



July 27, 2020

VIA ELECTRONIC FILING

Honorable Michelle L. Phillips, Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Re: Case 15-M-0509 – Petition of Niagara Mohawk Power Corporation d/b/a National Grid under Section 69 of the Public Service Law for Authority to Issue Securities

Dear Secretary Phillips:

Pursuant to the Public Service Commission's "Order Granting Incremental Cost Relief, in Part, and Authorizing the Issuance of Securities" (issued and effective May 19, 2016) ("May 2016 Order") and "Order Modifying Financing Authority" (issued and effective March 20, 2020) in the above-referenced matter ("Extension Order"), this letter describes the terms of certain long-term debt issued by Niagara Mohawk Power Corporation d/b/a National Grid ("Niagara Mohawk" or the "Company") on June 25, 2020. As required by the May 2016 Order, this letter also includes a comparative analysis of the terms and conditions of the issuance relative to other recently issued securities.

The following attachments accompany this letter:

1. Attachment 1 includes (i) the Purchase Agreement with Term Sheet concerning the June 25, 2020 debt issuances; (ii) the Final Term Sheet; (iii) Offering Memorandum; (iv) the executed Sixth Supplemental Indenture; (v) the executed Rule 144A and Regulation S Global Notes; and (vi) a comparative analysis of the transaction relative to similar utility financings; and
2. Attachment 2 is a schedule of all costs associated with the issuance and the proposed deferral and amortization of such costs.

On June 25, 2020, under the terms set forth in the documents provided in Attachment 1, the Company issued a \$600 million aggregate principal amount tranche of 1.960% Senior Notes due June 27, 2030, and a \$500 million aggregate principal amount tranche of 3.025% Senior Notes due June 27, 2050 ("June 2020 Notes") in a private sale exempt from registration pursuant to the Securities and Exchange Commission's Rule 144A. The June 2020 Notes were fully marketed to qualified institutional investors.

The Company sought a \$1.1 billion debt issuance in order to fund capital expenditures and refinance short-term debt with long-term debt. A dual tranche strategy for the June 2020 Notes was employed to successfully complete the \$1.1 billion total issuance because the two tenors issued (10-year and 30-year notes) are liquid maturities with strong investor appetite in the

utility space. As discussed herein, it is my view that the terms of the issuance were the best that could be obtained by the Company and are no more restrictive than any securities issued by the Company over the past ten years.

The terms of the Company's 4.278% Senior Notes due 2028 ("December 2018 Notes"), which were also issued in a private sale exempt from registration, were compared to the terms of the Company's June 2020 Notes. The December 2018 Notes are the most recent unsecured notes sold by the Company in a capital market offering similar to the offering and sale of the June 2020 Notes.

In my view, the terms of the June 2020 Notes are the best that the Company could obtain at the time of issuance and are not more restrictive than those of the December 2018 Notes. The June 2020 Notes and the December 2018 Notes, which were each issued under customary trust indentures, contain similar covenants. Therefore, the provisions of the June 2020 Notes are, in all respects, no more restrictive than those of the December 2018 Notes.

Please contact the undersigned if you have questions or require further information.

Yours truly,
/s/ Christopher McConnachie
Christopher McConnachie
Chief Financial Officer
Niagara Mohawk Power Corporation
d/b/a National Grid
Christopher.McConnachie@nationalgrid.com

Attachment 1(i)

Purchase Agreement with Term Sheet

Niagara Mohawk Power Corporation

\$600,000,000 1.960% Senior Notes due 2030

\$500,000,000 3.025% Senior Notes due 2050

PURCHASE AGREEMENT

dated June 23, 2020

BofA Securities, Inc.
Credit Suisse Securities (USA) LLC
Mizuho Securities USA LLC
Morgan Stanley & Co. LLC
SG Americas Securities, LLC

PURCHASE AGREEMENT

June 23, 2020

BofA Securities, Inc.
One Bryant Park
New York, New York 10036
United States of America

Credit Suisse Securities (USA) LLC
Eleven Madison Avenue
New York, NY 10010-3629
United States of America

Mizuho Securities USA LLC
1271 Avenue of the Americas
New York, NY 10020
United States of America

Morgan Stanley & Co. LLC
1585 Broadway
New York, NY 10036
United States of America

SG Americas Securities, LLC
245 Park Avenue
New York, NY 10167
United States of America

As Joint Book-Running Managers and Representatives of the several Initial Purchasers listed in Schedule A hereto

Ladies and Gentlemen:

Introductory. Niagara Mohawk Power Corporation, a New York corporation (the “**Company**”), proposes to issue and sell to the several Initial Purchasers named in Schedule A hereto (the “**Initial Purchasers**”), acting severally and not jointly, the respective amounts set forth in such Schedule A of \$600,000,000 aggregate principal amount of the Company’s 1.960% Senior Notes due 2030 (the “**2030 Notes**”) and \$500,000,000 aggregate principal amount of the Company’s 3.025% Senior Notes due 2050 (the “**2050 Notes**” and, together with the 2030 Notes, the “**Securities**”). BofA Securities, Inc., Credit Suisse Securities (USA) LLC, Mizuho Securities USA LLC, Morgan Stanley & Co. LLC and SG Americas Securities, LLC have agreed to act as the representatives of the several Initial Purchasers (the “**Representatives**”) in connection with the offering and sale of the Securities.

The Securities will be issued pursuant to an indenture, dated as of August 10, 2009, between the Company and The Bank of New York Mellon, as trustee (the “**Trustee**”), as supplemented by the fifth supplemental indenture, dated as of December 4, 2018, and a sixth supplemental indenture, to be dated as of June 25, 2020, between the Company and the Trustee (together, the “**Indenture**”).

The Company understands that the Initial Purchasers propose to make an offering of the Securities on the terms and in the manner set forth herein and in the Pricing Disclosure Package (as defined below) and agrees that the Initial Purchasers may resell, subject to the conditions set forth herein, all or a portion of the Securities to purchasers (the “**Subsequent Purchasers**”) on the terms set forth in the Pricing Disclosure Package. As used in this Agreement, the “**Time of Sale**” means 3:01 p.m. (Eastern Time) on June 23, 2020 or such other time as agreed by the Company and the Initial Purchasers. The Securities are to be offered and sold to or through the Initial Purchasers without being registered with the Securities and Exchange Commission (the “**Commission**”) under the Securities Act of 1933, as amended (the “**Securities Act**,” which term, as used herein, includes the rules and regulations of the Commission promulgated thereunder), in reliance upon exemptions therefrom. Pursuant to the terms of the Securities and the Indenture, investors who acquire Securities shall be deemed to have agreed that Securities may only be resold or otherwise transferred, after the date hereof, if such Securities are registered for sale under the Securities Act or if an exemption from the registration requirements of the Securities Act is available (including the exemptions afforded by Rule 144A under the Securities Act (“**Rule 144A**”) or Regulation S under the Securities Act (“**Regulation S**”)).

The Company has prepared and delivered to each Initial Purchaser copies of a Preliminary Offering Memorandum, dated June 22, 2020 (the “**Preliminary Offering Memorandum**”), and has prepared and delivered to each Initial Purchaser copies of a Pricing Term Sheet, dated June 23, 2020 (the “**Pricing Term Sheet**”) in the form set out in Schedule B hereto, describing the terms of the Securities, each for use by such Initial Purchaser in connection with its solicitation of offers to purchase the Securities. The Preliminary Offering Memorandum and the Pricing Term Sheet are herein referred to as the “Pricing Disclosure Package.” Promptly after this Agreement is executed and delivered, the Company will prepare and deliver to each Initial Purchaser a final offering memorandum dated the date hereof (the “**Final Offering Memorandum**”).

The Company hereby confirms its agreements with the Initial Purchasers as follows:

Section 1. Representations and Warranties. The Company hereby represents, warrants and covenants to each Initial Purchaser that, as of the date hereof and as of the Closing Date (as defined below) (references in this Section 1 to the “Offering Memorandum” are to (x) the Pricing Disclosure Package in the case of representations and warranties made as of the date hereof and (y) the Final Offering Memorandum in the case of representations and warranties made as of the Closing Date):

(a) **No Registration Required.** Subject to compliance by the Initial Purchasers with the representations and warranties set forth in Section 2 hereof and with the procedures set forth in Section 4 hereof, it is not necessary in connection with the offer, sale and delivery of the Securities to the Initial Purchasers and to each Subsequent Purchaser in the manner contemplated

by this Agreement and the Offering Memorandum to register the Securities under the Securities Act or to qualify the Indenture under the Trust Indenture Act of 1939, as amended (the “**Trust Indenture Act**,” which term, as used herein, includes the rules and regulations of the Commission promulgated thereunder).

(b) **No Integration of Offerings or General Solicitation.** None of the Company, its affiliates (as such term is defined in Rule 501 under the Securities Act) (each, an “**Affiliate**”), or any person acting on its or any of their behalf (other than the Initial Purchasers, as to whom the Company makes no representation or warranty) has, directly or indirectly, solicited any offer to buy or offered to sell, or will, directly or indirectly, solicit any offer to buy or offer to sell, in the United States or to any U.S. Person (as such term is defined in Rule 902 under the Securities Act), any security which is or would be integrated with the sale of the Securities in a manner that would require the Securities to be registered under the Securities Act. None of the Company, its Affiliates, or any person acting on its or any of their behalf (other than the Initial Purchasers, as to whom the Company makes no representation or warranty) has engaged or will engage, in connection with the offering of the Securities, in any form of general solicitation or general advertising within the meaning of Rule 502(c) under the Securities Act. With respect to those Securities sold in reliance upon Regulation S, none of the Company, its Affiliates or any person acting on its or their behalf (other than the Initial Purchasers, as to whom the Company makes no representation or warranty) has engaged or will engage in any directed selling efforts within the meaning of Regulation S.

(c) **Eligibility for Resale under Rule 144A.** The Securities are eligible for resale pursuant to Rule 144A and will not be, at the Closing Date, of the same class as securities listed on a national securities exchange registered under Section 6 of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**,” which term, as used herein, includes the rules and regulations of the Commission promulgated thereunder) or quoted in a U.S. automated interdealer quotation system.

(d) **The Pricing Disclosure Package and Offering Memorandum.** Neither the Pricing Disclosure Package, as of the Time of Sale, nor the Final Offering Memorandum, as of its date or (as amended or supplemented in accordance with Section 3(a), as applicable) as of the Closing Date, contains or represents an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided* that this representation, warranty and agreement shall not apply to statements in or omissions from the Pricing Disclosure Package, the Final Offering Memorandum or any amendment or supplement thereto made in reliance upon and in conformity with information furnished to the Company in writing by any Initial Purchaser through the Representatives expressly for use in the Pricing Disclosure Package, the Final Offering Memorandum or amendment or supplement thereto, as the case may be, it being understood and agreed that the only such information consists of the legal and marketing names and addresses of the Initial Purchasers (such information, the “**Initial Purchaser Information**”). The Pricing Disclosure Package contains, and the Final Offering Memorandum will contain, all the information specified in, and meeting the requirements of, Rule 144A(d)(4). No statement of material fact included in the Offering Memorandum that is required to be included in the Pricing Disclosure Package has been omitted from the Pricing Disclosure Package and no statement of

material fact included in the Pricing Disclosure Package that is required to be included in the Offering Memorandum has been omitted from the Offering Memorandum.

(e) **Company Additional Written Communications.** The Company (including its agents and representatives, other than the Initial Purchasers in their capacity as such) has not made, used, prepared, authorized, approved or referred to and will not prepare, make, use, authorize, approve or refer to any “written communication” that constitutes an offer to sell or solicitation of an offer to buy the Securities (each such communication by the Company or its agents and representatives (other than a communication referred to in clauses (i) and (ii) below) a “**Company Additional Written Communication**”) other than (i) the Pricing Disclosure Package, (ii) the Final Offering Memorandum, and (iii) any electronic road show or other written communications listed on Schedule F hereto, in each case used in accordance with Section 3(a). Each such Company Additional Written Communication, when taken together with the Pricing Disclosure Package, did not, and at the Closing Date will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided* that this representation, warranty and agreement shall not apply to statements in or omissions from each such Company Additional Written Communication made in reliance upon and in conformity with the Initial Purchaser Information furnished to the Company in writing by any Initial Purchaser through the Representatives expressly for use in any Company Additional Written Communication.

