

Special dividend and share consolidation mechanics

April 2017

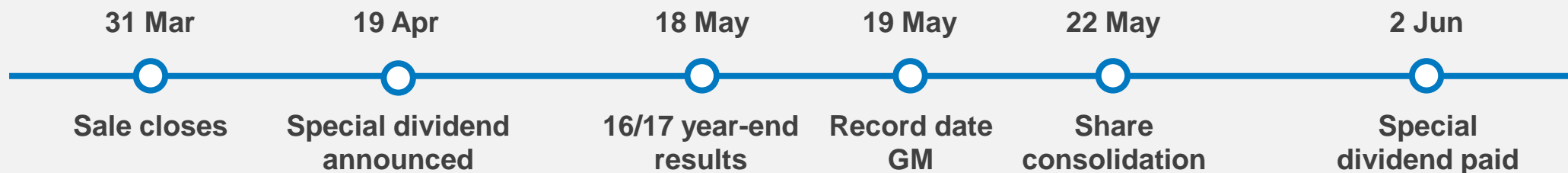
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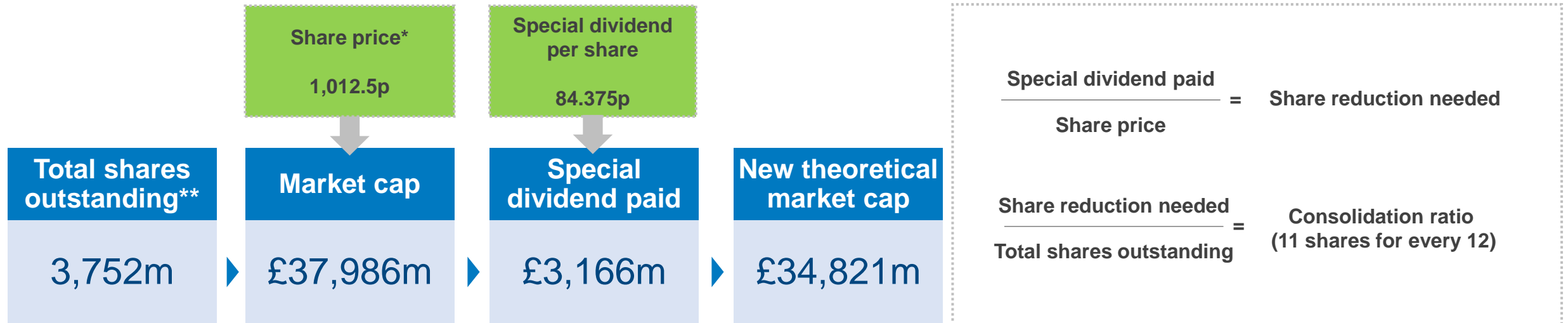
Overview

- National Grid has committed to returning £4bn of proceeds to shareholders resulting from the sale of a 61% stake in the UK Gas Distribution business
- £3.2bn of this will be delivered through a special dividend, with the remainder being delivered through share buybacks
- A share consolidation will be used to maintain earnings per share and dividends per share on a comparable basis
- The dividend policy remains to grow the dividend at least in line with UK RPI inflation for the foreseeable future.

