all of which, unless otherwise stated, are beneficial) on the date of this document and as they are expected to be immediately following the New Share Issue, including as a percentage of the Enlarged Share Capital (reflecting the expected take up by the Directors and Senior Managers of their entitlements under the Rights Issue and no options granted under the Share Schemes between the Latest Practicable Date and the New Share Issue), are as follows:

Name	Shares beneficially held at the date of this document		Shares beneficially held immediately following the Rights Issue	
	No.	%	No.	%
Directors				
Paula Rosput Reynolds ⁽¹⁾	10,000	0.00027%	12,916	0.00027%
John Pettigrew	1,543,304	0.04147%	1,881,246 ⁽²⁾	0.03914%
Andy Agg	476,883	0.01281%	615,973	0.01281%
Ian Livingston	1,838	0.00005%	2,374	0.00005%
Jacqui Ferguson	—	0.00000%	—	—
Iain Mackay	—	0.00000%	—	—
Anne Robinson	—	0.00000%	—	—
Earl Shipp ⁽³⁾	5,000	0.00013%	6,458	0.00013%
Jonathan Silver	—	0.00000%	—	—
Tony Wood	2,000	0.00005%	2,583	0.00005%
Martha Wyrsh ⁽⁴⁾	25,000	0.00067%	32,291	0.00067%

Name	Shares beneficially held at the date of this document		Shares beneficially held immediately following the Rights Issue	
	No.	%	No.	%
Senior Managers				
Justine Campbell	120,516	0.00324%	155,666	0.00324%
Talvis Love	—	0.00000%	—	—
Courtney Geduldig	—	0.00000%	—	—
Will Serle	31,633	0.00085%	40,859	0.00085%
Ben Wilson	29,852	0.00080%	38,558	0.00080%

Notes:

- (1) Paula Rosput Reynolds holds 2,000 ADSs representing 10,000 ordinary shares as at the Latest Practicable Date.
- (2) In respect of the Nil Paid Rights arising by virtue of John Pettigrew's beneficial holdings of ordinary shares, his intention is to subscribe for 337,942 New Shares and, in respect of his remaining entitlement, as many of such Nil Paid Rights as will allow him to take up the remaining rights in New Shares to which he is entitled will be sold. The number and percentage of ordinary shares immediately following completion of the Rights Issue set out above against John Pettigrew's name assume the sale of 112,188 Nil Paid Rights at the theoretical nil-paid price as at 22 May 2024 of 343 pence each which may, of course, not be the price for which such Nil Paid Rights are sold.
- (3) Earl Shipp holds 1,000 ADSs representing 5,000 ordinary shares as at the Latest Practicable Date.
- (4) Martha Wyrsh holds 5,000 ADSs representing 25,000 ordinary shares as at the Latest Practicable Date.

The Directors and the Senior Managers have the same voting rights as all other Shareholders.

7.1 No Director has or has had any interest in any transactions which are or were unusual in their nature or conditions which are or were significant to the business of the Group or any of its subsidiary undertakings and which were effected by the Group or any of its subsidiaries during the current or immediately preceding financial year or during an earlier financial year and which remain in any respect outstanding or unperformed.

7.2 There are no outstanding loans or guarantees granted or provided by any member of the Group to or for the benefit of any of the Directors.

7.3 Save as set out in this Part XII, it is not expected that any Director will have any interest in the share or loan capital of the Company following the New Share Issue and there is no person to whom any capital of any member of the Group is under option or agreed unconditionally to be put under option.

8 Interests of Major Shareholders

8.1 Insofar as the Company has been notified under the Disclosure Guidance and Transparency Rules, the name of each person who, directly or indirectly, has an interest in three per cent. or more of the Company's issued share capital, and the amount of such person's interest, as at the Latest Practicable Date) are as follows:

Name	Shares	
	No.	%
BlackRock, Inc.	254,134,567	6.83
Bank of America Corporation	216,654,059	5.82
The Capital Group Companies, Inc.	182,521,721	4.90

8.2 Insofar as the Company has been notified under the Disclosure Guidance and Transparency Rules, the Company is not directly or indirectly owned or controlled by another corporation, any foreign government, or any other natural or legal person, severally or jointly.

8.3 None of the major Shareholders referred to above has different voting rights from other Shareholders.

8.4 Insofar as is known to the Company, immediately following the New Share Issue, the interests of those persons set out above with an interest in three per cent. or more of the

Company's issued share capital, and the amount of such persons' interests, including as a percentage of the Enlarged Share Capital, (assuming full take up by such persons of their entitlements under the Rights Issue and no options granted under the Share Schemes are exercised between the Latest Practicable Date and the New Share Issue), will be as follows:

<u>Name</u>	<u>Shares</u>	
	<u>No.</u>	<u>%</u>
BlackRock, Inc.	328,257,149	6.83
Bank of America Corporation	279,844,826	5.82
The Capital Group Companies, Inc.	235,757,223	4.90

9 Mandatory takeover bids, squeeze-out rules, sell-out rules and takeover bids

9.1 Mandatory takeover bids

The UK Takeover Code applies to the Company. Under the UK Takeover Code, if an acquisition of interests in shares were to increase the aggregate holding of an acquirer and persons acting in concert with it to an interest in shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending upon the circumstances, persons acting in concert with it would be required (except with the consent of the UK Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares at a price not less than the highest price paid for any interest in shares by the acquirer or his or her concert parties during the previous 12 months. A similar obligation to make such a mandatory offer would also arise on the acquisition of an interest in shares by a person holding (together with any persons acting in concert) an interest in shares carrying between 30 per cent. and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.

