National Grid Retiree Club Meeting – Long Island

November 2, 2015
Agenda

- Company Highlights
- Newtown Creek Wastewater Treatment Plant: Renewable Natural Gas Project
- Retiree Health & Welfare Update
- EmblemHealth/Vytra Guest - Joanne Stryker
- Health Plan Costs – Market Trends
- Open Enrollment for 2016
- 2016 Highlights
- Contact Information
- Q & A
Annual priorities

• Drive our focus and behaviors to prevent injuries and safeguard the public

• Redefine the customer experience through end to end process excellence and delivery of our work plan on time and on budget

• Focus on cost controls

• Engage with and volunteer in our communities

• Accelerate future growth by meeting customer expectations.
Interim Management Statement

HIGHLIGHTS

• Continued solid operational and financial performance during the period

• File rate filings for KEDNY, KEDLI and Massachusetts Electric early 2016.

• New York State Public Service Commission approved the extension on our KEDNY capital investment tracking mechanism from two years to four years. This will allow us to make nearly $900 million in investments to modernize the natural gas system in the New York City area in 2015 and 2016 without any increase to customer bills.

• Site Investigation and Remediation surcharge from $25 million to $62.5 million, an increase of $37.5 million.

• The improvements we have made to the way we are working with our stakeholders is now being recognized using the Jurisdictional model. Ken Daly (President – NY)
Interim Management Statement

- We continue to focus on improving customer service and managing costs in preparation for further rate filings in 2016 (KEDLI, KEDNY MA). Overall ASSET GROWTH AND RETURNS are on track

- Share price:
  - 10/04/14: $70
  - 10/30/15: $71

- New U.S. Senior Executive/President
  - Dean Stevens replaces Tom King 4/1/15

- New Benefits Administrator. Mercer has been replaced by Empyrean effective July 2016 (WE HEARD YOU!)

- Visit ournationalgrid.com
Newtown Creek Wastewater Treatment Plant: Renewable Natural Gas Project
Newtown Creek Wastewater Treatment Plant:
Renewable Natural Gas Project

- National Grid is in the middle of the construction phase of the purification system to convert biogas from the Newtown Creek Wastewater Treatment Plant, the largest wastewater treatment plant in New York City, into renewable natural gas for residential and commercial use.

- In partnership with the NYC Department of Environmental Protection to develop one of the first projects in the US that directly injects renewable gas into a local distribution system.

- Our groundbreaking treatment process takes a combination of methane and carbon dioxide, cleans the carbon dioxide out of the gas, leaving pipeline-quality renewable national gas.

- This process will also be used for organic waste where food waste will be delivered to Newtown Creek where it will be introduced into the digester system which will boost methane production.

- Produce enough energy to heat 5,200 homes and reduce greenhouse gas emissions by 90,000 metric tons annually – the equivalent of removing 19,000 cars from the road.

- Completion is expected to be in late 2016.
Benefits at National Grid

- We provide a range of benefits for over 30,000 active and retired employees.
- We are committed to providing market competitive quality benefits that help attract and retain a healthy, engaged, and productive workforce.

Today’s Challenges

- Rising cost of healthcare and declining health across the Nation
- Increased life expectancy
- Aging population with increased instances of chronic conditions
- The availability and cost of improved diagnostic services
- Rising administrative and compliance costs for health plan sponsors
Benefits at National Grid

The Affordable Care Act

• Complex legislation has put pressure on employers who want to maintain affordable comprehensive coverage for their employees and retiree populations.

• In 2018, a 40% Excise Tax (a.k.a. Cadillac Tax) will be imposed on plans that cost more than $10,200/individual and $27,500/family (indexed annually).
Annual Open Enrollment

- Open Enrollment Period
  - October 26th through November 11th
- Correction Period
  - December 7th through December 11th
- Retiree Confirmation Statements will be mailed by the week of November 23rd
Changes to National EPO-BCBSMA:
- Addition of an in-network deductible of $200 individual/$400 family.
- Change in-network out-of-pocket maximum from $6,350 individual/$12,700 family to $1,500 individual/$3,000 family (including deductible, coinsurance and medical/Rx co-pays).
- Change in co-insurance from 100% to 90%.
- Change in inpatient hospital coverage from $150 co-pay to 90% after deductible.
CVS/Caremark

Implementation of the following Prescription Drug Programs with CVS Caremark:

- **Compounded Drugs Prior Authorization.** Compounded drugs often contain three to five drugs along with expensive bases and solvents in the preparation that dramatically increases the cost. Compounded drug claims over $300 will require prior authorization.

- **Addition of Specialty Pharmacy Program.** This program encourages the use of preferred specialty medications for specific therapeutic classes. Preferred drugs are well-supported treatment options and represent the most cost-effective medications for a given condition. Members who currently use these drugs are grandfathered from this program.

