

09 December 2020

National Grid UK Pension Scheme takes de-risking with Rothestay to £3.6bn after new £800m buy-in

- The National Grid UK Pension Scheme has recently completed a second buy-in transaction with Rothestay
- The buy-in policy is in respect of Section A of the National Grid UK Pension Scheme and secures a further around £800m of Section A's pension liabilities, following 2019's £2.8bn transaction
- The transaction was triggered when market pricing and Scheme funding aligned for this tranche of liabilities and was enabled by the monitoring framework put in place by the Scheme and involved a collaborative project between the Trustee and National Grid plc

The **National Grid UK Pension Scheme** ("the Scheme") has completed an approximately £800m buy-in transaction with **Rothestay**, the UK's largest pensions insurance specialist.

The transaction, which follows a £2.8bn buy-in with Rothestay in 2019, takes the total level of de-risked liabilities with Rothestay to £3.6bn.

Following 2019's transaction, Rothestay put in place a monitoring process for the Scheme that allowed it to execute a buy-in for this tranche of liabilities as soon as market pricing and Scheme funding allowed.

This buy-in policy is in respect of Section A of the National Grid UK Pension Scheme and adds to the over 800,000 pensions Rothestay currently secures across the UK.

The policy provides the Scheme with more certainty around the impact of changes in life expectancies and removes financial risks, such as interest rate and inflation changes, with the aim of protecting the future funding of the Scheme.

Chris Hogg, National Grid UK Pension Scheme, CEO, said: "We are pleased that we could work with Rothestay and National Grid again to put in place a buy-in which is good for members and will provide long-term security for their pensions. ESG and climate change is of paramount importance to the Trustee and is an important factor in our decision making process. We look forward to working with Rothestay who share our commitment to achieving Net Zero and supporting international agreements to limit future temperature increases to 1.5 Celsius"

Eddie Hodgart, Group Head of Pensions at National Grid, said: "We are delighted to announce this further buy-in transaction with Rothestay. Reducing risk in our pension arrangements is a priority for National Grid and this transaction represents another important step in that journey."

Sammy Cooper-Smith, Head of Business Development at Rothestay, said: "As a company purpose built to protect pensions, we work hard to serve our clients and deliver innovative new approaches to support schemes and their members. This is reflected in the system we put in place with Aon and the Scheme which ensured this transaction was ready to proceed as soon as markets allowed."

Mike Edwards, Partner at Aon said, "This transaction highlights the benefits of the clear strategy and framework for monitoring put in place by the Trustee and National Grid last year and also our ability to leverage changing market dynamics. The future-proofed umbrella contract

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terms, established with Rothesay in the Scheme's previous £2.8bn buy-in, also enabled efficient execution of this transaction."

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Notes to Editors

About Rothesay

Rothesay is the UK's largest pensions insurance specialist, purpose-built to protect pension schemes and their members' pensions. With £56 billion of assets under management, we secure the pensions of over 800,000 people and pay out, on average, more than £200 million in pension payments each month.

Rothesay is dedicated to providing excellence in customer service alongside prudent underwriting, a conservative investment strategy and the careful management of risk. We are trusted by some of the UK's best known companies to provide pension solutions, including the schemes of Allied Domecq, Asda, British Airways, Cadbury's, the Civil Aviation Authority, National Grid, the Post Office, Prudential and telent.

Rothesay has two substantial institutional shareholders, GIC and Massachusetts Mutual Life Insurance Company ("MassMutual"), who provide the company with long-term support for its growth and development. In September 2020, our shareholders increased their investment in Rothesay through a transaction which valued the business at £5.75bn.

Rothesay is the trading name for Rothesay Life Plc, a company authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Firm Reference Number: 466067. Rothesay Life Plc is registered in England and Wales with company registration number: 06127279 and registered address: Rothesay Life Plc, The Post Building, 100 Museum Street, London WC1A 1PB. Further information is available at www.rothesay.com

Adviser involvement

The Trustee and National Grid plc were advised by Aon and the Trustee was supported by the Scheme's in-house team. Sackers provided legal advice.

Rothesay were advised by Gowling.

About the National Grid UK Pension Scheme

The National Grid UK Pension Scheme is a UK defined benefit (DB) pension scheme, responsible for around £12 billion of assets under management. It has over 50,000 members, mostly from the organisation's gas business, and is closed to new members. The 'buy-in' transaction with Rothesay involved the purchase, funded by £0.8bn of the UK government securities held within Section A, of a bulk annuity under which Rothesay commits to reimbursing the Trustee for all the

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uninsured pension benefits payable to a subset of Section A pensioners (including to their spouses) until the death of the last pension beneficiary.

There will be no impact on the members covered by this arrangement, with pensioners continuing to be paid in the same way by the Scheme administrator.