Timeline



Mechanics of a share consolidation

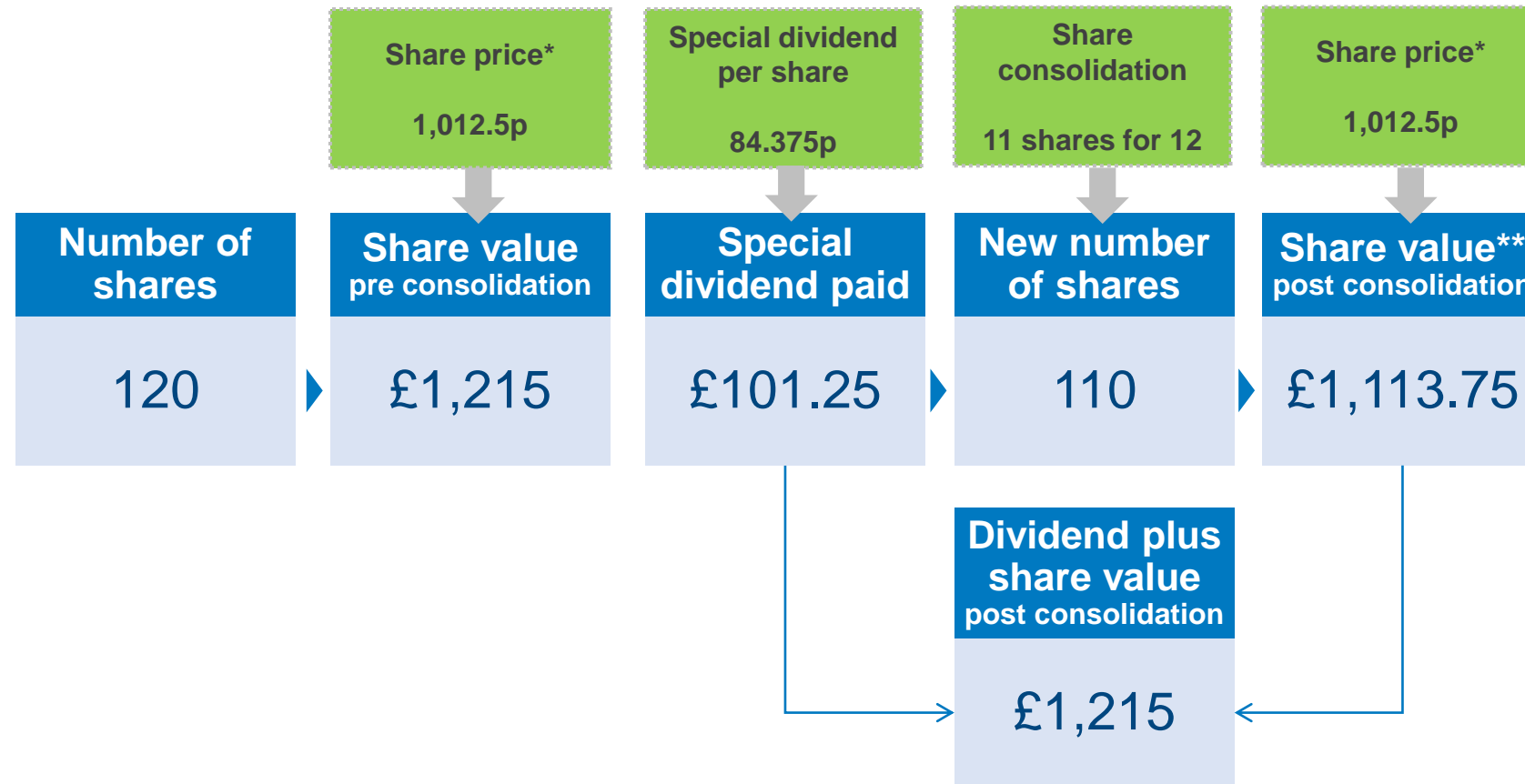


Investors will receive 11 new shares for every 12 shares owned to maintain the share price

* at close of business on 18 April 2017

** excludes treasury shares

Example using 120 ordinary shares



As an investor holding 120 ordinary shares before the special dividend and share consolidation:

