

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised pursuant to the Financial Services and Markets Act 2000 immediately.

If you have sold or transferred all your ordinary shares in Grainger plc, please forward this document, together with the accompanying form of proxy, at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

grainger plc

Annual General Meeting

Notice of the ninety-seventh Annual General Meeting of the company to be held at the registered office of Grainger plc, Citygate, St. James' Boulevard, Newcastle upon Tyne NE1 4JE on 10 February 2010 at 12.00 noon is set out in this document.

Registered in England and Wales with registered number 125575

Definitions

The following definitions apply throughout this document, unless the context requires otherwise:

'Act'	the Companies Act 2006 as amended;
'Annual General Meeting'	the Annual General Meeting of the company to be held on 10 February 2010 at 12.00 noon at the registered office of the company;
'board' or 'directors'	the board of directors of the company;
'company'	Grainger plc;
'FSMA'	the Financial Services and Markets Act 2000;
'London Stock Exchange'	London Stock Exchange plc;
'Official List'	the list maintained by the UKLA pursuant to Part VI of FSMA;
'UKLA' or 'UK Listing Authority'	the Financial Services Authority, acting in its capacity as the competent authority for the purposes of Part VI of FSMA.

grainger plc**Directors**

Robin Broadhurst
Chairman*

Andrew Cunningham
Chief Executive and
Finance Director

Robert Hiscox*

John Barnsley*

Bill Tudor John*

Henry Pitman*

Baroness Margaret Ford*

**Registered
and Head Office**

Citygate
St. James' Boulevard
Newcastle upon Tyne
NE1 4JE

* Non-executive

Letter from the chairman

12 January 2010

Dear Shareholder

The next Annual General Meeting of the company is to be held at the registered office of Grainger plc, Citygate, St. James' Boulevard, Newcastle upon Tyne NE1 4JE, on 10 February 2010. You will see from the Notice of Annual General Meeting, which is set out on page 9 of this document, that there are thirteen resolutions which are proposed for approval, seven of which relate to the ordinary business of the Annual General Meeting and six of which relate to special business. Details of these resolutions are set out below and in the Notice of Annual General Meeting. Resolutions 1 to 8 and 12 will be proposed as ordinary resolutions. Resolutions 9 to 11 and 13 will be proposed as special resolutions.

Ordinary Business

Resolutions 1 and 2 seek the approval of the annual report and accounts for the year ended 30 September 2009 which were circulated to shareholders on 4 December 2009 and the directors' remuneration report for the same period which is set out in pages 30 to 36 of the company's annual report and accounts. Resolution 3 relates to the proposed payment of a dividend of 3.91p per share to be paid on 12 February 2010 to all holders of 5p ordinary shares on the register of members of the company at the close of business on 20 November 2009 in respect of all ordinary shares then registered in their names.

Resolutions 4 and 5 relate to the re-election of directors of the company in accordance with the provisions of the Combined Code and the articles of association of the company. Robert Hiscox and I will retire by rotation and offer ourselves for re-election. It is considered by the board that both Robert and I bring valuable skills and experience to the board. Following formal performance evaluation, the board considers that the performance of each director standing for re-election continues to be effective and that each demonstrates commitment to his role. Biographical details of all the directors are set out on page 23 of the company's report and accounts.

Resolutions 6 and 7 are to reappoint PricewaterhouseCoopers LLP as auditors and authorise the directors to agree their remuneration.

Special Business

Resolution 8

This resolution seeks shareholder approval for the directors to be authorised to allot ordinary shares. Under the provisions of section 551 of the Act, the directors are not permitted to allot shares unless authorised to do so by the shareholders. The Act provides for such authority to be granted either by the company in general meeting or by the articles of association and in both cases such authority must be renewed every five years. Notwithstanding the statutory provisions, institutional best practice indicates that this authority be renewed annually. Accordingly, all previous authorities (including that obtained at the company's general meeting held on 30 November 2009) are revoked by this new authority and this authority will expire on the conclusion of the next annual general meeting of the company.

In December 2008, the Association of British Insurers (the 'ABI') revised its guidelines on directors' authority to allot shares. The ABI's guidelines previously stated that the directors' general authority to allot shares should be limited to an amount equal to one-third of the company's issued share capital. The new guidelines state that ABI members will permit, and treat as routine, resolutions seeking authority to allot shares representing up to two-thirds of the company's issued share capital. The new guidelines provide that the extra routine authority (that is the authority to allot shares representing the additional one-third of the company's issued share capital) can only be used to allot shares pursuant to a fully pre-emptive rights issue.