9.2 Squeeze-out rules

Under the Companies Act 2006, if a "takeover offer" (as defined in section 974 of the Companies Act) is made for the shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the shares to which the offer relates (the "Offer Shares") and not less than 90 per cent. of the voting rights attached to the Offer Shares, within three months of the last day on which its offer can be accepted, it could acquire compulsorily the outstanding shares not assented to the offer. It would do so by sending a notice to outstanding shareholders telling them that it will acquire compulsorily their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders whose shares are acquired compulsorily under the Companies Act 2006 must, in general, be the same as the consideration that was available under the takeover offer.

9.3 Sell-out rules

The Companies Act 2006 also gives minority shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the shares, and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the shares to which the offer relates, any holder of shares to which the offer related who had not accepted the offer could, by a written communication to the offeror, require it to acquire those shares. The offeror is required to give any shareholder notice of his or her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises his or her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

9.4 Takeover bids

No public takeover bid has been made in relation to the Company during the last financial year or the current financial year.

10 Auditor

The auditor of National Grid plc for the period from 1 April 2017 to date has been Deloitte LLP, chartered accountants, whose address is at 1 New Street Square, London EC4A 3HQ, United Kingdom. Deloitte LLP have no material interest in the Company.

11 Material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or another member of the Group within the two years immediately preceding the date of this document and are, or may be, material or have been entered into at any time by the Company or any member of the Group and contain provisions under which the Company or any member of the Group has an obligation or entitlement which is, or may be, material to the Company or any member of the Group as at the date of this document:

11.1 Underwriting Agreement

Pursuant to a rights issue underwriting and sponsors' agreement dated 23 May 2024 between the Company and the Joint Global Co-ordinators (the "**Underwriting Agreement**"), the Joint Global Co-ordinators (in their capacities as Joint Global Co-ordinators, Joint Bookrunners and Underwriters) have agreed severally to procure subscribers for, or failing which to themselves subscribe for, any New Shares not taken up under the Rights Issue.

In consideration of their services under the Underwriting Agreement, and subject to their obligations under the Underwriting Agreement having become unconditional and the Underwriting Agreement not having been terminated, the Company has agreed to pay the Underwriters a commission of 1.85 per cent. of the aggregate value at the Issue Price of the number of New Shares comprised in the Rights Issue, and at the discretion of the Company, an additional commission of up to 0.15 per cent. of the aggregate value at the Issue Price of the number of New Shares comprised in the Rights Issue. Subject to the Underwriters' obligations under the Underwriting Agreement having become unconditional and the Underwriting Agreement not having been terminated, the Company will pay such commissions and the Underwriters will pay any sub-underwriting fees out of such commissions (if and to the extent that sub-underwriters are or have been procured).

The Company shall pay (whether or not the Banks' obligations under the Underwriting Agreement become unconditional or the Underwriting Agreement is terminated) all costs and expenses of, or in connection with, the Rights Issue, the allotment and issue of the New Shares, the Subscription and Transfer Agreement, the Option Agreement, the receiving agent agreement (the "**Receiving Agent Agreement**") and the Underwriting Agreement, including (but not limited to) in respect of book-building software, any FCA and London Stock Exchange costs, any other regulatory fees and expenses, printing and advertising costs, postage, the Registrar's charges, its own and the Underwriters' legal and other properly incurred out-of-pocket expenses, all accountancy and other professional fees, public relations fees and expenses and all stamp duty and stamp duty reserve tax (if any) and other duties and taxes.

The obligations of the Underwriters under the Underwriting Agreement are subject to certain conditions including, amongst others:

- (i) the warranties and representations on the part of the Company in the Underwriting Agreement being true and accurate in all respects and not misleading when given;
- (ii) there having been no material adverse change at any time between the date of the Underwriting Agreement and Admission; and
- (iii) Admission occurring no later than 8.00 a.m. on 24 May 2024 or such later time and/or date as the Company and the Joint Global Co-ordinators may agree.

The Joint Global Co-ordinators may terminate the Underwriting Agreement in certain circumstances prior to Admission, including if any statement in the Prospectus is or has become untrue, incorrect or misleading in any material respect, for breach by the Company of any warranties and representations contained in the Underwriting Agreement, for breach of the Underwriting Agreement, if the application for Admission is refused by the FCA and for certain material changes in the market, in each case which in the opinion of the Joint Global Co-ordinators (acting jointly and in good faith) the effect of which is such as to make it impracticable or inadvisable to proceed with the Rights Issue, the underwriting of the New Shares or Admission, but in each case only prior to Admission.

