

Notice to Participants in The Niagara Mohawk Pension Plan

Niagara Mohawk Pension Plan Transition Group Participants Lump Sum Conversion Rates for Calendar Year 2015

The Pension Protection Act of 2006 (PPA) changed the methodology for converting annuity-based benefits into lump sum benefits. The lump sum conversion rates in the Plan will use the three spot segment rates based on the corporate bond yield curve for the month of September.

| Rate Segment | Blended Spot Rate | Segment Years |
|--------------|-------------------|---------------|
| First | 1.40% | Years 1-5 |
| Second | 3.98% | Years 5-20 |
| Third | 5.04% | Years 20+ |

For comparison purposes, the first, second, and third segment blended spot rates used for the 2014 plan year were 1.40%, 4.66% and 5.62%, respectively. The spot rates can be found on the IRS website using the following link:

<http://www.irs.gov/Retirement-Plans/Minimum-Present-Value-Segment-Rates>

As a reminder, in order to retire on December 1, 2014 and use the rates in effect for the 2014 calendar year, you must make your request no later than 5:00PM on October 17, 2014. All retirement requests should be made by calling the National Grid Pension Connect Center at 1-855-464-2367.

Niagara Mohawk Cash Balance Plan Interest Crediting Rate for Calendar Year 2015

| | |
|--|-----------|
| Non-Represented Participants: | 3.26% (a) |
| Participants Represented by IBEW Local 97: | 5.04% (b) |

(a) Interest crediting rate based on the 30-year Treasury Rate for the month of September 2014

(b) Interest crediting rate based on the third tier PPA segment rate for the month of September 2014

Please note that the rates illustrated above are annual rates; however the Plan credits interest monthly using one-twelfth of the applicable annual rate.