(f) **Preparation of the Financial Statements.** The financial statements and the related notes thereto included in the Offering Memorandum present fairly in all material respects the financial position of the Company and its subsidiaries as of the dates indicated and the results of their operations and the changes in their cash flows for the periods specified; such financial statements have been prepared in conformity with United States generally accepted accounting principles applied throughout the periods covered thereby; and the other financial information included in the Offering Memorandum has been derived from the accounting records of the Company and its subsidiaries and presents fairly, in all material respects, the information shown thereby.

(g) **No Material Adverse Change.** There has not occurred any material adverse change in the financial position or prospects of the Company and its subsidiaries, taken as a whole, from that set forth in the Pricing Disclosure Package and the Offering Memorandum.

(h) **Incorporation and Good Standing of the Company.** The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of New York.

(i) **Due Authorization.** The Company has full right, power and authority to execute and deliver this Agreement, the Securities and the Indenture (collectively, the “**Transaction Documents**”) and to perform its obligations hereunder and thereunder; and all action required to be taken for the due and proper authorization, execution and delivery of each of the Transaction Documents and the consummation of the transactions contemplated thereby has been duly and validly taken.

(j) **Authorization of the Indenture.** The Indenture has been duly authorized by the Company and, at the Closing Date, will have been duly executed and delivered by the Company and will constitute a valid and legally binding agreement of the Company enforceable against the Company in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability (collectively, the “**Enforceability Exceptions**”).

(k) **Authorization of the Securities.** The Securities have been duly authorized by the Company and, when duly executed, authenticated, issued and delivered as provided in the Indenture and paid for as provided herein, will be duly and validly issued and outstanding and will constitute valid and legally binding obligations of the Company enforceable against the Company in accordance with their terms, subject to the Enforceability Exceptions, and will be entitled to the benefits of the Indenture.

(l) **The Purchase Agreement.** The Purchase Agreement has been duly authorized, executed and delivered by the Company.

(m) **No Violation or Default.** The Company is not in violation of its charter and bylaws. The Company is not (i) in default and no event has occurred that, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company is a party or by which the Company is bound or to which any of the property or assets of the Company is subject; or (ii) in violation of any law or statute or any judgment, order, rule or regulation of any United States court or arbitrator or governmental or regulatory authority in the United States, except, in the case of clauses (i) and (ii) above, for any such default or violation that would not, individually or in the aggregate, have a material adverse effect on the financial position or prospects of the Company and its subsidiaries taken as a whole or on the performance by the Company of its obligations under the Securities (a “**Material Adverse Effect**”).

(n) **No Conflicts.** The execution, delivery and performance by the Company of each of the Transaction Documents, the issuance and sale of the Securities and compliance by the Company with the terms thereof and the consummation of the transactions contemplated by the Transaction Documents will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company is a party or by which the Company is bound or to which any of the property or assets of the Company is subject, (ii) result in any violation of the provisions of the charter or bylaws of the Company or (iii) result in the violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority in the United States, except, in the case of clauses (i) and (iii) above, for any such conflict, breach or violation that would not, individually or in the aggregate, have a Material Adverse Effect.

(o) **No Further Consents, Authorizations or Approvals Required.** The Company has obtained written order or orders from the Public Service Commission of the State of New York (“**PSC**”) authorizing the issuance by the Company of these Securities (the “**PSC Orders**”), and the PSC Orders shall remain in full force and effect on the Closing Date (as defined in

Section 2(b)). No other consent, approval, authorization, order, registration or qualification of or with any court or arbitrator or governmental or regulatory authority in the United States is required for the execution, delivery and performance by the Company of each of the Transaction Documents, the issuance and sale of the Securities and compliance by the Company with the terms thereof and the consummation of the transactions contemplated by the Transaction Documents, except for such consents, approvals, authorizations, orders and registrations or qualifications as may be required under applicable United States state securities laws in connection with the purchase and distribution of the Securities by the Initial Purchasers.

(p) **No Material Actions or Proceedings.** Except as described or provided for in the Preliminary Offering Memorandum, the Pricing Disclosure Package and the Final Offering Memorandum, there are no legal, governmental or regulatory investigations, actions, suits or proceedings pending to which the Company or any of its subsidiaries is a party or to which any property of the Company or any of its subsidiaries is the subject that, individually or in the aggregate, if determined adversely to the Company or any of its subsidiaries, would reasonably be expected to have a Material Adverse Effect; no such investigations, actions, suits or proceedings are threatened in writing.

(q) **Company Not an “Investment Company”.** The Company is not and, after giving effect to the offering and sale of the Securities and the application of the proceeds thereof as described in the Preliminary Offering Memorandum, the Pricing Disclosure Package and the Final Offering Memorandum, will not be, an “investment company” within the meaning of the Investment Company Act of 1940, as amended, and the rules and regulations of the Commission thereunder (collectively, “Investment Company Act”).

(r) **All Necessary Permits, etc.** The Company and its subsidiaries possess all licenses, certificates, permits and other authorizations issued by the appropriate federal, state, local or foreign governmental or regulatory authorities that are necessary for the conduct of their respective businesses as described in the Preliminary Offering Memorandum, the Pricing Disclosure Package and the Final Offering Memorandum, except where the failure to possess or make the same would not, individually or in the aggregate, have a Material Adverse Effect; and neither the Company nor any of its subsidiaries has received written notice of any revocation or modification of any such license, certificate, permit or authorization or has any reason to believe that any such license, certificate, permit or authorization will not be renewed in the ordinary course, except where such revocation or modification or non-renewal would not have a Material Adverse Effect.

(s) **Regulation S.** The Company and its affiliates and all persons acting on their behalf (other than the Initial Purchasers, as to whom the Company makes no representation) have complied with and will comply with the offering restrictions of Regulation S in connection with the offering of the Securities outside the United States and, in connection therewith, the Offering Memorandum will contain the disclosure required by Rule 902(g). The Securities sold in reliance on Regulation S will be represented upon issuance by a temporary global security that may not be exchanged for definitive securities until the expiration of the 40-day restricted period referred to in Rule 903(b)(3) of the Securities Act and only upon certification of beneficial ownership of such Securities by non-U.S. persons or U.S. persons who purchased such Securities in transactions that were exempt from the registration requirements of the Securities Act.

Section 2. *Purchase, Sale and Delivery of the Securities.*

(a) **The Securities.** The Company agrees to issue and sell to the Initial Purchasers, severally and not jointly, all of the Securities, and the Initial Purchasers agree, severally and not jointly, to purchase from the Company the aggregate principal amount of Securities set forth opposite their names on Schedule A hereto, at a purchase price of 99.600% of the principal amount of the 2030 Notes and 99.250% of the principal amount of the 2050 Notes payable on the Closing Date, in each case, on the basis of the representations, warranties and agreements herein contained, and upon the terms, subject to the conditions thereto, herein set forth.

(b) **Payment and Delivery of the Securities.** Payment of the purchase price for, and delivery of certificates for, the Securities shall be made as of a time to be agreed between the Company and the Representatives on the third business day after the date hereof (unless postponed in accordance with the provisions of Section 9), or such other time not later than ten business days after such date as shall be agreed upon by the Representatives and the Company (such time and date of payment and delivery being herein called “**Closing Date**”). Payment shall be made to the Company by wire transfer of immediately available funds to a bank account designated by the Company, against delivery to the Representatives for the respective accounts of the Initial Purchasers of certificates for the Securities to be purchased by them. It is understood that each Initial Purchaser has authorized the Representatives, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the Securities which it has agreed to purchase. BofA Securities, Inc., Credit Suisse Securities (USA) LLC, Mizuho Securities USA LLC, Morgan Stanley & Co. LLC and SG Americas Securities, LLC, individually and not as representative of the Initial Purchasers, may (but shall not be obligated to) make payment of the purchase price for the Securities to be purchased by any Initial Purchaser whose funds have not been received by Closing Date, but such payment shall not relieve such Initial Purchaser from its obligations hereunder.

(c) **Initial Purchasers as Qualified Institutional Buyers.** Each Initial Purchaser severally and not jointly represents and warrants to, and agrees with, the Company that it is a “qualified institutional buyer” within the meaning of Rule 144A (a “**Qualified Institutional Buyer**”).

Section 3. *Additional Covenants.* The Company further covenants and agrees with each Initial Purchaser as follows:

(a) **Preparation of Final Offering Memorandum; Initial Purchasers’ Review of Proposed Amendments and Supplements and Company Additional Written Communications.** As promptly as practicable following the Time of Sale and in any event not later than the second business day following the date hereof, the Company will prepare and deliver to the Initial Purchasers the Final Offering Memorandum, which shall consist of the Preliminary Offering Memorandum as modified only by the information contained in the Pricing Term Sheet. Before preparing, using, authorizing, approving or referring to any Company Additional Written Communication, and before making any amendment or supplement to the Preliminary Offering Memorandum or the Final Offering Memorandum, the Company will furnish to the Representatives and counsel for the Initial Purchasers a copy of the proposed Company Additional Written Communication, amendment or supplement for review and will not

prepare, use, authorize, approve or refer to any such Company Additional Written Communication or make any such proposed amendment or supplement to which the Representatives reasonably object.

(b) **Copies of the Offering Memorandum.** The Company will deliver, without charge, to each Initial Purchaser during the Offering Memorandum Delivery Period (as defined below), as many copies of the Offering Memorandum (including all amendments and supplements thereto) and each Company Additional Written Communication (if applicable) as the Representatives may reasonably request.

(c) **Amendments and Supplements to the Final Offering Memorandum and Other Securities Act Matters.** The Company will advise the Representatives promptly, and confirm such advice in writing, of the occurrence of any event within the Offering Memorandum Delivery Period as a result of which the Offering Memorandum, the Pricing Disclosure Package or any Company Additional Written Communication as then amended or supplemented would include any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances existing when the Offering Memorandum is delivered to a purchaser, not misleading. As used herein, the term “**Offering Memorandum Delivery Period**” means such period of time after the first date of the offering of the Securities as in the opinion of counsel for the Initial Purchasers an Offering Memorandum relating to the Securities is required by law to be delivered in connection with sales of the Securities by any Initial Purchaser.

If during the Offering Memorandum Delivery Period (i) any event shall occur or condition shall exist as a result of which the Offering Memorandum as then amended or supplemented would include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances existing when the Offering Memorandum is delivered to a purchaser, not misleading or (ii) it is necessary to amend or supplement the Offering Memorandum to comply with law, the Company will immediately notify the Initial Purchasers thereof and forthwith prepare and, subject to paragraph (a) above, furnish to the Initial Purchasers such amendments or supplements to the Offering Memorandum as may be necessary so that the statements in the Offering Memorandum as so amended or supplemented will not, in the light of the circumstances existing when the Offering Memorandum is delivered to a purchaser, be misleading or so that the Offering Memorandum will comply with law. If at any time prior to the Closing Date (i) any event shall occur or condition shall exist as a result of which the Pricing Disclosure Package as then amended or supplemented would include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances, not misleading or (ii) it is necessary to amend or supplement the Pricing Disclosure Package to comply with law, the Company will immediately notify the Initial Purchasers thereof and forthwith prepare and, subject to paragraph (a) above, furnish to the Initial Purchasers such amendments or supplements to the Pricing Disclosure Package as may be necessary so that the statements in the Pricing Disclosure Package as so amended or supplemented will not, in the light of the circumstances, be misleading or so that the Pricing Disclosure Package will comply with law.

(d) **Blue Sky Compliance.** The Company will qualify the Securities for offer and sale under the securities or Blue Sky laws of such jurisdictions as the Representatives shall reasonably request and will continue such qualifications in effect so long as required for distribution of the Securities; *provided* that the Company shall not be required to (i) qualify as a foreign corporation or other entity or as a dealer in securities in any such jurisdiction where it would not otherwise be required to so qualify, (ii) file any general consent to service of process in any such jurisdiction or (iii) subject itself to taxation in any such jurisdiction if it is not otherwise so subject.

(e) **Restriction on Issuances.** During the period from the date hereof through and including the Closing Date, the Company will not, without the prior written consent of the Representatives, offer, sell, contract to sell or otherwise dispose of, in the United States, any U.S. dollar-denominated debt securities issued or guaranteed by the Company and having a tenor of more than one year.