Letter from the chairman

In light of these revised guidelines, the board considers it appropriate that the directors be granted authority to allot shares in the capital of the company up to a maximum nominal amount of £13,800,000 representing the new guideline limit of approximately two-thirds of the company's issued ordinary share capital (excluding treasury shares) as at 8 January 2010 (being the latest practicable date prior to publication of this circular). Of this amount, 138,000,000 shares (representing approximately one-third of the company's issued ordinary share capital (excluding treasury shares)) can only be allotted pursuant to a rights issue. In particular, in light of the recent rights issue undertaken by the company, the board has no present intention of exercising this authority.

The company holds 21,410 treasury shares, being approximately 0.005% of the issued share capital of the company (excluding treasury shares) as at 8 January 2010.

Resolution 9

This resolution, which will be proposed as a special resolution, supplements the directors' authority to allot shares in the company proposed by resolution 8, and will disapply statutory pre-emption rights in relation to allotment of shares in the company.

Section 561 of the Act requires a company proposing to allot equity securities (which includes selling shares held in treasury) to offer them first to existing shareholders in proportion to their existing shareholdings. Equity securities includes ordinary shares (the only class of share capital the company has at present) but does not include shares issued under employee share schemes. If this resolution is passed, the requirement imposed by section 561 will not apply to allotments by the directors in two cases:

1. in connection with a rights (or similar) issue, where strict application of the principle in section 561 could (for example) either result in fractional entitlements to shares arising or require the issue of shares where this would be impractical because of local, legal or regulatory requirements in any given overseas jurisdiction; and
2. allotments of shares for cash up to a total nominal value of £1,040,000 (representing 5% of the company's issued share capital at 8 January 2010). This gives the directors flexibility to take advantage of business opportunities as they arise, whilst the 5% limit ensures that existing shareholders' interests are protected in accordance with guidelines issued by institutional investors' bodies.

The board also confirms its intention that equity securities equivalent to no more than 7.5% of the issued share capital of the company will be allotted for cash on a non pre-emptive basis during any rolling three-year period, again in line with institutional investor guidelines.

In the three years since the 2007 AGM, the company has not issued any shares on a non-pre-emptive basis (excluding shares issued under employee share schemes).

As in recent years, this authority will expire at the conclusion of the next annual general meeting or, if earlier, 15 months after the passing of the resolution except in so far as commitments to allot shares have been entered into before that date and a resolution to renew the authority will be produced at each future annual general meeting.

Resolution 10

This resolution, which will be proposed as a special resolution, seeks to renew the authority for the company to purchase its own shares in the market up to a maximum of 41,600,000 ordinary shares (being approximately 10% of the company's issued ordinary share capital as at 8 January 2010, being the last practicable date prior to the publication of this circular). The proposed resolution sets out the maximum number of shares which may be purchased, the maximum and minimum prices which the company may pay for its shares and the date of expiry of the authority conferred by this resolution. This authority will lapse no later than next year's annual general meeting or, if earlier, 15 months after the passing of the resolution.

This authority gives the company greater flexibility in managing its capital resources. The board does not currently intend to exercise this authority during the year ahead. However, should it do so, it will only be following careful consideration, taking into account market conditions prevailing at the time, other investment opportunities, appropriate gearing levels, the overall position of the company, the effects on earnings per share and the benefits for shareholders. Any purchase of ordinary shares would be by means of market purchases through the London Stock Exchange. Any shares purchased under the authority may be cancelled (and the number of the company's shares in issue will be reduced accordingly) or may be held in treasury so as to be available to be sold at a later date, subject to the restrictions set out in resolution 9 or its equivalent in force at the time.

The extent of the authority sought is calculated in accordance with good governance practice.

In the 12 months prior to 8 January 2010, being the last practicable date prior to the publication of this circular, the company had not exercised its right under its existing authority.

The total number of ordinary shares covered by options or warrants as at 8 January 2010, the latest practicable date prior to publication of this circular, is 2,673,312, representing 0.64% of the issued ordinary share capital of the company excluding treasury shares (0.74% of the issued share capital of the company if the company's full authority to purchase shares, both existing and being sought, is used).

