

2009 CONTRACT NEGOTIATIONS

**NATIONAL GRID
and
UWUA, AFL-CIO, LOCALS 350 & 369, BUW**

COMPANY PROPOSAL #1

GAINSHARING AGREEMENT

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This Memorandum of Understanding is made as of the **XX** day of **June**, 2009 between **National Grid** (the “Company”) and LOCAL UNION No. 350 and No. 369 of the UTLITY WORKERS UNION OF AMERICA, AFL-CIO-CLC, BUW COUNCIL (the “Union”) and supplements the parties’ Memorandum of Agreement made as of this date.

1. The Union members will participate in the Company’s Gainsharing Award Program for the Gainsharing Program years occurring during the period of the collective bargaining agreement. The Company agrees to have a Gainsharing Program in each year of the contract.
2. The structure and administration of this Program, including the setting of goals, how the range of awards relates to the goals, the determination of whether goals have been met, and the computation of awards, will be in the discretion of the Company. Goals and triggers will be discussed with the Union and communicated to employees as soon as practicable after they are established each year.
3. The goals may include a combination of criteria related to individual Company performance, performance of individual Strategic Business Groups (SBGs), and individual performance.

Individual performance criteria for award eligibility is:

1. An overall performance rating of a 1, 2, or 3 on the Bargaining Unit Employee Annual Performance Appraisal.
4. The triggers to determine whether Gainsharing Awards shall be paid in each year shall be the same triggers applied to management personnel.
5. Payouts will be made in a range from 0 to Threshold, Target, and Maximum levels, depending on triggers and achievement of goals.
6. The Company shall make its best efforts to distribute the awards as soon as practicable following the end of the plan year, but no later than **June 30th**. An employee must be employed with the Company at the time of distribution of awards to be eligible to receive an award. An employee whose status as an active employee is changed during the plan year because of retirement, or death will be given a partial award when awards are distributed based on the employee’s cumulative annual base pay.
7. Gainsharing Awards will be based on a percentage of an employee’s cumulative annual base pay.
8. The percentages to be used at Threshold, Target, and Maximum levels are as follows:

<u>% OF BASE WAGES</u>		
<u>Threshold</u>	<u>Target</u>	<u>Maximum</u>
X%	X%	X%