The Underwriting Agreement also contains lock-up arrangements pursuant to which the Company may not, without the prior written consent of the Joint Global Co-ordinators, undertake any consolidation or subdivision of its share capital or any capitalisation issue, declare or pay any dividends (save for any FY24 Final Dividend and any interim dividend for the half year to 30 September 2024 (including any scrip dividend alternative in each case)) or make any kind of distribution or grant of other rights in respect of any Shares, or offer, issue, lend, sell or contract to sell or contract to sell or issue, issue options in respect of, or otherwise dispose of, or announce any offering or issue of any Shares or any securities exchangeable or convertible into, or substantially similar to Shares for a period of 180 days from (but not including) the settlement date of the Rights Issue, subject to certain customary exceptions.

11.2 Subscription and Transfer Agreement and Option Agreement

In connection with the Rights Issue, the Company, NewCo and J.P. Morgan Securities plc (the “**Subscribing Bank**”) have entered into a subscription and transfer agreement (the “**Subscription and Transfer Agreement**”) and an option agreement (the “**Option Agreement**”), in each case dated 23 May 2024, in respect of the subscription and transfer of ordinary shares and redeemable preference shares in NewCo. Under the terms of these agreements:

- 11.2.1 the Company and the Subscribing Bank have agreed to subscribe for ordinary shares in NewCo and enter into certain put and call options in respect of the ordinary shares in NewCo subscribed for by the Subscribing Bank that are exercisable if the Rights Issue does not proceed;
- 11.2.2 the Subscribing Bank, as principal, will apply an amount equal to the proceeds of the Rights Issue (and held by the Receiving Agent) received from (i) Qualifying Shareholders or renounees taking up New Shares under the Rights Issue, and (ii) acquirers of New Shares not taken up by Qualifying Shareholders and renounees under the Rights Issue (less any premium over the Issue Price) to subscribe for redeemable preference shares in NewCo (subject to the operation of the set-off mechanics set out in those agreements by virtue of which the relevant commissions and expenses payable in connection with the Rights Issue will be set off against the amount payable by the Subscribing Bank); and
- 11.2.3 the Company will allot and issue the New Shares to those persons entitled thereto in consideration of the Subscribing Bank transferring its holdings of redeemable preference shares and ordinary shares in NewCo to the Company.

Accordingly, instead of receiving cash as consideration for the issue of the New Shares, at the conclusion of the Rights Issue the Company will own the entire issued ordinary and redeemable preference share capital of NewCo, whose only assets will be its cash balances, which will represent an amount equivalent to the net proceeds of the Rights Issue plus the aggregate nominal amount received by NewCo for the ordinary shares and preference shares issued to the Company and the Subscribing Bank. The Company will be able to utilise this amount following redemption of the redeemable preference shares it will hold in NewCo and, if required, during any interim period prior to redemption, by procuring that NewCo lends the amount to the Company (or one of the Company’s subsidiaries). Using this structure for the Rights Issue also has the potential to create distributable reserves for the Company in that the Company is not expected to be required to credit its share premium account with the excess of the Issue Price over the nominal value of the

New Shares issued and is instead expected to credit a merger reserve. To the extent the merger reserve is considered to be realised, this would create distributable reserves.

Qualifying Shareholders are not party to these arrangements and so will not acquire any direct right against the Subscribing Bank pursuant to these arrangements. The Company will be responsible for enforcing the Subscribing Bank's obligations thereunder.

11.3 Sale of UK Gas Transmission and Metering Business

On 27 March 2022, Lattice Group Limited ("**Lattice**"), a wholly owned subsidiary of the Company, entered into an acquisition agreement with Luppiter Bidco Limited ("**Luppiter Bidco**") in connection with the sale by the Group (the "**60% Sale**") of a 60 per cent. equity interest in its UK Gas Transmission and Metering Business (now National Gas Transmission) to the Consortium (the "**Acquisition Agreement**").

Completion of the 60% Sale pursuant to the Acquisition Agreement occurred on 31 January 2023. At completion of the 60% Sale, Lattice received cash consideration of approximately £2.2bn (subject to certain customary completion adjustments) and also received approximately £2bn in the form of additional debt financing.

Simultaneously with the entry into the Acquisition Agreement, Lattice and Luppiter Bidco also entered into a further acquisition agreement (the "**Further Acquisition Agreement**") pursuant to which Luppiter Bidco was granted an option to acquire the remaining 40 per cent. equity interest held by Lattice in the Gas Transmission and Metering Business on equivalent financial terms to the 60% Sale. On 19 July 2023, Lattice agreed to sell a further 20 per cent. equity interest (the "**Further 20% Sale**") in the Gas Transmission and Metering Business to Luppiter Bidco in accordance with the Further Acquisition Agreement, as amended on 19 July 2023, and the completion of the Further 20% Sale was completed on 11 March 2024.

On 19 July 2023, Lattice and Luppiter Bidco also entered into a remaining acquisition agreement (the "**Remaining Acquisition Agreement**") for the sale of the remaining 20 per cent. equity interest held by Lattice in the Gas Transmission and Metering Business following the completion of the Further 20% Sale (the "**Remaining 20% Interest**"). Pursuant to the Remaining Acquisition Agreement, Luppiter Bidco has the option, exercisable between 1 May 2024 and 31 July 2024, to acquire all or part of the Remaining 20% Interest on equivalent financial terms to the 60% Sale and the Further 20% Sale. If the option for the Remaining 20% Interest is only partially exercised by Luppiter Bidco, Lattice will have the right to require Luppiter Bidco to acquire the remainder of its equity interest in the Gas Transmission and Metering Business, which can be exercised by Lattice between 1 December 2024 and 31 December 2024.