Resolution 11

With effect from August 2009, the Companies (Shareholders' Rights) Regulations 2009 has increased the notice period for all general meetings (including annual general meetings) of the company, subject to any restrictions in its articles of association, to 21 days' notice. For general meetings other than annual general meetings, a company quoted on the Official List of the UK Listing Authority is allowed to hold such general meetings (but not annual general meetings) on 14 days' notice provided that two conditions are met. The first condition is that the company offers facilities for shareholders to vote by electronic means. This condition is met if there is a facility offered by the company and accessible to all members to appoint a proxy by means of a website. The second condition is that there is an annual resolution of shareholders approving the reduction in the minimum notice period from 21 days to 14 days. The Board is therefore proposing this resolution as a special resolution to approve 14 days as the minimum notice period for all general meetings of the company other than annual general meetings. The approval will be effective until the company's next annual general meeting in 2011, when it is intended that the approval be renewed.

Letter from the chairman

Resolution 12

The company has a policy that it does not make donations or incur expenditure on behalf of political parties. However, the Act contains restrictions on companies making political donations or incurring political expenditure and it defines these terms very widely, such that activities that form part of the normal relationship between the company and bodies concerned with policy review may be included. Such activities are not designed to support a particular political party. The company believes that the authority proposed under this resolution is necessary to ensure that it does not commit any technical or inadvertent breach of the Act when carrying out activities in furtherance of its legitimate business interests. The authority will lapse on the conclusion of next year's annual general meeting or, if earlier, 15 months after the passing of the resolution and will be limited to an aggregate amount of £50,000.

The company neither made political donations nor incurred political expenditure in 2009.

Resolution 13

The company proposes, as a special resolution, to adopt new articles of association (the 'New Articles') at the forthcoming Annual General Meeting. These incorporate amendments to the current articles of association to reflect the changes brought about by the Act and by the Companies (Shareholders' Rights) Regulations 2009 which came into force on 3 August 2009. A summary of the amendments is set out on pages 6 to 8. A copy of the current articles of association and of the New Articles will be available for inspection during normal business hours on Monday to Friday (public holidays excepted) at the registered office of the company and at 161 Brompton Road, Knightsbridge, London, SW3 1QP from the date of publication of this notice until the close of the Annual General Meeting and on the company's website www.graingerplc.co.uk. These documents will also be available for inspection during the Annual General Meeting and for at least 15 minutes before it begins.

RECOMMENDATION

Your directors believe that all the proposals referred to above are in the best interests of the company and its shareholders as a whole and unanimously recommend that you vote in favour of all the proposed resolutions as they intend to do in respect of their own beneficial shareholdings.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Robin Broadhurst'.

Robin Broadhurst
Chairman

Appendix

Explanatory notes of principal changes to the company's articles of association

It is proposed in resolution 13 to adopt new articles of association (the 'New Articles') in order to update the company's current articles of association (the 'Current Articles'), primarily to take account of the coming into force of the Companies (Shareholders' Rights) Regulations 2009 (the 'Shareholders' Rights Regulations') and various elements of the Companies Act 2006 (the 'Act').

Objects

The company's memorandum of association contains the objects clause which sets out the scope of the activities the company is authorised to undertake. The Act significantly reduces the constitutional significance of a company's memorandum. The Act provides that a memorandum will record only the name of subscribers and the number of shares each subscriber has agreed to take in the company. Under the Act, as from 1 October 2009, the objects clause and all other provisions contained in a company's memorandum for existing companies were deemed to be contained in the Current Articles, but the company can remove these by special resolution.

The Act states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the Act, have been treated as forming part of the Current Articles since 1 October 2009. Accordingly, the relevant provisions have been removed under the New Articles.

Articles which duplicate statutory provisions

Provisions in the Current Articles which replicate provisions contained in the Act are in the main to be removed in the New Articles.

Authorised share capital

The Act abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Act, save in respect of employee share schemes.

Authority to purchase own shares, consolidate and sub-divide shares, and reduce share capital

Under the Companies Act 1985, a company required specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. The Current Articles include these enabling provisions. Under the Act, a company will only require shareholder authority to do any of these things and it will no longer be necessary for the articles to contain enabling provisions. Accordingly, the relevant enabling provisions have been removed.

Appendix

Use of seals

Under the Companies Act 1985, a company required authority in its articles to have an official seal for use abroad. Under the Act, such authorities will no longer be required. Accordingly, the relevant authorisation has been removed in the New Articles.

The New Articles provide an alternative option for execution of documents (other than share certificates). Under the New Articles, when the seal is affixed to a document it may be signed by one authorised person in the presence of a witness, whereas previously the requirement was for signature by either a director and the secretary or two directors or such other person or persons as the directors may approve.