(f) **Compliance with PSC Orders.** The Company agrees to comply with the conditions, obligations and restrictions set forth in the PSC Orders, including but not limited to, the timely submission of compliance filings to the Director of the Office of Accounting and Finance as required by the PSC Orders.

(g) **Use of Proceeds.** The Company will apply the net proceeds from the sale of the Securities as described in the Preliminary Offering Memorandum, the Pricing Disclosure Package and the Final Offering Memorandum under the heading “Use of Proceeds”.

(h) **No Price Stabilization or Manipulation.** The Company will not take, directly or indirectly, any action designed to or that could reasonably be expected to cause or result in any stabilization in violation of applicable laws or manipulation of the price of the Securities; *provided* that no representation or warranty is made with respect to the Initial Purchasers.

(i) **Clearing and Settlement.** The Company shall use its reasonable best efforts to permit the Securities to be eligible for deposit with, and clearance and settlement through DTC, Euroclear or Clearstream, as the case may be, to the extent permitted by applicable law and the procedures of DTC, Euroclear or Clearstream, as applicable.

(j) **Additional Issuer Information.** At any time when the Company is not subject to Section 13 or 15(d) of the Exchange Act, for the benefit of holders and beneficial owners from time to time of the Securities, the Company shall furnish, at its expense, upon request, to holders and beneficial owners of Securities and prospective purchasers of Securities information (“**Additional Issuer Information**”) satisfying the requirements of Rule 144A(d)(4) (it being acknowledged and agreed that, prior to the first date on which information is required to be provided under the Indenture, the information contained in the Final Offering Memorandum is sufficient for this purpose).

(k) **No Integration.** The Company agrees that it will not and will cause its Affiliates not to make any offer or sale of securities of the Company of any class if, as a result of the doctrine of “integration” referred to in Rule 502 under the Securities Act, such offer or sale would render invalid (for the purpose of (i) the sale of the Securities by the Company to the

Initial Purchasers, (ii) the resale of the Securities by the Initial Purchasers to Subsequent Purchasers or (iii) the resale of the Securities by such Subsequent Purchasers to others) the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof or by Rule 144A or by Regulation S thereunder or otherwise.

(l) **No Restricted Resales.** For as long as the Securities are “restricted securities” (as defined in Rule 144 under the Securities Act), the Company will not, and will not permit any of its affiliates (as defined in Rule 144 under the Securities Act) to resell any of the Securities which constitute “restricted securities” under Rule 144 that have been reacquired by any of them except in a transaction registered under the Securities Act or in a transaction exempt from registration under Regulation S.

(m) **Legended Securities.** Each certificate for a Security will bear the legend contained in “Notice to Investors; Transfer Restrictions” in the Final Offering Memorandum for the time period and upon the other terms stated in the Indenture.

The Representatives on behalf of the several Initial Purchasers, may, in their sole discretion, waive in writing the performance by the Company of any one or more of the foregoing covenants or extend the time for their performance.

Section 4. *Certain Agreements of the Initial Purchasers and the Company.* Each of the Initial Purchasers, on the one hand, and the Company, on the other hand, hereby agree to observe the following procedures in connection with the offer and sale of the Securities:

(a) No action has been or will be taken by the Company or the Initial Purchaser in any jurisdiction that would permit a public offering of the Securities or possession or distribution of any Company Additional Written Communication, the Pricing Disclosure Package or the Offering Memorandum or any amendment or supplement thereto or any other offering material relating to the Securities in any country or jurisdiction where action for that purpose is required.

(b) Offers and sales of the Securities will be made only by the Initial Purchasers or Affiliates thereof qualified to do so in the jurisdictions in which such offers or sales are made. Each such offer or sale shall only be made by the Initial Purchaser or Affiliates thereof to (i) persons whom the offeror or seller reasonably believes to be Qualified Institutional Buyers or (ii) non-U.S. persons outside the United States in reliance upon Regulation S upon the terms and conditions set forth in Annex I hereto, which Annex I is hereby expressly made a part hereof.

(c) The Securities will be offered by approaching prospective Subsequent Purchasers on an individual basis. No general solicitation or general advertising (within the meaning of Rule 502 under the Securities Act) will be used in the United States in connection with the offering of the Securities.

(d) Upon original issuance by the Company, and until such time as the same is no longer required under the applicable requirements of the Securities Act, the Securities (and all securities issued in exchange therefor or in substitution thereof) shall bear the following legend:

“THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND, ACCORDINGLY, MAY

NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH BELOW. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO NIAGARA MOHAWK POWER CORPORATION OR ANY SUBSIDIARY THEREOF, (B) INSIDE THE UNITED STATES TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) INSIDE THE UNITED STATES TO AN ACCREDITED INVESTOR (AS DEFINED IN RULE 501(a)(1), (2), (3), OR (7) UNDER THE SECURITIES ACT, AN "ACCREDITED INVESTOR") THAT, PRIOR TO SUCH TRANSFER, FURNISHES (OR HAS FURNISHED ON ITS BEHALF BY A U.S. BROKER-DEALER) TO THE TRUSTEE A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS SECURITY (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM THE TRUSTEE FOR THIS NOTE), (D) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT (IF AVAILABLE), (E) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (F) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF NIAGARA MOHAWK POWER CORPORATION SO REQUESTS), OR (G) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALE OF THE NOTE EVIDENCED HEREBY. IN CONNECTION WITH ANY TRANSFER OF THIS NOTE WITHIN ONE YEAR AFTER THE ORIGINAL ISSUANCE OF THIS NOTE, IF THE PROPOSED TRANSFEREE IS AN ACCREDITED INVESTOR, THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE TRUSTEE AND NIAGARA MOHAWK POWER CORPORATION SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS ANY OF THEM MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANING GIVEN TO THEM BY REGULATIONS UNDER THE SECURITIES ACT."

Following the sale of the Securities by the Initial Purchasers to Subsequent Purchasers pursuant to the terms hereof, the Initial Purchasers shall not be liable or responsible to the Company for any losses, damages or liabilities suffered or incurred by the Company, including

any losses, damages or liabilities under the Securities Act, arising from or relating to any subsequent resale or transfer of any Security by any Subsequent Purchaser.

Section 5. *Conditions to the Obligations of the Initial Purchasers.* The obligation of each Initial Purchaser to purchase Securities on the Closing Date as provided herein is subject to the performance by the Company of its covenants and other obligations hereunder and to the following additional conditions:

(a) *Representations and Warranties.* The representations and warranties of the Company contained herein shall be true and correct on the date hereof and on and as of the Closing Date; and the statements of the Company and its officers made in any certificates delivered pursuant to this Agreement shall be true and correct on and as of the Closing Date.

(b) *No Downgrade.* Subsequent to the execution and delivery of this Agreement and at or prior to the Closing Date, (i) no downgrading shall have occurred in the long-term credit rating accorded the Securities or any other senior debt securities of or guaranteed by the Company by Moody's Investors Service, Inc. or S&P Global Ratings Inc., a division of S&P Global Inc. and (ii) no such organization shall have publicly announced that it has under surveillance or review such rating of the Securities or any other senior debt securities of or guaranteed by the Company (other than an announcement with positive implications of a possible upgrading).

(c) *No Material Adverse Change.* No event or condition of a type described in Section 1(g) hereof shall have occurred or shall exist, which event or condition is not described in the Pricing Disclosure Package (excluding any amendment or supplement thereto) and the Offering Memorandum (excluding any amendment or supplement thereto) and the effect of which in the reasonable judgment of the Representatives (after consultations with the Company) makes it impracticable or inadvisable to proceed with the offering, sale or delivery of the Securities on the terms and in the manner contemplated by this Agreement, the Pricing Disclosure Package and the Offering Memorandum.

(d) *Officer's Certificate.* The Representatives shall have received on and as of the Closing Date a certificate of the chief financial officer, treasurer, assistant treasurer or controller of the Company who has specific knowledge of the Company's financial matters and is satisfactory to the Representatives (i) confirming that such officer has carefully reviewed the Pricing Disclosure Package and the Offering Memorandum and, to the best knowledge of such officer, the representations set forth in Section 1(d) hereof are true and correct, (ii) confirming that the other representations and warranties of the Company in this Agreement are true and correct and that the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date and (iii) to the effect set forth in paragraphs (b) and (c) above.

(e) *Comfort Letters.* On the date of this Agreement and on the Closing Date, Deloitte LLP shall have furnished to the Representatives, at the request of the Company, letters, dated the respective dates of delivery thereof and addressed to the Initial Purchasers, in form and substance reasonably satisfactory to the Representatives, containing statements and information of the type customarily included in accountants' "comfort letters" to Initial Purchasers with respect to the

financial statements and certain financial information contained in the Pricing Disclosure Package and the Offering Memorandum; *provided* that the letter delivered on the Closing Date shall use a “cut-off” date no more than five business days prior to the Closing Date, unless otherwise agreed.

(f) *Opinion of Counsel for the Company.* Internal counsel of the Company shall have furnished to the Representatives, at the request of the Company, its written opinion, dated the Closing Date and addressed to the Initial Purchasers, in form and substance reasonably satisfactory to the Representatives, to the effect set forth in Schedule C hereto. Linklaters LLP, special U.S. counsel for the Company, shall have furnished to the Representatives, at the request of the Company, their written opinion and negative assurance statement, both dated the Closing Date and addressed to the Initial Purchasers, in form and substance reasonably satisfactory to the Representatives, to the effect set forth in Schedule D and Schedule E, respectively, hereto.

(g) *Opinion of Counsel for the Initial Purchasers.* The Representatives shall have received on and as of the Closing Date an opinion and negative assurance statement of Davis Polk & Wardwell London LLP, U.S. counsel for the Initial Purchasers, with respect to such matters as the Representatives may reasonably request, and such counsel shall have received such documents and information as they may reasonably request to enable them to pass upon such matters.

(h) *No Legal Impediment to Issuance.* No action shall have been taken and no statute, rule, regulation or order shall have been enacted, adopted or issued by any federal, state or foreign governmental or regulatory authority that would, as of the Closing Date, prevent the issuance or sale of the Securities; and no injunction or order of any U.S. federal or state court shall have been issued that would, as of the Closing Date, prevent the issuance or sale of the Securities.

All opinions, letters, certificates and evidence mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are in form and substance reasonably satisfactory to counsel for the Initial Purchasers.

Section 6. *Expenses.*

Whether or not the transactions contemplated by this Agreement are consummated or this Agreement is terminated, the Company will pay or cause to be paid all costs and expenses incidental to the performance of its obligations hereunder, including without limitation, (a) the costs incident to the authorization, issuance, sale, preparation and delivery of the Securities and any taxes payable in that connection; (b) the costs incident to the preparation and printing of the Preliminary Offering Memorandum, any Company Additional Written Communication, the Pricing Disclosure Package and the Final Offering Memorandum (including all exhibits, amendments and supplements thereto) and the distribution thereof; (c) the costs of reproducing and distributing each of the Transaction Documents; (d) the fees and expenses of the Company’s counsel and independent accountants; (e) the fees and expenses incurred in connection with the registration or qualification and determination of eligibility for investment of the Securities under the laws of such jurisdictions as the Representatives may designate; (f) any fees charged by rating agencies for rating the Securities; (g) the fees and expenses of the Trustee and any paying agent

(including related fees and expenses of any counsel to such parties); and (h) all expenses incurred by the Company in connection with any physical or electronic “road show” presentation to potential investors.

If (i) this Agreement is terminated pursuant to Section 8 (other than clause (iv) of Section 8 if the Company and the Initial Purchasers subsequently enter into another agreement for the Initial Purchasers to purchase the same or substantially similar securities of the Company), (ii) the Company for any reason fails to tender the Securities for delivery to the Initial Purchasers or (iii) the Initial Purchasers decline to purchase the Securities for any reason permitted under this Agreement, the Company agrees to reimburse the Initial Purchasers for all out-of-pocket costs and expenses (including the fees and expenses of their counsel) reasonably incurred by the Initial Purchasers in connection with this Agreement and the offering contemplated hereby.

