

MEDIA RELEASE

31 July 2007

National Grid plc

Agreed sale of Basslink electricity interconnector for A\$1.175bn (£497m)*

National Grid plc ("National Grid") is pleased to announce that it has signed an agreement to sell its Basslink electricity interconnector in Australia to CitySpring Infrastructure Management Pte Ltd for a cash consideration of A\$1.175bn (£497m)** The sale represents a multiple of 16.4 times EBITDA for the year ended 31 March 2007***

The sale is subject to a number of contractual and governmental consents and is expected to complete by the end of September 2007.

National Grid Chief Executive, Steve Holliday, said: "We are delighted with the outcome of this sale process. We have secured a premium price for this first-class energy infrastructure asset and generated superior value for our shareholders. The outcome of this represents further delivery of the National Grid strategy. I would like to thank Hydro Tasmania for its support throughout this process."

Additional information

Basslink is the world's longest sub-sea power cable. Commissioned in April 2006, it is a 360 kilometre link between Tasmania and mainland Australia. It is a profitable, low risk business underpinned by a long-term commercial agreement with Hydro Tasmania.

* Exchange rate A\$2.37 to £1.00

** Subject to a working capital adjustment

***Normalised for 11 months contribution and one-off events.

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. These statements include information with respect to National Grid's financial condition, National Grid's results of operations and businesses, strategy, plans and objectives. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "may", "will", "continue", "project" and similar expressions, as well as statements in the future tense, identify forward-looking statements. These forward-looking statements are not guarantees of National Grid's future performance and are subject to assumptions, risks and uncertainties that could cause actual future results to differ materially from those expressed in or implied by the forward-looking 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 and contractual consents, including

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those required to complete the proposed acquisition of KeySpan when or as planned, unseasonable weather affecting the demand for electricity and gas, 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 and technological developments. Other factors that could cause actual results to differ materially from those described in this announcement include the ability to integrate the businesses relating to announced acquisitions with our existing business and realise the expected synergies from such integration, the availability of new acquisition opportunities and the timing and success of future acquisition opportunities, the impact of the sales of businesses by National Grid, the failure for any reason to achieve reductions in costs or to achieve operational efficiencies, the failure to retain key management, 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, and any adverse consequences arising from outages on or otherwise affecting energy networks, including gas pipelines, owned or operated by National Grid. For a more detailed description of some of these assumptions, risks and uncertainties, together with any other risk factors, please see National Grid's filings with and submissions to the US Securities and Exchange Commission (the "SEC") (and in particular the "Risk Factors" and "Operating and Financial Review" sections in its most recent Annual Report on Form 20-F and the "Risk Factors" section in its Registration Statement on Form F-3 filed with the SEC on 28 June 2006). Except as may be required by law or regulation, National Grid undertakes no obligation to update any of its forward-looking statements. The effects of these factors are difficult to predict. New factors emerge from time to time and National Grid 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.