Suspension of registration of share transfers

The Current Articles permit the directors to suspend the registration of transfers. Under the Act, share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

Vacation of office by directors

The Current Articles specify the circumstances in which a director must vacate office. The New Articles update these provisions to reflect the approach taken on mental and physical incapacity in the model articles for public companies produced by the Department for Business, Innovation and Skills.

Adjournments for lack of quorum

Under the Act as amended by the Shareholders' Rights Regulations, general meetings adjourned for lack of quorum must be held at least 10 clear days after the original meeting. The New Articles reflect this.

Chairman's casting vote

The New Articles remove the provision giving the chairman a casting vote at general meetings in the event of an equality of votes as this is no longer permitted under the Act.

Voting by proxies on a show of hands

The Shareholders' Rights Regulations have amended the Act so that it now provides that each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member, in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The New Articles remove provisions in the Current Articles dealing with proxy voting on the basis that these are dealt with in the Act and contain a provision clarifying how the provision of the Act giving a proxy a second vote on a show of hands should apply to discretionary authorities.

Corporate representatives

The Shareholders' Rights Regulations have amended the Act in order to enable multiple representatives appointed by the same corporate member to vote in different ways on a show of hands and a poll. The New Articles remove provisions in the Current Articles dealing with voting by corporate representatives on the basis that these are dealt with in the Act as amended by the Shareholders' Rights Regulations.

Notice of general meetings

The Shareholders' Rights Regulations amend the Act to require the company to give 21 clear days' notice of general meetings unless the company offers members an electronic voting facility and a special resolution reducing the period of notice to not less than 14 days has been passed. Annual general meetings must be held on 21 clear days' notice. The New Articles remove provisions in the Current Articles dealing with notice of general meetings on the basis that this is dealt with in the Act.

Directors' conflicts of interest

Under the Act, the directors must avoid a situation where they have, or can have a direct or indirect interest that conflicts, or possibly conflicts, with the company's interests. The New Articles update the existing provisions within the Current Articles which allow the directors to authorise such conflicts or potential conflicts in line with good practice.

Directors' fees

Following ABI guidance issued in October 2009, the New Articles contain a provision placing an aggregate cap of £450,000 on the amount of fees payable to directors.

Borrowing powers

The New Articles have been amended to reflect changes to the company's borrowing powers which were approved by the company in general meeting on 7 October 2008.

General

Generally, the opportunity has been taken to bring clarity and clearer language into the New Articles and generally update the New Articles to reflect the language and revised statutory references of the Act.

Notice of Annual General Meeting

Notice is hereby given that an annual general meeting of the company will be held at the registered office of Grainger plc, Citygate, St. James' Boulevard, Newcastle upon Tyne NE1 4JE on 10 February 2010 at 12.00 noon for the following purposes:

As ordinary business, to consider and, if thought fit, pass the following resolutions 1 to 7, as ordinary resolutions of the company:

1. That the directors' report and the audited financial statements for the year ended 30 September 2009 be approved and adopted.
2. That the remuneration committee report for the year ended 30 September 2009 be approved.
3. That a dividend of 3.91p per share be paid on 12 February 2010 to all holders of 5p ordinary shares on the register of members of the company at the close of business on 20 November 2009 in respect of all ordinary shares then registered in their names.
4. That Robin Broadhurst be re-elected as a director.
5. That Robert Hiscox be re-elected as a director.
6. That PricewaterhouseCoopers LLP be reappointed auditors of the company to hold office until the conclusion of the next general meeting at which accounts are laid before the company.
7. That the remuneration of PricewaterhouseCoopers LLP be fixed by the directors.

As special business, to consider and, if thought fit, pass the following resolutions which in the case of resolutions 8 and 12 shall be proposed as ordinary resolutions of the company, and in the case of resolutions 9 to 11 and 13 shall be proposed as special resolutions of the company:

8. That in substitution for all other authorities, the directors be generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the company to:
 - (a) allot or grant rights to subscribe for or to convert any security into shares in the company up to an aggregate nominal amount of £6,900,000; and
 - (b) allot equity securities (within the meaning of section 560 of the Act) up to a further aggregate nominal amount of £6,900,000 provided that they are offered by way of a rights issue to holders of ordinary shares on the register of members at such record date(s) as the directors may determine, where the shares or equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be practicable) to the respective number of ordinary shares held or deemed to be held by them on any such record date(s), subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter

provided that in both cases:

- 8.1 (except as provided in paragraph 8.2 below) this authority shall expire on the date of the next annual general meeting of the company; and

8.2 the company may before such expiry make an offer or agreement which would or might require shares or equity securities, as the case may be, to be allotted or such rights granted after such expiry and the directors may allot shares or equity securities or grant such rights, as the case may be, in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

All unexercised authorities previously granted to the directors to allot shares or to grant rights to subscribe for or to convert any security into shares be and are hereby revoked.

