

Date: 29 June 2016

Dear Member

Last November, National Grid ('the Company') announced its intention to sell a majority stake in its Gas Distribution business. Since then your Trustee Board and the Company have been working very hard to ensure that the National Grid UK Pension Scheme ('the Scheme') remains just as safe, secure and well supported. The Trustees are pleased to confirm that we have successfully reached this outcome.

Please rest assured that there will be no change to the pension benefits that you built up during your time at National Grid (or one of its predecessor companies). **You do not need to take any action in relation to this letter.**

### **What's changing and why?**

The Trustees have worked closely with our professional advisers and understand the Company's need for there to be a clear allocation of pension responsibilities between the different parts of National Grid's business which support the Scheme, given the planned sale of the Gas Distribution business. The Trustees and National Grid have agreed to create three separate and independent sections within the Scheme. This will protect your benefits whilst facilitating the planned sale of a majority stake in the Gas Distribution business.

Each section will be ring-fenced from the others, with completely separate assets and liabilities. This will provide a clear set of assets, financial support and security arrangements, which will include access to additional security such as cash and assets, for each section, ensuring continued security for all our members following the planned sale.

The Trustee Board will remain responsible for the Scheme as a whole and your pension benefits will continue to be administered by the same team, UK Pensions Operations.

### **When is this happening?**

We expect to be able to confirm which section you are being allocated to towards the end of the year. The timings are subject to change, but we will keep you informed through regular updates.

Please be reassured that no matter which section you are allocated to, your pension benefits remain just as safe, secure and well supported.

## Our promise to you

- Your Trustee Board is confident that the agreed solution is a good outcome for all members.
- You have our assurance that you should see no noticeable changes. All the same terms apply to your pension benefits and they will continue to be administered by UK Pensions Operations.
- We will continue to communicate fully with you as these changes progress and we have created a new page on the Scheme's website which will be updated regularly. Please use the following link to access this page: [www.nationalgridpensions.com/542/scheme-changes](http://www.nationalgridpensions.com/542/scheme-changes).

In the meantime, we appreciate that you may have questions so we have enclosed some Q&As. If you have any that are not covered in these documents or on the Scheme's website, please call 0118 936 8922 or email [GDpensions@nationalgrid.com](mailto:GDpensions@nationalgrid.com).

We know that any change can be unsettling, but we want to assure you that this will not change the pension benefits that you built up during your time at National Grid or its predecessor companies.

Sincerely



Nigel Stapleton  
Chairman of the Trustees of the National Grid UK Pension Scheme

