

July 31, 2018

Dear Representative:

I am writing to update you on the status of our negotiations with United Steelworkers Locals 12003 and 12012-04.

National Grid's current dispute with Locals 12003 and 12012-04, which represent 1,250 of our more than 10,000 unionized colleagues, resulted from the Company's ongoing endeavors to ensure that our customers' costs, including those associated with the wages and benefits of labor, are affordable and sustainable. To remain competitive and control those costs, we cannot continue providing health insurance and new-hire retirement benefits that are inconsistent with the overwhelming majority of our union workforce and other energy sector stakeholders.

With the exception of these Locals, 16 other Unions that represent National Grid employees have agreed that new hires will not be covered by traditional pension plans and maintain health coverage excluding deductibles or co-insurance for their entire membership. Our inability to resolve these longstanding matters led to the Company's difficult decision on June 25 to implement a work stoppage, breaking an otherwise unblemished record of successful contractual negotiations over two decades.

It is also a component of National Grid's value proposition that we provide jobs with competitive wages and benefits in recognition of our colleagues' commitment to working in challenging conditions and emergency situations. Since 2016, we have added 140 well-paying positions in Locals 12003 and 12012-04 at an average of more than more \$120,000 annually, including overtime. If our offer to these Unions of 14.53 percent in compounded salary increases was accepted last month, that average salary would increase by 2022 to more than \$137,000 per year.

Considering that less than 10 percent of American workers possess traditional pension plans, and more than 50 percent are afforded no employer-funded retirement plan, we have asked our Unions to adopt a Company-funded 401(k) plan for new hires – as they have done elsewhere. All Massachusetts gas and electric customers for each of the six investor owner utility across the State no longer support in their rates new hires entering a defined benefit pension plan with the sole exception of the gas customers serviced by these two Unions and the United Steelworkers on Cape Cod. Rejected by these Locals, our offered plan, with contributions of three to nine percent matched against base and overtime pay, is comparable to United Steelworkers retirement plans for new hires at the other investor-owned utilities in the Commonwealth, New Hampshire, and Connecticut. Moreover, National Grid has not proposed that any existing employees in Locals 12003 and 12012-04 relinquish their pensions or move from a traditional pension plan. We offered a 10 percent pension increase by 2021 for present colleagues of these Unions.

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In our continuing efforts to negotiate in good faith, we met again last Thursday for the fourth time with Union leadership and have accepted their offer to meet two more times: August 2 and August 9. After making themselves available to meet with the Company just six days in the forty-six since we will have been in the work stoppage, we look forward to these upcoming sessions and remain readily available seven days a week to attempt to reach an agreement as soon as possible. Please feel free to contact me with any questions.

Sincerely,

A handwritten signature in black ink that reads "Marcy L. Reed". The signature is written in a cursive, flowing style.

Marcy L. Reed