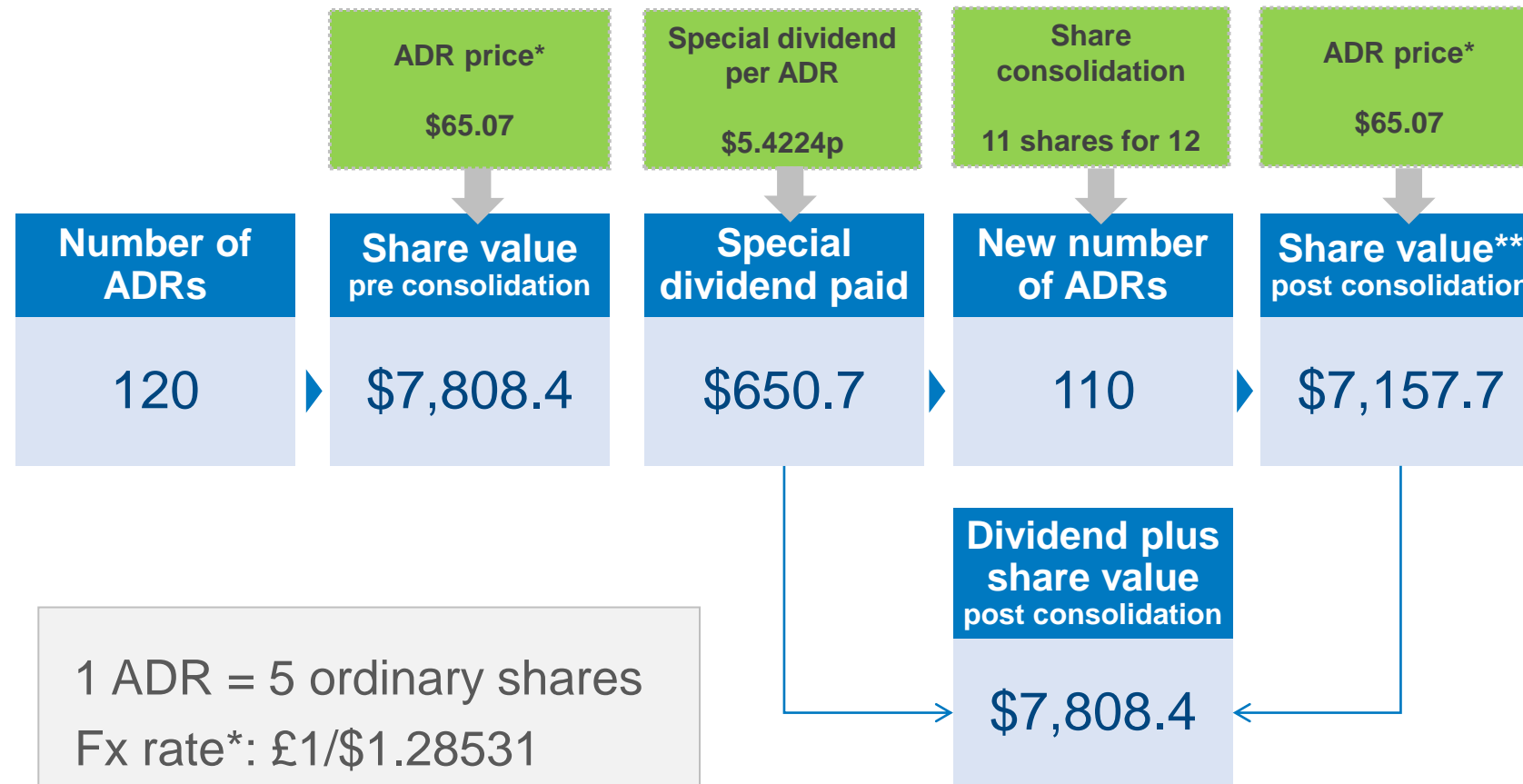
- You will receive a cash dividend of £101.25
- The number of shares you own will reduce from 120 to 110, and
- The lower number of shares means the total value of your investment reduces from £1,215 to £1,113.75

Note that in total, the £101.25 dividend and the £1,113.75 investment in National Grid are equal to your investment of £1,215, before the share consolidation and dividend payment

* at close of business on 18 April 2017

** theoretical value subject to normal share price movements

Example using 120 ADRs



1 ADR = 5 ordinary shares
 Fx rate*: £1/\$1.28531

As an investor holding 120 ADRs before the special dividend and share consolidation:

- You will receive a cash dividend of \$650.7
- The number of ADRs you own will reduce from 120 to 110, and
- The lower number of ADRs means the total value of your investment reduces from \$7,808.4 to \$7,157.7

Note that in total, the \$650.7 dividend and the \$7,157.7 investment in National Grid are equal to your investment of \$7,808.4, before the share consolidation and dividend payment

* at close of business on 18 April 2017
 ** theoretical value subject to normal share price movements