Section 7. *Indemnification.*

(a) **Indemnification of the Initial Purchasers.** The Company agrees to indemnify and hold harmless each Initial Purchaser, its affiliates, directors and officers and each person, if any, who controls such Initial Purchaser within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages and liabilities (including, without limitation, legal fees and other expenses incurred in connection with any suit, action or proceeding or any claim asserted as such fees and expenses are incurred), joint or several, that arise out of, or are based upon, any untrue statement or alleged untrue statement of a material fact contained in the Preliminary Offering Memorandum, the Pricing Disclosure Package, any Company Additional Written Communication or the Final Offering Memorandum (or any amendment or supplement thereto), or caused by any omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except insofar as such losses, claims, damages or liabilities arise out of, or are based upon, any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with the Initial Purchaser Indemnified Information (as defined below).

(b) **Indemnification of the Company.** Each Initial Purchaser agrees, severally and not jointly, to indemnify and hold harmless the Company, its directors, its officers and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the indemnity set forth in paragraph (a) above, but only with respect to any losses, claims, damages or liabilities that arise out of, or are based upon, any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any information relating to such Initial Purchaser furnished to the Company in writing by such Initial Purchaser through the Representatives expressly for use in the Preliminary Offering Memorandum, the Pricing Disclosure Package, any Company Additional Written Communication or the Final Offering Memorandum, it being understood and agreed that the only such information consists of (i) the Initial Purchaser Information and (ii) the information set forth in the eighth paragraph of the Preliminary Offering Memorandum and the Final Offering Memorandum under the heading “Plan of Distribution” ((i) and (ii) together, the “**Initial Purchaser Indemnified Information**”).

(c) **Notifications and Other Indemnification Procedures.** If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any person in respect of which indemnification may be sought pursuant to either paragraph(a) or (b) above, such person (the “**Indemnified Person**”) shall promptly notify the person against whom such indemnification may be sought (the “**Indemnifying Person**”) in writing; *provided* that the failure to notify the Indemnifying Person shall not relieve it from any liability that it may have under this Section 7 except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and *provided further*, that the failure to notify the Indemnifying Person shall not relieve it from any liability that it may have to an Indemnified Person otherwise than under this Section 7. If any such proceeding shall be brought or asserted against an Indemnified Person and it shall have notified the Indemnifying Person thereof, the Indemnifying Person shall retain counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person and any others entitled to indemnification pursuant to this Section 7 that the Indemnifying Person may designate in such proceeding and shall pay the fees and expenses of such counsel related to such proceeding as incurred. In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (i) the Indemnifying Person and the Indemnified Person shall have mutually agreed to the contrary; (ii) the Indemnifying Person has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Person; (iii) the Indemnified Person shall have reasonably concluded that there may be legal defenses available to it that are different from or in addition to those available to the Indemnifying Person; or (iv) the named parties in any such proceeding (including any impleaded parties) include both the Indemnifying Person and the Indemnified Person and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood and agreed that the Indemnifying Person shall not, in connection with any proceeding or related proceeding in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Persons, and that all such fees and expenses shall be reimbursed as they are incurred. Any such separate firm for any Initial Purchaser, its affiliates, directors and officers and any control persons of such Initial Purchaser shall be designated in writing by the Representatives and any such separate firm for the Company, its directors, its officers and any control persons of the Company shall be designated in writing by the Company. The Indemnifying Person shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Indemnifying Person agrees to indemnify each Indemnified Person from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an Indemnified Person shall have requested that an Indemnifying Person reimburse the Indemnified Person for fees and expenses of counsel as contemplated by this paragraph, the Indemnifying Person shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by the Indemnifying Person of such request and (ii) the Indemnifying Person shall not have reimbursed the Indemnified Person in accordance with such request prior to the date of such settlement. No Indemnifying Person shall, without the written consent of the Indemnified Person, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Person is or could have been a party and indemnification could have been sought hereunder by such Indemnified Person, unless such settlement (x)

includes an unconditional release of such Indemnified Person, in form and substance reasonably satisfactory to such Indemnified Person, from all liability on claims that are the subject matter of such proceeding and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Person.

(d) **Contribution.** If the indemnification provided for in paragraphs (a) and (b) above is unavailable to an Indemnified Person or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each Indemnifying Person under such paragraph, in lieu of indemnifying such Indemnified Person thereunder, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and the Initial Purchasers, on the other, from the offering of the Securities or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) but also the relative fault of the Company, on the one hand, and the Initial Purchasers, on the other, in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company, on the one hand, and the Initial Purchasers, on the other, shall be deemed to be in the same respective proportions as the net proceeds (before deducting expenses) received by the Company from the sale of the Securities and the total discounts and commissions received by the Initial Purchasers in connection therewith, bear to the aggregate offering price of the Securities. The relative fault of the Company, on the one hand, and the Initial Purchasers, on the other, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Initial Purchasers and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(e) **Limitation on Liability.** The Company and the Initial Purchasers agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Initial Purchasers were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in paragraph (d) above. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages and liabilities referred to in paragraph (d) above shall be deemed to include, subject to the limitations set forth above, any legal or other expenses incurred by such Indemnified Person in connection with any such action or claim. Notwithstanding the provisions of this Section 7, in no event shall an Initial Purchaser be required to contribute any amount in excess of the amount by which the total underwriting discounts and commissions received by such Initial Purchaser with respect to the offering of the Securities exceeds the amount of any damages that such Initial Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Initial Purchasers' obligations to contribute pursuant to this Section 7 are several in proportion to their respective purchase obligations hereunder and not joint.

(f) **Non-Exclusive Remedies.** The remedies provided for in this Section 7 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any Indemnified Person at law or in equity.

Section 8. *Termination of this Agreement.* This Agreement may be terminated in the discretion of the Representatives, with respect to clauses (i), (ii) and (iii) of this Section 8, by notice to the Company, if after the execution and delivery of this Agreement and prior to the Closing Date (i) trading generally shall have been suspended or materially limited on the New York Stock Exchange or the London Stock Exchange; (ii) trading of any securities issued or guaranteed by the Company shall have been suspended on any exchange; (iii) a general moratorium on commercial banking activities shall have been declared by U.S. federal or New York State authorities or authorities in the United Kingdom; (iv) there shall have occurred any outbreak or escalation of hostilities or any change in financial markets or any calamity or crisis involving the United States or the United Kingdom, that, in the reasonable judgment of the Representatives (after consultations with the Company), is so material and adverse as to make it impracticable or inadvisable to proceed with the offering, sale or delivery of the Securities on the terms and in the manner contemplated by this Agreement, the Pricing Disclosure Package and the Final Offering Memorandum.

Section 9. *Defaulting Initial Purchaser.*

(a) If, on the Closing Date, any Initial Purchaser defaults on its obligation to purchase the Securities that it has agreed to purchase hereunder, the non-defaulting Initial Purchasers may in their discretion arrange for the purchase of such Securities by other persons satisfactory to the Company on the terms contained in this Agreement. If, within 36 hours after any such default by any Initial Purchaser, the non-defaulting Initial Purchasers do not arrange for the purchase of such Securities, then the Company shall be entitled to a further period of 36 hours within which to procure other persons satisfactory to the non-defaulting Initial Purchasers to purchase such Securities on such terms. If other persons become obligated or agree to purchase the Securities of a defaulting Initial Purchaser, either the non-defaulting Initial Purchasers or the Company may postpone the Closing Date for up to five full business days in order to effect any changes that in the opinion of counsel for the Company or counsel for the Initial Purchasers may be necessary in the Final Offering Memorandum or in any other document or arrangement, and the Company agrees to promptly prepare any amendment or supplement to the Final Offering Memorandum that effects any such changes. As used in this Agreement, the term “Initial Purchaser” also includes, for all purposes of this Agreement unless the context otherwise requires, any person not listed in the Purchase Agreement that, pursuant to this Section 9, purchases Securities that a defaulting Initial Purchaser agreed but failed to purchase.

(b) If, after giving effect to any arrangements for the purchase of the Securities of a defaulting Initial Purchaser or Initial Purchasers by the non-defaulting Initial Purchasers and the Company as provided in paragraph (a) above, the aggregate principal amount of such Securities that remains unpurchased does not exceed one-eleventh of the aggregate principal amount of all the Securities, then the Company shall have the right to require each non-defaulting Initial Purchaser to purchase the principal amount of Securities that such Initial Purchaser agreed to purchase hereunder plus such Initial Purchaser’s pro rata share (based on the principal amount of Securities that such Initial Purchaser agreed to purchase hereunder) of the Securities of such

defaulting Initial Purchaser or Initial Purchasers for which such arrangements have not been made.

(c) If, after giving effect to any arrangements for the purchase of the Securities of a defaulting Initial Purchaser or Initial Purchasers by the non-defaulting Initial Purchasers and the Company as provided in paragraph (a) above, the aggregate principal amount of such Securities that remains unpurchased exceeds one-eleventh of the aggregate principal amount of all the Securities, or if the Company shall not exercise the right described in paragraph (b) above, then this Agreement shall terminate without liability on the part of the non-defaulting Initial Purchasers. Any termination of this Agreement pursuant to this Section 9 shall be without liability on the part of the Company, except that the Company will continue to be liable for the payment of expenses as set forth in Section 6 hereof and except that the provisions of Section 7 hereof shall not terminate and shall remain in effect.

(d) Nothing contained herein shall relieve a defaulting Initial Purchaser of any liability it may have to the Company or any non-defaulting Initial Purchaser for damages caused by the default of the defaulting Initial Purchaser.

Section 10. *Representations and Indemnities to Survive Delivery.* The respective indemnities, rights of contribution, representations, warranties and agreements of the Company and the Initial Purchasers contained in this Agreement or made by or on behalf of the Company or the Initial Purchasers pursuant to this Agreement or any certificate delivered pursuant hereto shall survive the delivery of and payment for the Securities and shall remain in full force and effect, regardless of any termination of this Agreement or any investigation made by or on behalf of the Company or the Initial Purchasers.

Section 11. *Notices.* All communications hereunder shall be in writing and shall be mailed, hand delivered, couriered or facsimiled and confirmed to the parties hereto as follows:

If to the Initial Purchasers:

BofA Securities, Inc.
50 Rockefeller Plaza
NY1-050-12-02
New York, NY 10020
United States of America
Attention: High Grade Transaction Management / Legal
Fax: +1 646 855 5958

Credit Suisse Securities (USA) LLC
Eleven Madison Avenue
New York, NY 10010-3629
United States of America
Attention: IBCM-Legal
Fax: +1 212 325 4296

Mizuho Securities USA LLC

1271 Avenue of the Americas
New York, NY 10020
United States of America
Attention: Debt Capital Markets
Fax: +1 212 205 7812

Morgan Stanley & Co. LLC
1585 Broadway
New York, NY 10036
United States of America
Attention: Investment Banking Division
Fax: +1 212 507 8999

SG Americas Securities, LLC
245 Park Avenue
New York, NY 10167
United States of America
Attention: High Grade Syndicate Desk
Tel: +1 732 320 6505

with a copy to:

Davis Polk & Wardwell London LLP
5 Aldermanbury Square
London EC2V 7HR
United Kingdom
Fax: +44 20 7710 4812
Attention: Reuven B. Young

If to the Company:

Niagara Mohawk Power Corporation
c/o National Grid plc
1-3 Strand
London WC2N 5EH
United Kingdom
Fax: +44 20 7004 3342
Attention: Treasury Department

with a copy to:

Linklaters LLP
1345 Avenue of the Americas
New York, NY 10105
United States
Fax: +1 212 903 9100
Attention: Jeffrey Cohen

Any party hereto may change the address or facsimile number for receipt of communications by giving written notice to the others.

Section 12. *Successors.* This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers, senior representatives and directors and any controlling persons referred to herein, and the affiliates of each Initial Purchaser referred to in Section 7 hereof. Nothing in this Agreement is intended or shall be construed to give any other person any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein. No purchaser of Securities from any Initial Purchaser shall be deemed to be a successor merely by reason of such purchase.

Section 13. *Certain Defined Terms.* For purposes of this Agreement, (a) except where otherwise expressly provided, the term “affiliate” has the meaning set forth in Rule 405 under the Securities Act; (b) the term “business day” means any day other than a day on which banks are permitted or required to be closed in New York City; and (c) the term “subsidiaries” has the meaning set forth in Rule 405 under the Securities Act.