12 Regulatory disclosures

Below is a summary of the information disclosed in accordance with the Company's obligations under Market Abuse Regulation over the last 12 months which is relevant as at the date of this document.

12.1 Transactions of Persons Discharging Managerial Responsibilities ("**PDMR**")

- 12.1.1 On 5 June 2023, the Company released a notification in relation to the National Grid US Employee Stock Purchase Plan ("**ESPP**") monthly purchase on behalf of a PDMR.
- 12.1.2 On 8 June 2023, the Company released a notification in relation to a PDMR acquiring shares following the partial vesting of an award under the Company's Retention Award Plan ("**RAP**").
- 12.1.3 On 9 June 2023, the Company released a notification in relation to the National Grid Share Incentive Plan ("**SIP**") monthly purchases on behalf of PDMRs.
- 12.1.4 On 16 June 2023, the Company released a notification in relation to Executive Directors and PDMRs being granted awards under the Company's Annual Performance Plan ("**APP**").

- 12.1.5 On 30 June 2023, the Company released a notification in relation to PDMRs being granted awards under the Company's Long Term Performance Plan ("LTTP").
- 12.1.6 On 6 July 2023, the Company released a notification in relation to the ESPP monthly purchase on behalf of a PDMR.
- 12.1.7 On 6 July 2023, the Company released a notification in relation to the acquisition of shares by PDMRs under the Company's LTTP.
- 12.1.8 On 10 July 2023, the Company released a notification in relation to the SIP monthly purchases on behalf of PDMRs.
- 12.1.9 On 2 August 2023, the Company released a notification in relation to the ESPP monthly purchase on behalf of a PDMR.
- 12.1.10 On 8 August 2023, the Company released a notification in relation to the SIP monthly purchases on behalf of PDMRs.
- 12.1.11 On 10 August 2023, the Company released a notification in relation to the Company's FY23 final dividend scrip alternative and dividend reinvestment under the SIP on behalf of PDMRs and closely associated persons.
- 12.1.12 On 17 August 2023, the Company released a notification in relation to the Company's FY23 final dividend scrip alternative.
- 12.1.13 On 8 September 2023, the Company released a notification in relation to the SIP monthly purchases on behalf of PDMRs.
- 12.1.14 On 3 October 2023, the Company released a notification in relation to the ESPP monthly purchase on behalf of a PDMR.
- 12.1.15 On 10 October 2023, the Company released a notification in relation to the SIP monthly purchases on behalf of PDMRs.
- 12.1.16 On 8 November 2023, the Company released a notification in relation to the SIP monthly purchases on behalf of PDMRs.
- 12.1.17 On 8 December 2023, the Company released a notification in relation to the SIP monthly purchases on behalf of PDMRs.
- 12.1.18 On 9 January 2024, the Company released a notification in relation to the SIP monthly purchases on behalf of PDMRs.
- 12.1.19 On 12 January 2024, the Company released a notification in relation to the Company's FY24 Final Dividend scrip alternative and dividend reinvestment under the SIP on behalf of PDMRs and closely associated persons.
- 12.1.20 On 8 February 2024, the Company released a notification in relation to the SIP monthly purchases on behalf of PDMRs.
- 12.1.21 On 6 March 2024, the Company released a notification in relation to a PDMR acquiring shares following the partial vesting of an award under the Company's RAP.
- 12.1.22 On 7 March 2024, the Company released a notification in relation to the ESPP monthly purchase on behalf of a PDMR.
- 12.1.23 On 8 March 2024, the Company released a notification in relation to the SIP monthly purchases on behalf of PDMRs.
- 12.1.24 On 5 April 2024, the Company released a notification in relation to the ESPP monthly purchase on behalf of a PDMR.
- 12.1.25 On 10 April 2024, the Company released a notification in relation to the SIP monthly purchases on behalf of PDMRs.
- 12.1.26 On 8 May 2024, the Company released a notification in relation to the SIP monthly purchases on behalf of PDMRs.

12.2 Financial results

12.2.1 On 9 November 2023, the Company released a notification in relation to its half-year results for the period ended 30 September 2023.

13 Related party transactions

The significant related party transactions between the Company and its subsidiaries that were entered into during each of the last three years are incorporated into this Prospectus by reference to the “Notes to the consolidated accounts” of the Annual Reports for each of the years ended 31 March 2024, 2023 and 2022, as described in Part XIII (*Documentation Incorporated by Reference*) of this Prospectus. During the period from 31 March 2024 to the Latest Practicable Date, there were no new significant related party transactions.

14 Litigation and arbitration proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the previous 12 months which may have, or have had in the recent past, significant effects on the Company or the Group’s financial position or profitability.

15 Working capital

In the opinion of the Company, taking into account the net proceeds of the Rights Issue, the Group has sufficient working capital for its present requirements, that is, for at least 12 months from the date of this document.

16 No significant change

There has been no significant change in the financial position or financial performance of the Group in the period since 31 March 2024 to the date of publication of this document.

