

Independent Verifier's Report on Corporate Responsibility

Ernst & Young LLP was commissioned to provide independent assurance of the corporate responsibility (CR) content of National Grid plc's (National Grid) Operating and Financial Review in the 2006/07 Annual Report and Accounts (the Report) and the website (<http://www.nationalgrid.com/corporate/Our+responsibility>). This statement relates to the corporate responsibility content of the Operating and Financial Review in the Annual Report and Accounts 2006/07. For our full opinion and scope please see our statement at: <http://www.nationalgrid.com/corporate/Our+Responsibility/Assurance/>. The Report has been prepared by the management of National Grid, who are responsible for the collection and presentation of information within it. Our responsibility, in accordance with National Grid management's instructions, is to carry out a limited assurance engagement on the Report in order to provide conclusions in relation to the AA1000AS¹ Principles of Materiality, Completeness and Responsiveness. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the Report is entirely at its own risk.

Our observations and areas for improvement will be raised in a report to National Grid's management.

What we did to form our conclusions

Our assurance engagement has been planned and performed in accordance with the AA1000AS and ISAE3000² Standards. The AA1000 assurance principles have been used as criteria against which to evaluate the Report.

In order to form our conclusions, we undertook the steps outlined below:

- Interviews with a selection of National Grid executives and senior managers** to understand the current status of Corporate Responsibility (CR) activities and progress made during the reporting period.
- Visits to National Grid offices in the US and the UK and operations at the Isle of Grain, Milford Haven and Landulph site, Cornwall** to review the systems and processes in place for managing and reporting on CR activities and to review evidence in support of claims made in the Report regarding National Grid's CR performance.
- Review of selected corporate level documents** to assess management awareness of performance against non-financial policy commitments and test the coverage of the Report.
- Review of stakeholder engagement activities**, including engagement with the socially responsible investment community, regulators and communities.
- Review of a selection of external media reports** relating to CR aspects of National Grid's performance, as a check on the scope and appropriateness of statements made in the Report.
- Review of social investment, employee and health, safety and environmental (HSE) data samples and processes** to assess whether they have been collected, consolidated and reported appropriately at corporate level and at the business level.
- Test the consistency of the claims made in the Report** regarding National Grid's CR performance against the evidence obtained through our work.

1 AA1000AS – AA1000 assurance standard from the Institute of Social and Ethical Accountability.

2 ISAE3000 – International Federation of the Accountants' International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

Level of assurance

Our evidence gathering procedures have been designed to obtain a limited level of assurance (as set out in ISAE3000) on which to base our conclusions. The extent of evidence gathering procedures performed is less than that of a reasonable assurance engagement (such as a financial audit) and therefore a lower level of assurance is provided.

The limitations of our review

Our work and conclusions are limited to the CR content of the Operating and Financial Review in the Annual Report and Accounts found under the following headings: responsibility, safety, people, community involvement, community investment and people. Our review does not cover the content of the individual business summaries or CR data for previous years.

The scope of our work was limited to corporate level activities and visits to the offices and operations highlighted above.

Our conclusions

Based on the scope of our review our conclusions are outlined below:

Materiality

We are not aware of any material aspects concerning National Grid's CR activities that have been excluded from the Report. However, given the importance National Grid is placing on process safety following reports issued by the Baker Panel, the US Chemical Safety and Hazard Investigation Board and the Buncefield Major Incident Investigation Board, we would expect to see further coverage on this topic in future reports.

Completeness

- We are not aware of any material issues excluded from National Grid's judgements on the content of the Report.
- We are not aware of any misstatements in the assertions made by National Grid management in the Report regarding CR activities.

HSE, Social Investment and Employee Data

- We are not aware of any material reporting units that have been excluded from the Company wide data relating to the topics above.
- Nothing has come to our attention that causes us to believe that the data relating to the above topics has not been collated properly from information reported at operations level.
- We are not aware of any errors that would materially affect the data as presented in the Report.

Responsiveness

- With the exception of the issue highlighted in relation to Materiality, we are not aware of any additional issues of stakeholder interest that are not currently included in the Report's scope and content.

Our Independence

This is the first year Ernst & Young LLP has provided independent assurance services in relation to National Grid's CR reporting. With the exception of this work, we have provided no other services relating to National Grid's approach to CR reporting.

Our Assurance Team

Our assurance team has been drawn from our global environment and sustainability network, which undertakes similar engagements to this with a number of significant UK and international businesses.

Ernst & Young LLP London, 16 May 2007

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Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Accounts, including the consolidated financial statements and the Company financial statements and the Directors' remuneration report, in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and the Company financial statements and the Directors' remuneration report in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The consolidated financial statements and Company financial statements are required by law to give a true and fair view of the state of affairs of the Company on a consolidated and individual basis and of the consolidated profit of the Company for that period.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the consolidated financial statements comply with IFRS as adopted by the European Union, and with regard to the Company financial statements that applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the consolidated financial statements and Company financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing both the consolidated financial statements and the Company financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company on a consolidated and individual basis and to enable them to ensure that the consolidated financial statements comply with the Companies Act 1985 and Article 4 of the IAS Regulation and the Company financial statements and the Directors' remuneration report comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and its subsidiaries and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' report to the Members of National Grid plc

We have audited the consolidated and Company financial statements (the "Financial Statements") of National Grid plc for the year ended 31 March 2007, which comprise the consolidated income statement, the consolidated and Company balance sheets, the consolidated cash flow statement, the consolidated statement of recognised income and expense, the Accounting policies and Company accounting policies, the Notes to the accounts and the Notes to the Company accounts. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' remuneration report that is described as having been audited.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the Annual Report and the consolidated financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union, and for preparing the parent company financial statements and the Directors' remuneration report in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Financial Statements and the part of the Directors' remuneration report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985 and whether, in addition, the consolidated financial statements have been properly prepared in accordance with Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' report is consistent with the Financial Statements. The information given in the Directors' report includes that specific information presented in the Operating and Financial Review and Corporate Governance section that is cross referred from the principal activities, business review and future developments section of the Directors' report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance statement reflects the Company's compliance with the nine provisions of the Combined Code (2003) specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's

statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the items listed in the contents section of the Annual Report, excluding the 2007 audited financial statements and the part of the Directors' remuneration report to be audited. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' remuneration report to be audited. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' remuneration report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' remuneration report to be audited.

Opinion

In our opinion:

- the consolidated financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 March 2007 and of its profit and cash flows for the year then ended;
- the consolidated financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;
- the Company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 March 2007;
- the Company financial statements and the part of the Directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
London
16 May 2007