Section 14. *Governing Law Provisions.* THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Section 15. As used in this Agreement, the term “**Initial Purchaser**” shall be deemed to include any person substituted for a defaulting Initial Purchaser under Section 9. No action taken under this Agreement shall relieve any defaulting Initial Purchaser from liability in respect of any default of such Initial Purchaser under this Agreement.

Section 16. *No Advisory or Fiduciary Responsibility.* The Company acknowledges and agrees that: (i) the purchase and sale of the Securities pursuant to this Agreement, including the determination of the offering price of the Securities and any related discounts and commissions, is an arm’s-length commercial transaction between the Company, on the one hand, and the several Initial Purchasers, on the other hand, and the Company is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated by this Agreement; (ii) in connection with each transaction contemplated hereby and the process leading to such transaction each Initial Purchaser is and has been acting solely as a principal and is not the financial advisor, agent or fiduciary of the Company or its affiliates, stockholders, creditors or employees or any other party; (iii) no Initial Purchaser has assumed or will assume an advisory, agency or fiduciary responsibility in favor of the Company with respect to any of the transactions contemplated hereby or the process leading thereto (irrespective of whether such Initial Purchaser has advised or is currently advising the Company on other matters) or any other obligation to the Company except the obligations expressly set forth in this Agreement; (iv) the several Initial Purchasers and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Company and that the several Initial Purchasers have no obligation to disclose any of such interests by virtue of any fiduciary, agency or advisory relationship; (v) the Initial Purchasers have not provided any legal, accounting, regulatory or tax advice with respect to the offering contemplated hereby and the Company has consulted its own legal, accounting, regulatory and tax advisors to the extent it deemed appropriate; and (vi) any review by the Initial Purchasers of the Company, the

transactions contemplated hereby or other matters relating to such transactions will be performed solely for the benefit of the Initial Purchasers and shall not be on behalf of the Company.

The Company agrees that it will not claim that the Initial Purchasers, or any of them, has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Company, in connection with the transaction contemplated by this Agreement or the process leading thereto.

Section 17. General Provisions. This Agreement constitutes the entire agreement of the parties to this Agreement and supersedes all prior written or oral and all contemporaneous oral agreements, understandings and negotiations with respect to the subject matter hereof. This Agreement may be executed in two or more counterparts, each one of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement may not be amended or modified unless in writing by all of the parties hereto, and no condition herein (express or implied) may be waived unless waived in writing by each party whom the condition is meant to benefit. The section headings herein are for the convenience of the parties only and shall not affect the construction or interpretation of this Agreement.

Section 18. Recognition of the U.S. Special Resolution Regimes

(a) In the event that any Initial Purchaser that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Initial Purchaser of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(b) In the event that any Initial Purchaser that is a Covered Entity or a Covered Affiliate of such Initial Purchaser becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Initial Purchaser are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States.

“**Covered Affiliate**” has the meaning assigned to the term “affiliate” in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k).

“**Covered Entity**” means any of the following:

(i) a “**covered entity**” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(ii) a “**covered bank**” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(iii) a “**covered FSI**” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

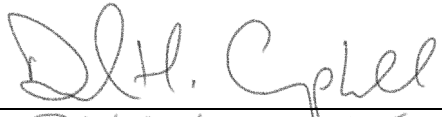
“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“U.S. Special Resolution Regime” means each of (i) the U.S. Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

If the foregoing is in accordance with your understanding of our agreement, kindly sign and return to the Company the enclosed copies hereof, whereupon this instrument, along with all counterparts hereof, shall become a binding agreement in accordance with its terms.

Very truly yours,

Niagara Mohawk Power Corporation

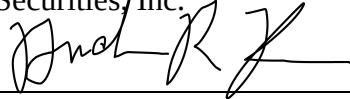
By: 
Name: DAVID H. CAMPBELL
Title: VP, US TREASURER

The foregoing Purchase Agreement is hereby confirmed and accepted by the Initial Purchasers as of the date first above written.

BofA Securities, Inc.
Credit Suisse Securities (USA) LLC
Mizuho Securities USA LLC
Morgan Stanley & Co. LLC
SG Americas Securities, LLC

Acting on behalf of themselves and as the Representatives of the several Initial Purchasers

BofA Securities, Inc.

By: 

Name: Andrew Karp

Title: Head of Global Investment Grade

Credit Suisse Securities (USA) LLC

By: _____

Name:

Title:

Mizuho Securities USA LLC

By: _____

Name:

Title:

Morgan Stanley & Co. LLC

By: _____

Name:

Title:

SG Americas Securities, LLC

By: _____

Name:

Title:

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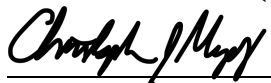
BofA Securities, Inc.
Credit Suisse Securities (USA) LLC
Mizuho Securities USA LLC
Morgan Stanley & Co. LLC
SG Americas Securities, LLC

Acting on behalf of themselves and as the Representatives of the several Initial Purchasers

BofA Securities, Inc.

By: _____
Name:
Title:

Credit Suisse Securities (USA) LLC

By:  _____
Name: Christopher Murphy
Title: Managing Director

Mizuho Securities USA LLC

By: _____
Name:
Title:

Morgan Stanley & Co. LLC

By: _____
Name:
Title:

SG Americas Securities, LLC

By: _____
Name:
Title:

The foregoing Purchase Agreement is hereby confirmed and accepted by the Initial Purchasers as of the date first above written.

BofA Securities, Inc.
Credit Suisse Securities (USA) LLC
Mizuho Securities USA LLC
Morgan Stanley & Co. LLC
SG Americas Securities, LLC

Acting on behalf of themselves and as the Representatives of the several Initial Purchasers

BofA Securities, Inc.

By: _____
Name:
Title:

Credit Suisse Securities (USA) LLC

By: _____
Name:
Title:

Mizuho Securities USA LLC

By:  _____
Name: Okwudiri Onyedum
Title: Managing Director

Morgan Stanley & Co. LLC

By: _____
Name:
Title:

SG Americas Securities, LLC

By: _____
Name:
Title:

The foregoing Purchase Agreement is hereby confirmed and accepted by the Initial Purchasers as of the date first above written.

BofA Securities, Inc.
Credit Suisse Securities (USA) LLC
Mizuho Securities USA LLC
Morgan Stanley & Co. LLC
SG Americas Securities, LLC

Acting on behalf of themselves and as the Representatives of the several Initial Purchasers

BofA Securities, Inc.

By: _____
Name:
Title:

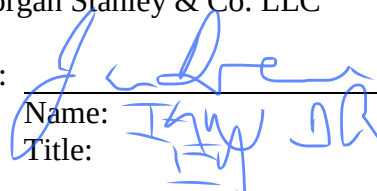
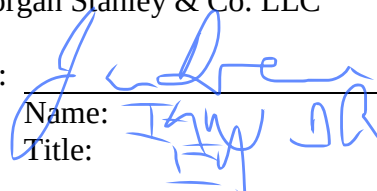
Credit Suisse Securities (USA) LLC

By: _____
Name:
Title:

Mizuho Securities USA LLC

By: _____
Name:
Title:

Morgan Stanley & Co. LLC

By: _____
Name: 
Title: 

SG Americas Securities, LLC

By: _____
Name:
Title:

The foregoing Purchase Agreement is hereby confirmed and accepted by the Initial Purchasers as of the date first above written.

BofA Securities, Inc.
Credit Suisse Securities (USA) LLC
Mizuho Securities USA LLC
Morgan Stanley & Co. LLC
SG Americas Securities, LLC

Acting on behalf of themselves and as the Representatives of the several Initial Purchasers

BofA Securities, Inc.

By: _____
Name:
Title:

Credit Suisse Securities (USA) LLC

By: _____
Name:
Title:

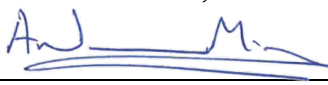
Mizuho Securities USA LLC

By: _____
Name:
Title:

Morgan Stanley & Co. LLC

By: _____
Name:
Title:

SG Americas Securities, LLC

By:  _____
Name:
Title: Andrew Menzies
Global Head of DCM Corporates

SCHEDULE A

Initial Purchasers	Aggregate Principal Amount of 2030 Notes to be Purchased	Aggregate Principal Amount of 2050 Notes to be Purchased
BofA Securities, Inc.....	\$ 89,250,000	\$ 68,000,000
Credit Suisse Securities (USA) LLC	\$ 89,250,000	\$ 68,000,000
Mizuho Securities USA LLC.....	\$ 89,250,000	\$ 68,000,000
Morgan Stanley & Co. LLC	\$ 89,250,000	\$ 68,000,000
SG Americas Securities, LLC.....	\$ 89,250,000	\$ 68,000,000
Bank of China Limited, London Branch	\$ 17,083,000	\$ 17,778,000
BNY Mellon Capital Markets, LLC	\$ 17,083,000	\$ 17,778,000
ICBC Standard Bank Plc	\$ 17,083,000	\$ 17,778,000
SMBC Nikko Securities America, Inc.....	\$ 17,083,000	\$ 17,778,000
MUFG Securities Americas Inc.....	\$ 17,083,000	\$ 17,778,000
NatWest Markets Securities Inc.	\$ 17,083,000	\$ 17,778,000
RBC Capital Markets, LLC	\$ 17,083,000	\$ 17,778,000
TD Securities (USA) LLC	\$ 17,083,000	\$ 17,778,000
Loop Capital Markets LLC.....	\$ 8,543,000	\$ 8,888,000
Samuel A. Ramirez & Company, Inc.	\$ 8,543,000	\$ 8,888,000
Total	\$ 600,000,000	\$ 500,000,000

SCHEDULE B

Pricing Term Sheet

1.960% Senior Notes due 2030 and 3.025% Senior Notes due 2050

Niagara Mohawk Power Corporation

June 23, 2020

Tranche 1: \$600,000,000 1.960% Senior Notes due 2030

Tranche 2: \$500,000,000 3.025% Senior Notes due 2050

Tranche 1: 1.960% Senior Notes due 2030

Issuer:	Niagara Mohawk Power Corporation
Ranking:	Senior Unsecured
Type:	Rule 144A / Regulation S
Principal Amount:	\$600,000,000
Maturity Date:	June 27, 2030
Interest Payment Dates:	June 27 and December 27, commencing on December 27, 2020, subject to Business Day Convention. Long first coupon.
Business Day Convention:	Following, unadjusted, 30/360
Coupon:	1.960%
Offering Price:	100%
Yield to Maturity:	1.960%
Benchmark Treasury:	UST 0.625% due May 15, 2030
Spread to Benchmark Treasury:	+125 basis points
Benchmark Treasury Price / Yield:	99-06 / 0.710%
Optional Redemption:	Prior to March 27, 2030 (the date that is three months prior to the Maturity Date) callable at any time at redemption price equal to the greater of (i) 100% of the principal amount and (ii) discount rate

	equal to the Treasury Rate plus 20 basis points On or after March 27, 2030, callable at par
Trade Date:	June 23, 2020
Settlement Date:	June 25, 2020 (T+2)
Use of Proceeds:	Finance or refinance, in whole or in part, new or existing, Eligible Green Projects carried out by the Issuer
Denominations:	\$2,000 x \$1,000
Expected Ratings*(Moody's / S&P):	A3 negative / A- stable
CUSIP (144A) / ISIN (144A):	65364UAN6 / US65364UAN63
CUSIP (Reg S) / ISIN (Reg S):	U65354AK5 / USU65354AK53
Joint Book-Running Managers:	BofA Securities, Inc. Credit Suisse Securities (USA) LLC Mizuho Securities USA LLC Morgan Stanley & Co. LLC SG Americas Securities, LLC
Co-Managers:	Bank of China Limited, London Branch BNY Mellon Capital Markets, LLC ICBC Standard Bank Plc Loop Capital Markets LLC MUFG Securities Americas Inc. NatWest Markets Securities Inc. RBC Capital Markets, LLC Samuel A. Ramirez & Company, Inc. SMBC Nikko Securities America, Inc. TD Securities (USA) LLC

Tranche 2: 3.025% Senior Notes due 2050

Issuer:	Niagara Mohawk Power Corporation
Ranking:	Senior Unsecured

Type:	Rule 144A / Regulation S
Principal Amount:	\$500,000,000
Maturity Date:	June 27, 2050
Interest Payment Dates:	June 27 and December 27, commencing on December 27, 2020, subject to Business Day Convention. Long first coupon.
Business Day Convention:	Following, unadjusted, 30/360
Coupon:	3.025%
Offering Price:	100%
Yield to Maturity:	3.025%
Benchmark Treasury:	UST 2.000% due February 15, 2050
Spread to Benchmark Treasury:	+155 basis points
Benchmark Treasury Price / Yield:	112-18+ / 1.475%
Optional Redemption:	Prior to December 27, 2049 (the date that is six months prior to the Maturity Date) callable at any time at redemption price equal to the greater of (i) 100% of the principal amount and (ii) discount rate equal to the Treasury Rate plus 25 basis points On or after December 27, 2049, callable at par
Trade Date:	June 23, 2020
Settlement Date:	June 25, 2020 (T+2)
Use of Proceeds:	General corporate purposes
Denominations:	\$2,000 x \$1,000
Expected Ratings*(Moody's / S&P):	A3 negative / A- stable
CUSIP (144A) / ISIN (144A):	65364UAP1 / US65364UAP12
CUSIP (Reg S) / ISIN (Reg S):	U65354AL3 / USU65354AL37
Joint Book-Running Managers:	BofA Securities, Inc. Credit Suisse Securities (USA) LLC Mizuho Securities USA LLC Morgan Stanley & Co. LLC

SG Americas Securities, LLC

Co-Managers:

Bank of China Limited, London Branch

BNY Mellon Capital Markets, LLC

ICBC Standard Bank Plc

Loop Capital Markets LLC

MUFG Securities Americas Inc.