17 Consents

17.1 Each of the Joint Bookrunners has given and not withdrawn their consent to the inclusion in this document of their name in the form and in the context in which they appear.

17.2 Deloitte LLP has given and not withdrawn its written consent to the inclusion of its Report on the Unaudited Pro Forma Financial Information in Section A of Part IX (*Unaudited Pro Forma Financial Information*) of this document, in the form and context in which it is included, and has authorised the contents of the part of this document which comprises its report for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules.

18 Miscellaneous

18.1 The total costs and expenses payable by the Company in connection with the Rights Issue (including the listing fees of the FCA and the London Stock Exchange, professional fees and expenses and the costs of printing and distribution of documents) are estimated to amount to approximately £165 million.

18.2 Each New Share is expected to be issued at a premium of 633 pence to its nominal value of 12 and 204473 pence.

18.3 The financial information contained in this document does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

18.4 Where information included in this document has been sourced from a third party, National Grid confirms that the information has been accurately reproduced and, as far as it is aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third-party information has been used in this document, the source of such information has been identified wherever it appears.

19 Documents available for inspection

Copies of the following documents are available for inspection on the Company's website (www.nationalgrid.com) for a period of 12 months from the date of publication of this document:

- (a) the Articles of Association;
- (b) the consent letters referred to in paragraph 17 above;
- (c) the unaudited pro forma financial information of the Group and the report from Deloitte LLP thereon contained in Part IX (*Unaudited Pro Forma Financial Information*) of this document;
- (d) the information incorporated by reference into this document, as described in Part XIII (*Documentation Incorporated by Reference*) of this document; and
- (e) this document.

PART XIII
DOCUMENTATION INCORPORATED BY REFERENCE

The following documents, which have been filed with, or notified to, the FCA and are available for inspection in accordance with paragraph 19 of Part XII (*Additional Information*) of this document, contain financial information about the Group:

- Annual Reports and Accounts 2023/24, containing the Group's audited consolidated financial statements for the year ended 31 March 2024, together with the audit report in respect of that period and a discussion of the Group's financial performance;
- Annual Reports and Accounts 2022/23, containing the Group's audited consolidated financial statements for the year ended 31 March 2023, together with the audit report in respect of that period; and
- Annual Reports and Accounts 2021/22, containing the Group's audited consolidated financial statements for the year ended 31 March 2022, together with the audit report in respect of that period.

The table below sets out the various sections of the documents referred to above which are incorporated by reference into this document, so as to provide the information required pursuant to the Prospectus Regulation Rules and to ensure that Shareholders and others are aware of all information which, according to the particular nature of the Company and of the New Shares, is necessary to enable Shareholders and others to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Company and of the rights attaching to the New Shares.

<u>Reference document</u>	<u>Information incorporated by reference</u>	<u>Page number in reference document</u>	
<i>Annual Reports and Accounts 2023/24</i>	Our key performance indicators (KPIs)	18–21	
	Internal control and risk management	22–23	
	Viability statement	31	
	Our commitment to being a responsible business	37–41	
	Our stakeholders	42–43	
	Financial Review	60–73	
	Corporate Governance overview	76–77	
	Our Board	78–79	
	Independent auditors' reports	117–126	
	Consolidated income statement	127–128	
	Consolidated statement of comprehensive income . . .	129	
	Consolidated statement of changes in equity	130	
	Consolidated statement of financial position	131	
	Consolidated cash flow statement	132	
	Notes to the consolidated accounts	133–211	
	Research, development and innovation activity	241	
	Other unaudited financial information	242–256	
	Commentary on consolidated financial statements . . .	257–258	
	<i>Annual Reports and Accounts 2022/23</i>	Independent auditors' reports	109–120
		Consolidated income statements	121–122
Consolidated statement of comprehensive income . . .		123	
Consolidated statement of changes in equity		124	
Consolidated statement of financial position		125	
Consolidated cash flow statement		126	
<i>Annual Reports and Accounts 2021/22</i>	Notes to the consolidated accounts	127–210	
	Independent auditors' reports	135–146	
	Consolidated income statements	147–148	
	Consolidated statement of comprehensive income . . .	149	
	Consolidated statement of changes in equity	150	
	Consolidated statement of financial position	151	
	Consolidated cash flow statement	152	
	Notes to the consolidated accounts	153–234	

Parts of the documents incorporated by reference which are not set out above are not incorporated into and do not form part of this document. It should be noted that the other sections of such documents that are not incorporated by reference are either not relevant or are covered elsewhere in this document. Information that is itself incorporated by reference or referred or cross-referred to in these documents is not incorporated by reference into this document.