9. That, subject to the passing of resolution 8 above, the directors, pursuant to the general authority conferred on them and in substitution for the authorities granted to the directors pursuant to a special resolution passed at the general meeting of the company held on 10 February 2009, be empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash, either pursuant to the authority so conferred or where the equity securities are held by the company as treasury shares (within the meaning of section 724(5) of the Act), as if section 561 of the Act did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities:

9.1 made in connection with an offer of securities, open for acceptance for a fixed period, by the directors to ordinary shareholders of the company on the register on a fixed record date in proportion (as nearly as may be) to their then holdings of such shares (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with treasury shares or any legal or practical problems under the laws or requirements of any recognised regulatory body or any stock exchange in any overseas territory or in connection with fractional entitlements) or by virtue of shares being represented by depositary receipts or any other matter whatsoever; and/or

9.2 wholly for cash (otherwise than pursuant to paragraph 10.1 above) up to an aggregate nominal value of £1,040,000 (being 5% of the issued share capital of the company on 8 January 2010)

and shall expire on the conclusion of the next annual general meeting of the company or, if earlier, 15 months after the passing of this resolution but the company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities pursuant to such an offer or agreement notwithstanding that the power conferred by this resolution has expired.

10. That in accordance with the Act the company be generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) on the London Stock Exchange of ordinary shares of 5p each in the capital of the company provided that:

10.1 the maximum aggregate number of shares hereby authorised to be purchased is 41,600,000;

10.2 the minimum price which may be paid for such shares is 5p per ordinary share (exclusive of expenses);

10.3 the maximum price (exclusive of expenses) which may be paid for such shares shall not be more than 5% above the average of the market values for a share as derived from the London Stock Exchange's Daily Official List for the five business days immediately preceding the date on which the shares are purchased;

10.4 unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the company's next annual general meeting or 15 months from the date of this resolution (whichever is earlier); and

Notice of Annual General Meeting

- 10.5 the company may make a contract or contracts to purchase shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of ordinary shares in pursuance of any such contract or contracts.
11. That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.
12. That the company and all companies that are its subsidiaries at any time during the period for which this resolution is effective are hereby authorised to:
- 12.1 make political donations to political parties and/or to independent election candidates;
- 12.2 make political donations to political organisations other than political parties; and
- 12.3 incur political expenditure
- not exceeding £50,000 in aggregate total amount during the period ending on the date of next year's annual general meeting.
- For the purposes of this resolution, the terms 'political donations' 'political parties', 'independent election candidates', 'political organisation' and 'political expenditure' have the meanings set out in sections 363 to 365 of the Act.
13. That the regulations contained in the printed document produced to the meeting and for the purpose of identification signed by the chairman thereof are hereby approved and adopted as the articles of association of the company in substitution for and to the exclusion of the existing articles of association of the company.

By order of the board



Nick On
Company secretary
12 January 2010
CN: 125575

Citygate
St. James' Boulevard
Newcastle upon Tyne
NE1 4JE

General notes

Entitlement to attend and vote

The company specifies that only those shareholders registered in the register of members of the company as at 18:00 hours on 8 February 2010 shall be entitled to attend or vote at the aforesaid general meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after 18:00 hours on 8 February 2010 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

A member entitled to attend and vote at the Annual General Meeting may appoint one or more proxies (who need not be a member of the company) to attend and to speak and to vote on his or her behalf whether by show of hands or on a poll. A member can appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him. In order to be valid, an appointment of proxy (together with any authority under which it is executed or a copy of the authority certified notari ally) must be returned by one of the following methods:

- in hard copy form by post, by courier or by hand to the company's registrars, Capita Registrars at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU;
- via www.capitashareportal.com. If you have not previously registered for electronic communications you will first be asked to register as a new user for which you will require your investor code (which can be found on your share certificate or dividend tax voucher), family name and postcode to log in. Once registered, a proxy voting link will be provided. You do not need to wait for an activation code; or
- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below

and in each case must be received by the company not less than 48 hours before the time of the meeting.

CREST members

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on 10 February 2010 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in the Notice of Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service

General notes

provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations.