NatWest Markets Securities Inc.

RBC Capital Markets, LLC

Samuel A. Ramirez & Company, Inc.

SMBC Nikko Securities America, Inc.

TD Securities (USA) LLC

*** A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.**

This communication is intended for the sole use of the person to whom it is provided by the sender.

The securities have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or any state or other securities laws, and are being offered and sold within the United States only to qualified institutional buyers in reliance on Rule 144A under the Securities Act, and outside the United States to persons other than U.S. persons in reliance on Regulation S under the Securities Act. Prospective purchasers are hereby notified that a seller of any Note may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

No PRIIPs KID: No PRIIPs key information document (KID) has been prepared as not available to retail in the European Economic Area or the United Kingdom.

The information in this term sheet supplements the Company’s preliminary offering memorandum dated June 22, 2020 (the “**Preliminary Offering Memorandum**”) and supersedes the information in the Preliminary Offering Memorandum to the extent inconsistent with the information in the Preliminary Offering Memorandum. This term sheet is qualified in its entirety by reference to the Preliminary Offering Memorandum. Terms used herein but not defined herein shall have the respective meanings as set forth in the Preliminary Offering Memorandum.

Bank of China Limited, London Branch and ICBC Standard Bank Plc are restricted in their U.S. securities dealings under the United States Bank Holding Company Act and may not underwrite, subscribe, agree to purchase or procure purchasers to purchase notes that are offered or sold in the United States. Accordingly, Bank of China Limited, London Branch and ICBC Standard Bank Plc shall not be obligated to, and shall not, underwrite, subscribe, agree to purchase or

procure purchasers to purchase notes that may be offered or sold by other Managers in the United States. Bank of China Limited, London Branch and ICBC Standard Bank Plc shall offer and sell the securities constituting part of their respective allotment solely outside the United States.

ANY DISCLAIMERS OR OTHER NOTICES THAT MAY APPEAR BELOW ARE NOT APPLICABLE TO THIS COMMUNICATION AND SHOULD BE DISREGARDED. SUCH DISCLAIMERS OR OTHER NOTICES WERE AUTOMATICALLY GENERATED AS A RESULT OF THIS COMMUNICATION BEING SENT VIA BLOOMBERG OR ANOTHER EMAIL SYSTEM.

SCHEDULE C

Form of Opinion of Internal Counsel to the Company

LETTERHEAD OF INTERNAL COUNSEL FOR NIAGARA MOHAWK

June [●], 2020

BofA Securities, Inc.

[●]

and the other Initial Purchasers named in Schedule A to the Purchase Agreement referred to below (the **"Initial Purchasers"**)

c/o BofA Securities, Inc.

[●]

Ladies and Gentlemen:

As Assistant General Counsel of National Grid USA, I have acted as counsel to Niagara Mohawk Power Corporation, a New York corporation (the **"Company"**), in connection with the purchase by you of \$[●] aggregate principal amount of [●]% Senior Securities due 20[30] (the **"20[30] Securities"**) and \$[●] aggregate principal amount of [●]% Senior Securities due 20[50] (the **"20[50] Securities"**) and with the 20[30] Securities, the **"Securities"** issued by the Company, pursuant to the Purchase Agreement dated June [●], 2020 (the **"Purchase Agreement"**) between the Company and the Initial Purchasers.

In arriving at the opinions expressed below, people acting under my supervision or I have:

- Examined the Preliminary Offering Memorandum dated June [●], 2020, relating to the sale of the Securities, as supplemented by the pricing supplement attached to the Purchase Agreement as Schedule B (the **"Pricing Disclosure Package"**), and the Offering Memorandum dated June [●], 2020, relating to the sale of the Securities (the **"Offering Memorandum"**); the indenture dated as of August 10, 2009, as amended from time to time (the **"Base Indenture"**) between the Company and The Bank of New York Mellon, as trustee (the **"Trustee"**), relating to the Securities; the sixth supplemental indenture dated as of June [●], 2020 (the **"Supplemental Indenture"**) and, together with the Base Indenture, the **"Indenture"**) between the Company and the Trustee; duplicates of the global notes representing the Securities; and the Purchase Agreement;

- Relied as to matters of fact upon, the documents delivered to you at the closing and upon originals, or duplicates or certified or conformed copies of such corporate and other records, agreements, documents and other instruments and such certificates or comparable documents of public officials and of officers and representatives of the Company and have made other relevant and necessary investigations in connection with the opinions hereinafter set forth;
- In such examination, assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted as originals, the conformity to original documents of all documents submitted as duplicates or certified or conformed copies, the authenticity of the originals of such latter documents, the authority of such persons signing all documents on behalf of the parties thereto and the due authorization, execution and delivery of all documents by the parties thereto; and
- Assumed that the representations each of the Initial Purchasers has made in the Purchase Agreement are true, correct and accurate.

Based upon the foregoing, and subject to the qualifications, assumptions and limitations stated herein, I am of the opinion that:

1. No consent, approval, authorization, order, registration or qualification of or with any New York or federal governmental agency or body, including any authorizations from the New York Public Service Commission, or, to my knowledge, any New York or federal court, in each case acting pursuant to any federal or New York law relating to the storage, sale, transmission or distribution of electricity or natural gas or the ownership or operation of transmission or distribution facilities (each, an “**Energy Law**”) is required for the issue and sale of the Securities by the Company and the compliance by the Company with all of the provisions of the Purchase Agreement and the Indenture (except (a) consents, waivers, approvals, filings and registrations which have been obtained, filed or made, including, without limitation, the State of New York Public Service Commission’s Order Authorizing Issuance of Securities, issued and effective May 19, 2016 which was extended until March 31, 2021 pursuant to an order from the State of New York Public Service Commission dated [March 20, 2020] and, to my knowledge after due inquiry, remain in full force and effect, (b) such consents, approvals, authorizations, registrations or qualifications as may be required under state securities of Blue Sky laws in connection with the purchase of the Securities by the Initial Purchasers and (c) any post-issuance compliance certificates required by the State of New York Public Service Commission); and assuming proceeds of the Securities will be used as set forth in the Offering Memorandum under the caption “Use of Proceeds,” neither the execution, delivery and performance by the Company of the Purchase Agreement, nor the issuance and sale of the Securities by the Company, and the compliance by the Company with the terms thereof and consummation of the transactions by the

Company contemplated thereby, will breach or violate any Energy Law or any order known to me relating to any Energy Law of any New York or federal governmental agency having jurisdiction over the Company.

2. To my knowledge, except as described in the Pricing Disclosure Package or the Offering Memorandum, there are no legal, governmental or regulatory actions, suits or proceedings pending to which the Company is a party or to which any property of the Company is subject which if determined adversely to the Company, would reasonably be expected to have a material adverse effect on the Company; and to my knowledge no such actions, suits or proceedings are threatened in writing.

I do not express any opinion herein concerning any law other than an Energy Law as defined above.

This opinion letter is delivered as of the date hereof and is based on the facts and circumstances existing as of the date hereof and upon the current state of the law. It is possible that future changes or developments in facts, circumstances or applicable law could alter or affect such opinions, however, I undertake no obligation to update or supplement this opinion.

This opinion letter is rendered to you in connection with the above-described transaction. This opinion letter may not be relied upon by you for any other purpose, or relied upon by, or furnished to, any other person, firm or corporation without my prior written consent.

Sincerely,

The undersigned is admitted to the
Bar in the State of New York

Gregory Barone
Assistant General Counsel
Niagara Mohawk Power Corporation

Form of Opinion of Linklaters LLP

Linklaters LLP
1345 Avenue of the Americas
New York, NY 10105
Telephone (+1) 212 903 9000
Facsimile (+1) 212 903 9100

BofA Securities, Inc.

[•]

and the other Initial Purchasers named in
Schedule A to the Purchase Agreement
referred to below (the “**Initial Purchasers**”)

June [•], 2020

Ladies and Gentlemen:

**Issue by Niagara Mohawk Power Corporation (the “Issuer”) of
\$[•] [•]% Senior Notes due 20[30] (the “20[30] Securities”) and
\$[•] [•]% Senior Notes due 20[50] (the “20[50] Securities” and, together with the
20[30] Securities, the “Securities”)**

We have acted as counsel to the Issuer in connection with the execution by you [as representatives of the several Initial Purchasers] and the Issuer of the Purchase Agreement dated June [•], 2020 (the “**Purchase Agreement**”) relating to the offer and sale of the Securities. The Securities are being issued pursuant to the Base Indenture, dated as of August 10, 2009, as amended from time to time (the “**Base Indenture**”) and the Sixth Supplemental Indenture, dated as of June [•], 2020 (the “**Sixth Supplemental Indenture**” and together with the Base Indenture, the “**Indenture**”), between the Issuer and The Bank of New York Mellon, as trustee (the “**Trustee**”).

This opinion is limited to the federal law of the United States and the laws of the State of New York, and we express no opinion as to the effect of the laws of any other State of the United States or the laws of any other jurisdiction.

We have examined the Purchase Agreement, the Indenture, such certificates and other documents, and such questions of law, as we have considered necessary or appropriate for the purposes of this opinion. Solely for the purpose of our opinion in paragraph 1 below, we have reviewed a copy of a certificate, dated [•], 2020, of the Secretary of State of the State of New York as to the existence of the Issuer in the State of New York as of such date (the “**Certificate of Status**”). Solely for the purpose of our opinion in paragraph 8 below, we have reviewed the statements under the captions “Description of

Notes” and “Certain U.S. Federal Income Tax Considerations” in the Preliminary Offering Memorandum dated [●], 2020, together with the pricing term sheet in the form attached as Schedule B to the Purchase Agreement (the “**Disclosure Package**”) and in the offering memorandum dated [●], 2020 (the “**Offering Memorandum**”) used in connection with the offer and sale of the Securities. We have assumed that the Securities conform to the forms examined by us and that the signatures on all documents examined by us are genuine, assumptions that we have not independently verified.