**PART XIV
DEFINITIONS**

In this document the following expressions have the following meaning unless the context otherwise requires:

“Acquisition Agreement”	the agreement entered into between Lattice and Luppiter Bidco on 27 March 2022 in connection with the 60% Sale;
“Admission”	admission of the New Shares, nil paid, to (a) the Official List, and (b) trading on the London Stock Exchange’s main market for listed securities;
“ADS”	American depository shares, being securities of National Grid listed on the New York Stock Exchange, each of which represents five Shares;
“AGM”	the annual general meeting of the Company;
“APM”	alternative performance measures;
“Articles of Association”	the articles of association of the Company;
“ASIC”	Australian Securities and Investments Commission;
“ASTI”	Ofgem’s Accelerated Strategic Transmission Investment framework;
“AU Corporations Act”	Corporations Act 2001 of the Commonwealth of Australia;
“Banks”	Barclays and J.P. Morgan;
“Barclays”	Barclays Bank PLC;
“Board”	the board of directors, from time to time, of the Company;
“Boston Gas”	Boston Gas Company;
“Cashless Take-up”	the sale of such number of Nil Paid Rights as will generate sufficient sale proceeds to enable the direct or indirect holder thereof to take up all of their remaining Nil Paid Rights (or entitlements thereto);
“CCSS”	the CREST Courier and Sorting Service established by Euroclear to facilitate, amongst other things, the deposit and withdrawal of securities;
“certificated” or “in certificated form”	a share or other security which is not in uncertificated form (that is, not in CREST);
“Chair”	the chair of the Company;
“Companies Act”	the UK Companies Act 2006, as amended from time to time;
“Company” or “National Grid”	National Grid plc, a public limited company incorporated under the laws of England and Wales;
“Consortium”	the consortium of infrastructure investors in relation to the 60% Sale which includes, amongst others, Macquarie Asset Management and British Columbia Investment Management Corporation;
“Corporate Governance Code”	the UK Corporate Governance Code (2018) issued by the Financial Reporting Council, setting out principles of good governance and code of best practice;
“Corporate Sponsored Nominee”	the Corporate Sponsored Nominee operated by Equiniti

Financial Services Limited on behalf of the Company to hold Shares in CREST on behalf of retail shareholders;

“Corporate Sponsored Nominee Letter”	the Letter expected to be sent to Qualifying Corporate Sponsored Nominee Participants in respect of the Rights Issue;
“CREST”	the relevant system (as defined in the CREST Regulations) for the paperless settlement of trades in listed securities in the United Kingdom, of which Euroclear is the operator (as defined in the CREST Regulations);
“CREST Manual”	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure, CREST Glossary of Terms and CREST Terms and Conditions (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as amended since);
“CREST member”	a person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations);
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended;
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor;
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member;
“DESNZ”	the UK Department of Energy Security and Net Zero;
“Directors”	the Executive Directors and Non-Executive Directors of the Company as at the date of this document;
“Disclosure Guidance and Transparency Rules”	the disclosure guidance and transparency rules made by the FCA under Part VI of the FSMA, as amended;
“DNO”	distribution network operator;
“DPS”	dividend per share;
“EPS”	earnings per share;
“EEA”	the European Economic Area;
“EEA States”	the member states of the EEA;
“Electricity Act”	the UK Electricity Act 1989;
“Enlarged Share Capital”	the Company’s issued ordinary share capital following the issue of the New Shares;
“Equiniti Financial Services Limited”	Equiniti Financial Services Limited, a private company registered in England and Wales with registered number 06208699 whose registered office is Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, being the FCA authorised and regulated entity that provides and manages the Corporate Sponsored Nominee;
“ESO”	electricity system operator or National Grid Electricity System Operator Limited;
“EU”	European Union;
“Euroclear”	Euroclear UK and International Limited;

“EUWA”	the European Union (Withdrawal) Act 2018;
“Excluded Territories”	Canada, Hong Kong, Japan, Saudi Arabia, Singapore, South Africa, the United Arab Emirates and any other jurisdiction (subject to certain limited exceptions) where the Company is advised that the allotment or issue of the New Shares pursuant to the Rights Issue would or may infringe the relevant laws and regulations of such jurisdiction or would or may require the Company to obtain any governmental or other consent or to effect any registration, filing or other formality which, in the opinion of the Company, it would be unable to comply with or is unduly onerous;
“Executive Directors”	the executive Directors of the Company as at the date of this document;
“Existing Shares”	the existing Shares in issue immediately preceding the issue of the New Shares;
“Ex-Rights Date”	8.00 a.m. on 24 May 2024;
“FCA”	the United Kingdom Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the FSMA;
“FERC”	the Federal Energy Regulatory Commission;
“FSMA”	Financial Services and Markets Act 2000, as amended;
“FSRA”	Financial Services Regulatory Authority;
“Fully Paid Rights”	rights to acquire New Shares, fully paid;
“Further Acquisition Agreement”	the acquisition agreement entered into between Lattice and Luppiter Bidco simultaneously with the Acquisition Agreement on 27 March 2022 pursuant to which Luppiter Bidco was granted an option to acquire the remaining 40 per cent. equity interest held by Lattice in the Gas Transmission and Metering Business on equivalent terms to the 60% Sale, as amended on 19 July 2023 in relation to the Further 20% Sale;
“Further 20% Sale”	the sale by Lattice of a further 20 per cent. equity interest in the Gas Transmission and Metering Business to Luppiter Bidco in accordance with the Further Acquisition Agreement;
“FY22”	the financial year ended 31 March 2022;
“FY23”	the financial year ended 31 March 2023;
“FY24”	the financial year ended 31 March 2024;
“FY24 Final Dividend”	the final dividend of 39.12 pence per Share proposed to be paid in respect of FY24 and subject to approval by the Shareholders at the 2024 AGM;
“FY25”	the financial year ending 31 March 2025;
“FY26”	the financial year ending 31 March 2026;
“FY29”	the financial year ending 31 March 2029;
“FY31”	the financial year ending 31 March 2031;
“FY34”	the financial year ending 31 March 2034;
“Gas Transmission and Metering Business”	the Group’s UK gas transmission and metering business (in which the Group, as at the date of this document, retains a 20 per cent. ownership);