Completion and return of the Form of Proxy, or completion of the online voting process, will not preclude shareholders from attending and voting at the meeting. The form of proxy includes a vote withheld option. Please note that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of the votes for and against any particular resolution.

Each shareholder entitled to attend the Annual General Meeting as above, and each proxy appointed in accordance with the above, has one vote for each resolution voted on by a show of hands. If a proxy has been appointed by more than one member entitled to vote, and one of those members has instructed the proxy to vote for the resolution and one or more other of those members has instructed the proxy to vote against it, the proxy has one vote for and one vote against the resolution on a show hands. In the event of a poll the proxy can exercise the voting rights of each member who has appointed them.

Under section 324A of the Companies Act 2006, a proxy must vote in accordance with any instructions given by the member by whom they are appointed.

A copy of this Notice has been sent for information only to persons who have been nominated by a member to enjoy information under section 146 of the Companies Act 2006 ('Nominated Persons'). The rights to appoint a proxy cannot be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person

may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

Shareholders entitled to attend and vote as above, have a right to ask questions related to the business put to the meeting as set out in this document. The directors will endeavour to answer all such questions as fully as possible, however, they are not required to answer if:

- (i) to do so would interfere unduly with the preparation for the meeting; or
- (ii) to answer would involve the disclosure of confidential information; or
- (iii) the answer has already been given on a website in the form of an answer to a question; or
- (iv) it is undesirable in the interests of the company or the good order of the meeting that the question be answered.

Documents available for inspection

The following documents are available for inspection by members of the company at the registered office of the company during normal business hours on any weekday (public holidays excepted) from the date of this Notice until the date of the Annual General Meeting:

- (a) a statement of all transactions of each director and of his family interests, in the equity share capital of the company;
- (b) copies of the contracts of service of the directors employed by the company and the letters of appointment of the non-executive directors; and
- (c) a copy of the company's memorandum and articles of association marked to show the changes being proposed by resolution 13.

These documents will also be available for inspection at the company's registered office during the Annual General Meeting and for at least 15 minutes before it begins.

Share capital

As 5.00 p.m. on 8 January 2010, the company's issued share capital comprised 416,351,519 ordinary shares of 5p each. Each ordinary share carries the right to one vote at a general meeting of the company. The company holds 21,410 ordinary shares in treasury and is not permitted to exercise voting rights in respect of these shares. Therefore the total number of voting rights in the company as at 5.00 p.m. on 8 January 2010 is 416,330,109.

Audit concerns

Pursuant to Chapter 5 of Part 16 of the Companies Act 2006, where requested by either a member or members having a right to vote at the general meeting and holding at least 5% of total voting rights of the company or at least 100 members having a right to vote at the meeting and holding, on average, at least £100 of paid up share capital, the company must publish on its website a statement setting out any matter that such members propose to raise at the meeting relating to those matters listed in section 527(1) Companies Act 2006. Where the company is required to publish such a statement on its website, it may not require the members making the request to pay any expenses incurred by the company in complying with the request, it must forward the statement to the company's auditors and the statement may be dealt with as part of the business of the meeting. A member wishing to request publication of such a statement on the company's website must send the request to the company either in hard copy form to the company's registered office marked for the attention of the company secretary (and sign the request), by email to non@graingerplc.co.uk or by fax to 0191 2611819 marked for the attention of the company

secretary. Whichever form of communication is chosen, the request must either set out the statement in full or, if supporting a statement sent by another member, clearly identify the statement which is being supported, be received by the company at least one week before the meeting and be appropriately authenticated in accordance with section 527(4) (c) Companies Act 2006.

Members' further rights

Members of the company have the right, under section 338 of the Companies Act 2006, to require the company to give its members notice of a resolution which the shareholders wish to be moved at an annual general meeting of the company. Additionally, members of the company have the right under section 338A of the Companies Act 2006 to require the company to include a matter (other than a proposed resolution) in the business to be dealt with at the Annual General Meeting. The company is required to give such notice of a resolution or include such matter once it has received requests from members representing at least 5% of the total voting rights of all the members who have a right to vote at the Annual General Meeting or from at least 100 members with the same right to vote who hold shares in the company on which there has been paid up an average sum, per member of at least £100. This request must be received by the company not later than six weeks before the Annual General Meeting or, if later, the time at which notice is given of the Annual General Meeting. In the case of a request relating to section 338A of the Companies Act 2006, the request must be accompanied by a statement setting out the grounds for the request.

Website

A copy of this Notice and other information required by section 311A of the Companies Acts 2006 can be found at www.graingerplc.co.uk