In our opinion:

- 1 The Issuer is a corporation existing under the laws of the State of New York.
- 2 The Issuer has the corporate power and authority to conduct its business as described in the Offering Memorandum.
- 3 The Purchase Agreement has been duly authorized, executed and delivered by the Issuer.
- 4 The Securities have been duly authorized, executed, authenticated, issued and delivered and constitute valid and legally binding obligations of the Issuer enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar laws of general applicability relating to or affecting creditors’ rights and to general equity principles.
- 5 The Indenture has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery thereof by the Trustee, constitutes a valid and legally binding agreement of the Issuer enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar laws of general applicability relating to or affecting creditors’ rights and to general equity principles.
- 6 Registration of the Securities under the United States Securities Act of 1933 (the “**Securities Act**”), and qualification of an indenture under the United States Trust Indenture Act of 1939, are not required for (i) the offer and sale of the Securities by the Issuer to the Initial Purchasers thereof and (ii) the offer and initial resale of the Securities by the Initial Purchasers, in each case in the manner contemplated by the Purchase Agreement, it being understood that we express no opinion as to any subsequent offer or resale of any Securities.
- 7 The Issuer is not and, immediately after, and giving effect only to, the offer and sale of the Securities and the application of the proceeds thereof as described in the Disclosure Package and the Offering Memorandum, the Issuer will not be, an investment company within the meaning of the United States Investment Company Act of 1940, and the rules and regulations thereunder.
- 8 The statements under the captions “Description of Notes” and “Certain U.S. Federal Income Tax Considerations” in the Disclosure Package and in the Offering Memorandum, in each case insofar as those statements summarize provisions of documents governed by New York law and provisions of United States federal tax law therein described, in the case of the Disclosure Package, at the Time of Sale (as defined in the Purchase Agreement) and, in the case of the Offering Memorandum, at the date of the Offering Memorandum and at the time and date of delivery of this opinion, were accurate summaries in all material respects.

- 9 All regulatory consents, authorizations, approvals and filings required to be obtained or made by the Issuer on or prior to the date hereof under the federal laws of the United States and the laws of the State of New York for the execution and delivery of the Purchase Agreement, the Securities and the Indenture and the performance of its obligations thereunder have been obtained or made; **provided, however**, that for purposes of this paragraph 9, we express no opinion with respect to United States federal or State securities laws or any federal or New York law or regulation relating to the storage, sale, transmission or distribution of electricity or natural gas or the ownership or operation of transmission or distribution facilities (collectively, the “**Energy Laws**”) or any orders relating to any Energy Laws of any federal or New York governmental agency having jurisdiction over the Issuer.
- 10 The execution and delivery by the Issuer of the Purchase Agreement, the Securities and the Indenture do not, and the performance by the Issuer of its obligations under the Purchase Agreement, the Securities and the Indenture will not violate (i) the certificate of incorporation or bylaws of the Issuer or (ii) any existing federal law of the United States or law of the State of New York applicable to the Issuer; **provided, however**, that our opinion is limited to only such laws as are normally applicable to transactions of the type contemplated by the Purchase Agreement, the Securities and the Indenture and that for purposes of this paragraph 10, we express no opinion with respect to United States federal or State securities laws, other anti-fraud laws or fraudulent transfer laws, the U.S. Employee Retirement Income Security Act of 1974 and related laws, laws that restrict transactions between United States persons and citizens or residents of certain foreign countries or any Energy Laws; and **provided further**, that insofar as the performance by the Issuer of its obligations under the Purchase Agreement, the Securities and the Indenture is concerned, we express no opinion as to applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar laws of general applicability relating to or affecting creditors’ rights or as to the effect of general equity principles.

In connection with our opinion set forth in paragraph 1 above, we have relied solely upon the Certificate of Status as to the factual matters set forth therein. In connection with our opinion set forth in paragraph 6 above, we have relied to the extent we believe is appropriate upon the representations, warranties and agreements and undertakings of the Issuer and the Initial Purchasers in the Purchase Agreement with respect to other securities transactions involving securities of the Issuer, the absence of any directed selling efforts (as defined in Regulation S under the Securities Act), the implementation of offering restrictions (as defined in Regulation S under the Securities Act) and certain other matters.

This opinion is addressed to you solely for your benefit in your capacity as an Initial Purchaser in connection with the offer and sale of the Securities. It is not to be transmitted to anyone else nor is it to be relied upon by anyone else or for any other purpose or quoted or referred to in any public document or filed with anyone without our express consent. This opinion may, however, be disclosed by you (i) to the extent required by law, regulation or any governmental or competent regulatory authority, (ii) in connection with legal proceedings in relation to the offer and sale of the Securities or (iii) to your affiliates in relation to the offer and sale of the Securities, provided that, without our express consent, you may not disclose this opinion to any other purchaser or prospective purchaser of the Securities and no party to whom the opinion is disclosed may rely on the opinion.

Very truly yours,

Linklaters LLP

SCHEDULE E

Form of Negative Assurance Statement of Linklaters LLP

Linklaters LLP
1345 Avenue of the Americas
New York, NY 10105
Telephone (+1) 212 903 9000
Facsimile (+1) 212 903 9100

BofA Securities, Inc.

[●]

and the other initial purchasers named in
Schedule A to the Purchase Agreement
referred to below (the “**Initial Purchasers**”)

June [●], 2020

Ladies and Gentlemen:

**Issue by Niagara Mohawk Power Corporation (the “Issuer”) of
\$[●] [●]% Senior Notes due 20[30] (the “20[30] Securities”) and
\$[●] [●]% Senior Notes due 20[50] (the “20[50] Securities” and, together with the
20[30] Securities, the “Securities”)**

We have acted as counsel to the Issuer in relation to the preparation of the Offering Memorandum dated June [●], 2020 (the “**Offering Memorandum**”) used in connection with the offer and sale of the Securities. The Preliminary Offering Memorandum dated June [●], 2020, together with the pricing term sheet dated June [●], 2020 and attached as Schedule B to the Purchase Agreement dated June [●], 2020 between the Issuer and the Initial Purchasers (the “**Purchase Agreement**”), is referred to herein as the “**Disclosure Package**.”

In our capacity as such counsel, we have, along with representatives of the Issuer, its independent accountants and representatives of the Initial Purchasers and their counsel, participated in discussions concerning the contents of the Disclosure Package and the Offering Memorandum and related matters, reviewed the contents of the Disclosure Package and the Offering Memorandum and carried out such further inquiries and procedures as we have deemed necessary or appropriate in the circumstances.

On the basis of the information that we gained in the performance of the work referred to above, considered in the light of our understanding of the applicable United States federal securities laws and the experience we have gained through our practice in this field, we confirm to you that nothing that has come to our attention in the course of our acting in our capacity as such counsel has caused us to believe that the Disclosure Package, at the Time of Sale (as defined in the Purchase Agreement), or the Offering Memorandum, at its date and at the time and date of delivery of this letter, contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The limitations inherent in the independent verification of factual matters and the character of determinations involved in the preparation of disclosure documents are such, however, that we do not assume responsibility for the accuracy, completeness or fairness of the statements contained in the Disclosure Package or the Offering Memorandum except as provided in paragraph 8 of our opinion with respect to certain matters of U.S. law addressed to you and dated the date hereof. In addition, we express no opinion or belief as to the financial statements or as to any of the financial data contained in the Disclosure Package or the Offering Memorandum.

This letter is addressed to you solely for your benefit. It is not to be relied upon by anyone else for any purpose without our express consent.

Very truly yours,

Linklaters LLP

SCHEDULE F

List of Company Additional Written Communication

Electronic roadshow dated June 22, 2020

RESALE PURSUANT TO REGULATION S OR RULE 144A

Each Initial Purchaser understands that:

(i) it has not offered or sold and will not offer or sell the Securities in the United States or to, or for the benefit or account of, a U.S. Person (other than a distributor), in each case, as defined in Rule 902 of Regulation S (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Securities pursuant to this Agreement and the Closing Date, other than in accordance with Regulation S or another exemption from the registration requirements of the Securities Act. Such Initial Purchaser agrees that, during such 40-day restricted period, it will not cause any advertisement with respect to the Securities (including any “tombstone” advertisement) to be published in any newspaper or periodical or posted in any public place and will not issue any circular relating to the Securities, except such advertisements as permitted by and include the statements required by Regulation S.

Such Initial Purchaser agrees that, at or prior to confirmation of a sale of Securities by it to any distributor, dealer or person receiving a selling concession, fee or other remuneration during the 40-day restricted period referred to in Rule 903 of Regulation S, it will send to such distributor, dealer or person receiving a selling concession, fee or other remuneration a confirmation or notice to substantially the following effect:

“The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of your distribution at any time or (ii) otherwise until one year after the later of the date the Securities were first offered to persons other than distributors in reliance on Regulation S and the Closing Date, except in either case in accordance with Regulation S under the Securities Act (or in accordance with Rule 144A under the Securities Act or to accredited investors in transactions that are exempt from the registration requirements of the Securities Act), and in connection with any subsequent sale by you of the Securities covered hereby in reliance on Regulation S under the Securities Act during the period referred to above to any distributor, dealer or person receiving a selling concession, fee or other remuneration, you must deliver a notice to substantially the foregoing effect. Terms used above have the meanings assigned to them in Regulation S under the Securities Act.”

Such Initial Purchaser agrees that the Securities offered and sold in reliance on Regulation S will be represented upon issuance by a global security that may not be exchanged for definitive securities until the expiration of the 40-day restricted period referred to in Rule 903 of Regulation S and only upon certification of beneficial ownership of such Securities by non-

U.S. persons or U.S. persons who purchased such Securities in transactions that were exempt from the registration requirements of the Securities Act.

(ii) it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities to any retail investor in the European Economic Area or the United Kingdom. For the purposes of this provision the expression “**retail investor**” means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or

(b) a customer within the meaning of Directive 2016/97/EU (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(c) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”).

The expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities.

(iii) in relation to the United Kingdom (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (“**FSMA**”)) received by it in connection with the issue or sale of the Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

Attachment 1(ii)
Final Term Sheet

Pricing Term Sheet
1.960% Senior Notes due 2030 and 3.025% Senior Notes due 2050

Niagara Mohawk Power Corporation

June 23, 2020

Tranche 1: \$600,000,000 1.960% Senior Notes due 2030

Tranche 2: \$500,000,000 3.025% Senior Notes due 2050

Tranche 1: 1.960% Senior Notes due 2030

Issuer:	Niagara Mohawk Power Corporation
Ranking:	Senior Unsecured
Type:	Rule 144A / Regulation S
Principal Amount:	\$600,000,000
Maturity Date:	June 27, 2030
Interest Payment Dates:	June 27 and December 27, commencing on December 27, 2020, subject to Business Day Convention. Long first coupon.
Business Day Convention:	Following, unadjusted, 30/360
Coupon:	1.960%
Offering Price:	100%
Yield to Maturity:	1.960%
Benchmark Treasury:	UST 0.625% due May 15, 2030
Spread to Benchmark Treasury:	+125 basis points
Benchmark Treasury Price / Yield:	99-06 / 0.710%
Optional Redemption:	Prior to March 27, 2030 (the date that is three months prior to the Maturity Date) callable at any time at redemption price equal to the greater of (i) 100% of the principal amount and (ii) discount rate equal to the Treasury Rate plus 20 basis points On or after March 27, 2030, callable at par

Trade Date:	June 23, 2020
Settlement Date:	June 25, 2020 (T+2)
Use of Proceeds:	Finance or refinance, in whole or in part, new or existing, Eligible Green Projects carried out by the Issuer
Denominations:	\$2,000 x \$1,000
Expected Ratings*(Moody's / S&P):	A3 negative / A- stable
CUSIP (144A) / ISIN (144A):	65364UAN6 / US65364UAN63
CUSIP (Reg S) / ISIN (Reg S):	U65354AK5 / USU65354AK53
Joint Book-Running Managers:	BofA Securities, Inc. Credit Suisse Securities (USA) LLC Mizuho Securities USA LLC Morgan Stanley & Co. LLC SG Americas Securities, LLC
Co-Managers:	Bank of China Limited, London Branch BNY Mellon Capital Markets, LLC ICBC Standard Bank Plc Loop Capital Markets LLC MUFG Securities Americas Inc. NatWest Markets Securities Inc. RBC Capital Markets, LLC Samuel A. Ramirez & Company, Inc. SMBC Nikko Securities America, Inc. TD Securities (USA) LLC

Tranche 2: 3.025% Senior Notes due 2050

Issuer:	Niagara Mohawk Power Corporation
Ranking:	Senior Unsecured
Type:	Rule 144A / Regulation S
Principal Amount:	\$500,000,000

Maturity Date:	June 27, 2050
Interest Payment Dates:	June 27 and December 27, commencing on December 27, 2020, subject to Business Day Convention. Long first coupon.
Business Day Convention:	Following, unadjusted, 30/360
Coupon:	3.025%
Offering Price:	100%
Yield to Maturity:	3.025%
Benchmark Treasury:	UST 2.000% due February 15, 2050
Spread to Benchmark Treasury:	+155 basis points
Benchmark Treasury Price / Yield:	112-18+ / 1.475%
Optional Redemption:	Prior to December 27, 2049 (the date that is six months prior to the Maturity Date) callable at any time at redemption price equal to the greater of (i) 100% of the principal amount and (ii) discount rate equal to the Treasury Rate plus 25 basis points On or after December 27, 2049, callable at par
Trade Date:	June 23, 2020
Settlement Date:	June 25, 2020 (T+2)
Use of Proceeds:	General corporate purposes
Denominations:	\$2,000 x \$1,000
Expected Ratings*(Moody's / S&P):	A3 negative / A- stable
CUSIP (144A) / ISIN (144A):	65364UAP1 / US65364UAP12
CUSIP (Reg S) / ISIN (Reg S):	U65354AL3 / USU65354AL37
Joint Book-Running Managers:	BofA Securities, Inc. Credit Suisse Securities (USA) LLC Mizuho Securities USA LLC Morgan Stanley & Co. LLC SG Americas Securities, LLC
Co-Managers:	Bank of China Limited, London Branch

BNY Mellon Capital Markets, LLC
ICBC Standard Bank Plc
Loop Capital Markets LLC
MUFG Securities Americas Inc.
NatWest Markets Securities Inc.
RBC Capital Markets, LLC
Samuel A. Ramirez & Company, Inc.
SMBC Nikko Securities America, Inc.
TD Securities (USA) LLC

*** A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.**

This communication is intended for the sole use of the person to whom it is provided by the sender.