"GEMA"	the UK Gas and Electricity Markets Authority;
"GENCO"	National Grid Generation LLC;
"Group"	the Company and its subsidiary undertakings and, where the context requires, its associated undertakings;
"HMRC"	HM Revenue & Customs;
"IAS"	International Accounting Standard;
"IFRS"	the UK-adopted International Financial Reporting Standards within the meaning of Section 474(1) of the Companies Act 2006;
"Interconnection"	the Hydro-Quebec and New England interconnection;
"ISIN"	International Securities Identification Number;
"ISO"	independent systems operator;
"ISOP"	the Independent System Operator and Planner for the United Kingdom announced by the UK Government as part of the UK Energy Act 2023;
"Issue Price"	645 pence per Share, the price at which New Shares will be issued to Qualifying Shareholders pursuant to the Rights Issue;
"Joint Bookrunners"	Barclays and J.P. Morgan;
"Joint Global Co-ordinators"	Barclays and J.P. Morgan;
"Joint Sponsors"	Barclays and J.P. Morgan;
"J.P. Morgan"	J.P. Morgan Securities plc;
"KEDLI"	KeySpan Gas East Corporation;
"KEDNY"	The Brooklyn Union Gas Company doing business as National Grid NY;
"Latest Practicable Date"	20 May 2024 (being the latest practicable date prior to the date of this document);
"Lattice"	Lattice Group Limited;
"LDC"	local natural gas distribution networks;
"LIPA"	Long Island Power Authority;
"Listing Rules"	the listing rules made by the FCA under Part VI of the FSMA, as amended;
"LNG"	liquefied natural gas;
"London Stock Exchange"	London Stock Exchange plc;
"Luppiter Bidco"	Luppiter Bidco Limited;
"MADPU"	Massachusetts Department of Public Utilities;
"Market Abuse Regulation"	Regulation (EU) 2014/596 and the delegated acts, implementing acts and technical standards thereunder as such legislation forms part of retained EU law;
"Mass Hydro"	New England Hydro-Transmission Electric Company, Inc.;
"MECO"	Massachusetts Electric Company;
"Money Laundering Regulations"	the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 SI 2017/692 as amended by the Money Laundering and Terrorist Financing (Amendment) Regulations 2019 SI 2019/1511;

“MTM”	Many-to-Many;
“MW”	megawatts;
“NEET”	New England Electric Transmission Corporation;
“NEP”	New England Power Company;
“New Share Issue”	the issue of the New Shares in connection with the Rights Issue;
“New Shares”	1,085,448,980 new Shares which the Company will allot and issue pursuant to the Rights Issue, including, where appropriate, the Provisional Allotment Letters, the Nil Paid Rights and Fully Paid Rights;
“NewCo”	Project SPV (Jersey) Investments Limited;
“NGED”	National Grid Electricity Distribution plc, comprising four continuous licensed subsidiaries, National Grid Electricity Distribution (East Midlands) plc, National Grid Electricity Distribution (West Midlands) plc, National Grid Electricity Distribution (South West) plc and National Grid Electricity Distribution (South Wales) plc;
“NGET”	National Grid Electricity Transmission plc;
“NGNA”	National Grid North America;
“NGUSA”	National Grid USA;
“NGV”	National Grid Ventures;
“Nil Paid Rights”	rights to acquire New Shares, nil paid;
“NMPC”	Niagara Mohawk Power Corporation;
“Non-Executive Directors”	the non-executive Directors of the Company as at the date of this document;
“NYPSC”	the New York Public Service Commission;
“Official List”	the official list of the FCA;
“Ofgem”	the UK Office of Gas and Electricity Markets;
“Online Application”	the personalised website where an application can be made by Qualifying Certificated Shareholders using the logon details provided in the Provisional Allotment Letter or Corporate Sponsored Nominee Letter;
“Option Agreement”	the option agreement between the Company, Newco, and the Subscribing Bank in relation to the Rights Issue, as described in paragraph 11.2 of Part XII (<i>Additional Information</i>);
“Overseas Shareholders”	Qualifying Shareholders with registered addresses in, or who are citizens, residents or nationals of jurisdictions outside the United Kingdom;
“PFIC”	passive foreign investment company;
“Prospectus” or “this document”	the prospectus issued by the Company in respect of the Rights Issue, together with any supplements or amendments thereto;
“Prospectus Delegated Regulation”	Delegated Regulation (EU) 2019/980 of 14 March supplementing the Prospectus Regulation;
“Prospectus Regulation”	Regulation (EU) 2017/1129 and the delegated acts, implementing acts and technical standards thereunder as such legislation forms part of retained EU law;

