

25 August 2006

## **NATIONAL GRID COMPLETES ACQUISITION OF NEW ENGLAND GAS RHODE ISLAND ASSETS**

National Grid plc (“National Grid”) yesterday completed the acquisition of the Rhode Island assets of New England Gas Company from Southern Union Company. The acquisition, for a cash consideration of \$498m and the assumption of \$77m of debt, was announced on 16 February 2006.

With this acquisition, National Grid will add New England Gas’ 245,000 natural gas customers to the more than 477,000 electricity customers it already serves in Rhode Island.

Michael E. Jesanis, President and Chief Executive Officer of National Grid’s US business, said, “This transaction is an expression of our commitment to Rhode Island and New England. It’s also a natural fit as we expand our core energy delivery business.”

The acquisition was approved by the Rhode Island Division of Public Utilities and Carriers on 25 July 2006 and the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act expired on 3 April 2006.

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### **Cautionary statement**

This announcement contains certain statements that are neither reported financial results nor other historical information. These statements are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Because these forward-looking statements are subject to assumptions, risks and uncertainties, actual future results may differ materially from those expressed in or implied by such statements. Many of these assumptions, risks and uncertainties relate to factors that are beyond National Grid's ability to control or estimate precisely, such as delays in obtaining, or adverse conditions contained in, regulatory approvals, competition and industry restructuring, changes in economic conditions, currency fluctuations, changes in interest and tax rates, changes in energy market prices, changes in historical weather patterns, changes in laws, regulations or regulatory policies, developments in legal or public policy doctrines, the impact of changes to accounting standards, technological developments, the failure to retain key management, the availability of new acquisition opportunities or the timing and success of future acquisition opportunities. Other factors that could cause actual results to differ materially from those described in this announcement include the ability to continue to integrate the US and UK businesses acquired by or merged with National Grid, the failure for any reason to achieve reductions in costs or to achieve operational efficiencies, unseasonable weather impacting on demand for electricity and gas, the behaviour of UK electricity market participants on system balancing, the timing of amendments in prices to shippers in the UK gas market, the performance of National Grid's pension schemes and the regulatory treatment of pension costs, the impact of the separation and sale by National Grid of four of its UK gas distribution networks and any adverse consequences arising from outages on or otherwise affecting energy networks owned and/or operated by National Grid.

For a more detailed description of these assumptions, risks and uncertainties, together with any other risk factors, please see National Grid's filings with the US Securities and Exchange Commission (and in particular the "Risk Factors" and "Operating and Financial Review" sections in its most recent annual report on Form 20-F). Recipients are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this announcement. National Grid does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this announcement.