

## **NATIONAL GRID - KEYSpan MERGER PROVIDES NEW SAVINGS AND EXPANDED RESOURCES TO NEW HAMPSHIRE CUSTOMERS**

Westborough, MA and Brooklyn, NY (August 11) – In a filing with the New Hampshire Public Utilities Commission, KeySpan Corp. (NYSE: KSE) and National Grid (LSE: NG.L NYSE: NGG), proposed a plan for the merged companies to provide customer savings and be better positioned to serve customers by operating efficiently, managing energy supply costs and providing greater resources to KeySpan’s New Hampshire customers.

“National Grid and KeySpan are delivering on our promise to bring savings and additional benefits to customers in New Hampshire,” said William T. Sherry, executive vice president New Hampshire public affairs for National Grid.

The merged companies will provide benefits to customers by reducing costs through combining resources and by more comprehensively managing a large gas supply portfolio.

The proposal, filed Thursday, calls for National Grid resources and expertise to complement KeySpan’s existing strengths.

“Our new combined company, which forms the third largest gas delivery company in the nation, means we can provide these additional benefits to our New Hampshire customers,” said Nick Stavropoulos, president of KeySpan Energy Delivery.

Benefits that come from combining the companies include:

- More than \$12.5 million over 10 years in direct savings to New Hampshire customers from business operations efficiencies.
- Annual gas supply management customer savings of more than \$1.1. million.
- Freezing KeySpan’s current delivery rates, which were last increased in 1990, for at least 12 months from the time of closing. Anticipating a 2007 closing, the proposal would extend KeySpan’s delivery rate freeze into 2008. The price customers pay for actual natural gas supplies will continue to fluctuate with market conditions and be passed through without markup.
- Avoiding costs that would otherwise have to be incurred to upgrade existing billing and information systems.
- Continuation of KeySpan’s service standards with a commitment to update the standards at the time of KeySpan’s next rate filing.

National Grid also repeated its commitment to the communities KeySpan serves.

“National Grid has a long-standing commitment to its New Hampshire service territory and we are looking ahead to expanding that commitment to an even larger part of the state,” Sherry said. “Our business is inherently local, with employees living and working throughout the territory we serve. We are also committed to maintaining historic levels of charitable giving and community investment.”

KeySpan is the largest natural gas utility in New Hampshire, serving approximately 84,000 customers. National Grid provides service to approximately 41,000 New Hampshire electric delivery customers. The combination of the two companies will create the second largest energy utility in New Hampshire, as measured by number of customers. The merger rate proposal is subject to review and approval by the New Hampshire Public Utilities Commission.

On February 27, 2006, National Grid and KeySpan announced an agreement for National Grid to acquire KeySpan for \$7.3 billion and the assumption of approximately \$4.5 billion of debt.

Today’s filing is another step in the process of gaining regulatory approval for the transaction. In May, National Grid and KeySpan filed for approval of the merger from the U.S. Federal Energy Regulatory Commission. In July, the transaction gained clearance on its filings in compliance with federal antitrust and foreign investment requirements. Also in July, a filing requesting approval of the merger was made with the New York Public Service Commission, and National Grid shareholders approved the acquisition.

**About National Grid:**

National Grid is an international energy delivery business with principal activities in the regulated electricity and natural gas industries. In the U.S., National Grid distributes electricity to approximately 3.4 million customers in Massachusetts, New Hampshire, New York and Rhode Island and natural gas to approximately 569,000 customers in New York.

KeySpan will be National Grid's fifth US acquisition. Previously, it had acquired New England Electric System and Eastern Utilities Associates (2000), and Niagara Mohawk (2002). Earlier this year, National Grid announced that it will acquire the Rhode Island gas distribution business of Southern Union Company.

The company owns the high-voltage electricity transmission network in England and Wales and operates the system across Great Britain. It also owns and operates the high-pressure gas transmission system in Britain and delivers natural gas to some 11 million meters in homes and businesses in Britain. In addition, it has a number of businesses operating in related areas such as LNG importation, wireless infrastructure for broadcast and telecommunications, property, metering and interconnectors. For more information, visit National Grid’s web site at [www.nationalgrid.com](http://www.nationalgrid.com).

**About KeySpan:**

A member of the Standard & Poor's 500 Index, KeySpan Corporation (NYSE:KSE) is the fifth largest distributor of natural gas in the United States and the largest in the Northeast, operating regulated gas utilities in New York, Massachusetts and New Hampshire that serve 2.6 million customers. These customer-focused businesses are complemented by a portfolio of service companies that offer energy-related products, services, and solutions to homes and businesses. KeySpan is also the largest electric generator in New York State, with approximately 6,650 megawatts of generating capacity that provides power to 1.1 million customers of the Long Island Power Authority (LIPA) on Long Island and supplies approximately 25 percent of New York City's capacity needs. KeySpan also operates LIPA's transmission and distribution system under contract to LIPA. In addition to these assets, KeySpan has strategic investments in pipeline transportation, distribution, storage, and production. KeySpan has headquarters in Brooklyn, New England, and Long Island. For more information, visit KeySpan's web site at [www.keyspanenergy.com](http://www.keyspanenergy.com).

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