"Prospectus Regulation Rules"	the Prospectus Regulation Rules made by the FCA, as from time to time amended and includes, where appropriate, relevant provisions of the Prospectus Regulation as referred to or incorporated within the Prospectus Regulation Rules and "PRR" is a reference to any one of the Prospectus Regulation Rules;
"Provisional Allotment Letter"	the provisional allotment letter to be issued to Qualifying Certificated Shareholders (other than certain Overseas Shareholders);
"QIB"	"qualified institutional buyer" within the meaning of Rule 144A under the US Securities Act;
"Qualifying Certificated Shareholders"	Qualifying Shareholders holding Shares in certificated form on the Record Date;
"Qualifying CREST Shareholders"	Qualifying Shareholders holding Shares in uncertificated form on the Record Date;
"Qualifying Corporate Sponsored Nominee Participants"	Qualifying Shareholders holding Shares in the Corporate Sponsored Nominee on the Record Date;
"Qualifying Shareholders"	Shareholders on the register of members of the Company or the Corporate Sponsored Nominee at the Record Date with the exclusion of persons with a registered address or located or resident in (subject to certain exceptions) in the United States or another Excluded Territory;
"RAV"	regulatory asset value;
"Receiving Agent"	Equiniti Limited;
"Receiving Agent Agreement"	the receiving agent agreement between the Company and the Receiving Agent in relation to the Rights Issue, as described in paragraph 11.1 of Part XII (<i>Additional Information</i>);
"Record Date"	6.00 p.m. on 20 May 2024;
"Registrar"	Equiniti Limited;
"Regulation S"	Regulation S under the US Securities Act;
"Relevant Company"	the Company, a subsidiary of the Company, any parent undertaking of the Company or a subsidiary undertaking of any such parent undertaking, any company promoted by the Company or any company in which the Company is interested;
"Relevant State"	the relevant member state of the EEA;
"Remaining Acquisition Agreement"	the acquisition agreement entered into between Lattice and Luppiter Bidco on 19 July 2023 in connection with the sale of the Remaining 20% Interest;
"Remaining 20% Interest"	the remaining 20 per cent. equity interest held by Lattice in the Gas Transmission and Metering Business following the completion of the Further 20% Sale;
"retained EU law"	has the meaning set out in section 6(7) of the European Union (Withdrawal) Act 2018;
"Rights"	Nil Paid Rights and/or Fully Paid Rights, as applicable;

"Rights Issue"	the offer by way of rights to Qualifying Shareholders to subscribe for New Shares, on the terms and conditions set out in this document and, in the case of Qualifying Certificated Shareholders only, the Provisional Allotment Letter;
"RTO"	regional transmission organisations;
"Rule 144A"	Rule 144A under the US Securities Act;
"SDRT"	Stamp Duty Reserve Tax;
"SEC"	US Securities and Exchange Commission;
"SEDOL"	Stock Exchange Daily Official List;
"Senior Managers"	the senior management of the Group whose names appear on page 145 of this document;
"Shareholders"	holders of Shares (including Corporate Sponsored Nominee Participants);
"Share Schemes"	the share scheme of the Company;
"Shares"	ordinary shares of 12 and 204473 each in the capital of the Company having the rights set out in the Articles of Association as described in paragraph 3 of Part XII (<i>Additional Information</i>);
"SO"	system operator;
"Special Dealing Service"	the dealing service being made available by Equiniti Financial Services Limited to Qualifying Certificated Shareholders and Corporate Sponsored Nominee Participants who are individuals with a registered address in the United Kingdom, Jersey, Guernsey and Isle of Man who wish to sell all of their Nil Paid Rights or to effect a Cashless Take-up;
"Special Dealing Service Terms and Conditions"	the terms and conditions of the Special Dealing Service;
"SRN"	Shareholder reference number;
"Subscribing Bank"	J.P. Morgan Securities plc, being the entity appointed by the Underwriters to act on their behalf;
"Subscription and Transfer Agreement"	the subscription and transfer agreement between the Company, Newco, and the Subscribing Bank in relation to the Rights Issue, as described in paragraph 11.2 of Part XII (<i>Additional Information</i>);
"TO"	transmission owner;
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland;
"UK Corporate Governance Requirements"	the product governance requirements of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook;
"UK ED"	the Group's UK electricity distribution segment;
"UK ET"	the Group's UK electricity transmission segment;
"uncertificated" or "in uncertificated form"	recorded on the register of members as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;

“Underlying EPS”	this is a measure of the Group’s profitability for the year attributable to equity shareholders of the Group. It excludes exceptional items, remeasurements, timing and major storms from its calculation. See page 18 of the Group’s Annual Report and Accounts 2023/24 incorporated herein by reference;
“Underwriters”	Barclays and J.P. Morgan;
“Underwriting Agreement”	the rights issue underwriting and sponsors’ agreement between the Company and the Joint Global Co-ordinators in relation to the Rights Issue, as described in paragraph 11.1 of Part XII (<i>Additional Information</i>);
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
“US Holder”	a beneficial owner of Rights or New Shares that is, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to US 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 US persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for United States federal income tax purposes;
“US Exchange Act”	United States Exchange Act (1934);
“US Securities Act”	the US Securities Act of 1933;
“2024 AGM”	the annual general meeting of the Company to be held in 2024; and
“60% Sale”	the sale by the Group of a 60 per cent. equity interest in its Gas Transmission and Metering Business.