- **New Prescription Drug Formulary** will be in place as of January 1, 2016. Caremark’s “Standard Formulary” covers generic drugs and select brands. Some drugs are excluded from the drug list. Prior authorization review is available for non-formulary drugs, but is not a guarantee of coverage.
• **Provider Network Change on the BCBS PPO plan – Empire POS Network**

  - The Blue Cross Blue Shield Empire POS Network service area includes the five boroughs of New York City, Nassau, Suffolk, and Westchester Counties, and well as select counties on the eastern border of New York State. You have the option to go to an in- or out-of-network provider or facility under the BCBS POS plan. Where you access those services (either in the Empire POS service area or outside the Empire POS service area) will determine the level of benefits the plan will pay for those services.

  **If you access services within the Empire POS Network service area:**
  - Benefits will only be paid at the in-network level if you go to an Empire POS participating provider
  - Benefits will be paid at the out-of-network level if you go to any other provider

  **If you access services outside the Empire POS Network service area:**
  - Benefits will be paid at the in-network level if you go to a participating BCBS PPO National Network provider
  - Benefits will be paid at the out-of-network level if you go to any other provider

  Emergency services will always be covered in-network.
Retiree Medical, what’s new 2016

Pre-65 Retirees Formally Represented by Local 1049

- Other Changes to the BCBS PPO Plan (New ID Cards)
  - In-Network
    - Increase annual deductible to $150 individual/$300 family
    - Decrease annual out-of-pocket maximum to $5,000 individual/$10,000 family
    - Increase co-payment for office visits and specialist visits to $25
    - Increase co-payment for Emergency Room visits to $250
    - Increase co-payment for inpatient hospital visits to $250, except at Blue Distinction Centers where certain services will be covered at 100%
  - Change in prescription co-payment
    - Increase retail prescription co-payment to $10 generic/$25 formulary/$40 non-formulary; increase mail-order prescription co-payment to $20/$50/$80
  - Out-of-Network
    - Increase annual deductible to $500 individual/$1,000 family
    - Increase annual out-of-pocket maximum to $10,000 individual/$20,000 family
    - Decrease out-of-network plan coinsurance to 70% after deductible, including office visits, preventive visits and inpatient care
    - Increase co-payment for Emergency Room visits to $250
Retiree Medical, what’s new 2016

Pre-65 Retirees Formally Represented by Local 1049

• The HIP Prime Plan will be eliminated for 2016. You must enroll in another medical plan if you want coverage for 2016. If you do not enroll, you will be defaulted into the BCBSMA POS plan at the coverage level you currently have.

• Changes to the HIP HMO Vytra Premium Plan
  o Employee weekly contributions will increase from $0 individual/$0 family to $10 individual/$26.50 family
  o Increase co-payment for office visits to $40 and specialist visits to $60
  o Increase co-payment for Emergency Room visits to $150
  o Increase co-payment for inpatient hospital visits to $500
  o Increase retail prescription co-payment to $10 generic/$25 formulary/$40 non-formulary; increase mail order prescription co-payment to $20/$50/$80
New Medical Plan Option

- Consumer Driven Health Plan with Blue Cross Blue Shield (BCBS) and Health Savings Account with HealthEquity.
  - The CDHP offers comprehensive coverage with preventive care covered at 100% just like the PPO plan, with the same network of providers.
  - It also provides access to an HSA, which is a tax-advantaged savings account allowing you to save money for eligible medical expenses now and in retirement.
  - The plan has a higher deductible and out-of-pocket expenses than the traditional plans.
Retiree Medical, what’s new 2016

All post-65 Management & Union Retirees/Dependents

EGWP Pharmacy Plan Changes
- Implement a Compound Strategy:
  - Exclusions of Bulk Chemical Powders on the Wrap
  - Exclusion of topical analgesics
  - Implement for all National Grid Groups
- Conversion to Standard Utilization Management including:
  - Clinical Prior Authorization
  - Quantity Limits
  - Step Therapy
  - Specialty PA
## 2016 Plan Design Changes
For Former Management Pre-65 Retirees (CDHP is applicable to 1049 retirees)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EPO</td>
<td>PPO</td>
<td>CDHP</td>
<td></td>
</tr>
<tr>
<td><strong>Deductible</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In-network</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deductible</td>
<td>$200 (I) / $400 (F)</td>
<td>$400 (I) / $800 (F)</td>
<td>$1,550 (I) / $3,100 (F)</td>
<td></td>
</tr>
<tr>
<td>Out of Pocket Maximum</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPO</td>
<td>$1,500 (I) / $3,000 (F)</td>
<td>$2,000 (I) / $4,000 (F)</td>
<td>$2,700 (I) / $5,400 (F)</td>
<td></td>
</tr>
<tr>
<td>PPO</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CDHP</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Co-insurance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office visit (PCP/SPC)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preventive Care</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inpatient Hospital</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emergency Room</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rx copays (2x mail)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Contact Information

IMPORTANT CONTACT INFORMATION

• SilverScript: 1-877-874-6202
• Note: Please do not use the old CVS Caremark phone number for questions related to SilverScript.
• National Grid Benefit Services Center: 1-888-483-2123
• www.nationalgridbenefitservices.com
• Services Delivery Center (SDC, formally TDC) telephone number: 888-483-2123
Questions