The securities have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or any state or other securities laws, and are being offered and sold within the United States only to qualified institutional buyers in reliance on Rule 144A under the Securities Act, and outside the United States to persons other than U.S. persons in reliance on Regulation S under the Securities Act. Prospective purchasers are hereby notified that a seller of any Note may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

No PRIIPs KID: No PRIIPs key information document (KID) has been prepared as not available to retail in the European Economic Area or the United Kingdom.

The information in this term sheet supplements the Company’s preliminary offering memorandum dated June 22, 2020 (the “**Preliminary Offering Memorandum**”) and supersedes the information in the Preliminary Offering Memorandum to the extent inconsistent with the information in the Preliminary Offering Memorandum. This term sheet is qualified in its entirety by reference to the Preliminary Offering Memorandum. Terms used herein but not defined herein shall have the respective meanings as set forth in the Preliminary Offering Memorandum.

Bank of China Limited, London Branch and ICBC Standard Bank Plc are restricted in their U.S. securities dealings under the United States Bank Holding Company Act and may not underwrite, subscribe, agree to purchase or procure purchasers to purchase notes that are offered or sold in the United States. Accordingly, Bank of China Limited, London Branch and ICBC Standard Bank Plc shall not be obligated to, and shall not, underwrite, subscribe, agree to purchase or procure purchasers to purchase notes that may be offered or sold by other Managers in the United States. Bank of China Limited, London Branch and ICBC Standard Bank Plc shall offer and sell the securities constituting part of their respective allotment solely outside the United States.

ANY DISCLAIMERS OR OTHER NOTICES THAT MAY APPEAR BELOW ARE NOT APPLICABLE TO THIS COMMUNICATION AND SHOULD BE DISREGARDED. SUCH DISCLAIMERS OR OTHER NOTICES WERE AUTOMATICALLY GENERATED AS A RESULT OF THIS COMMUNICATION BEING SENT VIA BLOOMBERG OR ANOTHER EMAIL SYSTEM.

Attachment 1(iii)
Offering Memorandum

IMPORTANT NOTICE

IMPORTANT: *You must read the following before continuing.* The following applies to the attached offering memorandum (the “**Offering Memorandum**”), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Memorandum. By accepting this e-mail and accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from Niagara Mohawk Power Corporation (the “**Issuer**”) or the initial purchasers (as defined in the Offering Memorandum) as a result of such access.

The information in the Offering Memorandum is not complete and may be changed. Recipients of the Offering Memorandum who intend to subscribe for or purchase the Securities (as defined below) are reminded that any subscription or purchase may only be made on the basis of the information contained in the Offering Memorandum and the related term sheet.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES (THE “**SECURITIES**”) HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE ATTACHED OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of your Representation: In order to be eligible to view the Offering Memorandum or make an investment decision with respect to the Securities, investors must be either (i) a “qualified institutional buyer,” as that term is defined in Rule 144A under the Securities Act transacting in a private transaction in reliance upon an exemption from the registration requirements of the Securities Act or (ii) a non-“U.S. person,” as that term is defined in Rule 902 under the Securities Act that is outside the United States transacting in an offshore-transaction (in accordance with Regulation S under the Securities Act) (together “**Eligible Investors**”). By accepting the e-mail or accessing the Offering Memorandum, you shall be deemed to have represented to the Issuer and the initial purchasers that (1) you and any customers you represent are Eligible Investors; (2) you consent to delivery of the Offering Memorandum by electronic transmission; (3) you are a “Qualified Investor” (within the meaning of Article 2(e) of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”)) if in the European Economic Area; (4) you are a “relevant person” (as defined below) and a Qualified Investor if in the United Kingdom; or (5) you are outside the United Kingdom and the European Economic Area (and the electronic mail address that you gave us and to which this e-mail has been delivered are not located in such jurisdictions).

The Offering Memorandum is only addressed to and directed at persons in member states of the European Economic Area and the United Kingdom who are Qualified Investors. The Offering Memorandum has not been approved by an authorized person for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended) (“**FSMA**”). Accordingly, the Offering Memorandum is being distributed only to and is directed only at: (1) in the United Kingdom, persons who have professional experience in matters relating to investments falling within Article 19(5) of the FSMA (Financial Promotion) Order 2005, as amended (the “**Order**”); (2) persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order; (3) persons who are outside the United Kingdom; and (4) any other persons to whom it may otherwise lawfully be communicated under the Order, (all such persons together referred to as “**relevant persons**”). Any person who is not a relevant person should not rely or act on the Offering Memorandum and any investment or investment activity to which the Offering Memorandum relates is available only to and will be engaged only with: (i) in the United Kingdom, relevant persons; and (ii) in any member state of the European Economic Area and the United Kingdom, Qualified Investors. In the case of any Securities being offered to a financial intermediary as that term is

used in the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Securities acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, any person in circumstances which may give rise to an offer of any Securities to the public other than their offer or resale in a relevant member state to Qualified Investors as so defined or in circumstances in which the prior consent of the initial purchasers has been obtained to each such proposed offer or resale.

No person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (with the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the securities other than in circumstances in which Section 21(1) of the FSMA does not apply to us.

You are reminded that the Offering Memorandum has been delivered to you or accessed by you on the basis that you are a person into whose possession the Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver or disclose the contents of the Offering Memorandum to any other person. The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchasers or any affiliate of the initial purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the initial purchasers or such affiliate on behalf of the Issuer in such jurisdiction.

The Offering Memorandum has been sent to you or accessed by you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of the Issuer or the initial purchasers nor any person who controls any of them nor any director, officer, employee nor agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from the initial purchasers. Please ensure that your copy is complete.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk, and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The Offering Memorandum does not constitute a prospectus for the purposes of the Prospectus Regulation and has not been approved, filed with or reviewed by any commission or regulatory authority, whether national or foreign (including the United States), nor has any such entity issued any report regarding the accuracy or adequacy of the Offering Memorandum.

NIAGARA MOHAWK POWER CORPORATION

U.S.\$600,000,000 1.960% Senior Notes due 2030

U.S.\$500,000,000 3.025% Senior Notes due 2050

We are offering \$600,000,000 aggregate principal amount of our 1.960% Senior Notes due 2030 (the “**Green Notes**”) and \$500,000,000 aggregate principal amount of our 3.025% Senior Notes due 2050 (the “**2050 Notes**” and, together with the Green Notes, the “**Notes**”). We will pay interest on the Green Notes semi-annually in arrears on June 27 and December 27 of each year, commencing on December 27, 2020. The Green Notes will mature on June 27, 2030. The Green Notes will accrue interest at the rate of 1.960% per annum. We will pay interest on the 2050 Notes semi-annually in arrears on June 27 and December 27 of each year, commencing on December 27, 2020. The 2050 Notes will mature on June 27, 2050. The 2050 Notes will accrue interest at the rate of 3.025% per annum. We may redeem all or part of a series of Notes at any time and from time to time at the applicable redemption price described in this offering memorandum (the “**Offering Memorandum**”) under the caption “Description of Notes—Optional Redemption.”

The Notes will be our unsecured senior obligations and rank *pari passu* with all of our existing and any future unsecured senior indebtedness and senior to any of our existing and future subordinated indebtedness and will be effectively subordinated to all of our secured indebtedness to the extent of the value of the assets securing that indebtedness. We do not intend to file a registration statement with the Securities and Exchange Commission related to the Notes. The Notes are new issues of securities with no established trading market. We do not intend to apply for listing of the Notes on any securities exchange or for inclusion of the Notes in any automated quotation system.

See “**Risk Factors**” beginning on page 6 to read about important factors you should consider before buying the Notes.

Offering Price for the Green Notes: 100.000%

Offering Price for the 2050 Notes: 100.000%

The offering price set forth above does not include accrued interest, if any. Interest on the Notes will accrue from June 25, 2020. If the Notes are delivered after June 25, 2020, accrued interest must be paid by the purchaser until the time of delivery.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or securities laws of any state or any other jurisdiction and are being offered and sold in the United States only to qualified institutional buyers in reliance on Rule 144A under the Securities Act (“Rule 144A”) and to certain non-U.S. persons in transactions outside the United States in reliance on Regulation S under the Securities Act (“Regulation S”). Prospective purchasers are hereby notified that the seller of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Notes are not transferable except in accordance with the restrictions described under “Notice to Investors; Transfer Restrictions.”

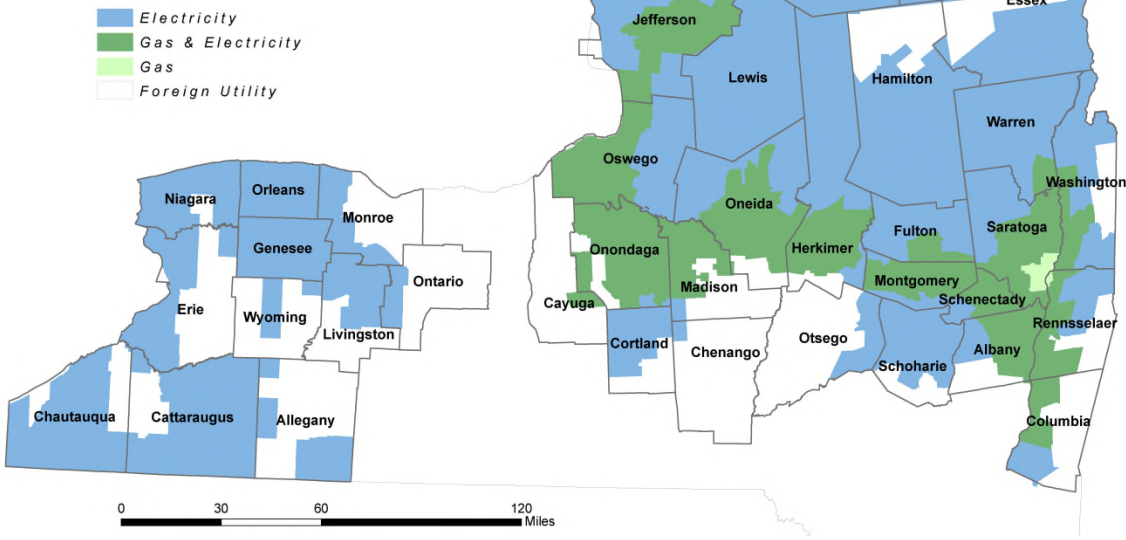
The initial purchasers expect to deliver the Notes to investors through the book-entry delivery system of The Depository Trust Company (“**DTC**”) for the accounts of its direct and indirect participants (including Euroclear S.A./N.V., (“**Euroclear**”) as operator of the Euroclear System, and Clearstream Banking S.A. (“**Clearstream**”)) on or about June 25, 2020.

Joint Book-Running Managers

BofA Securities	Credit Suisse	Mizuho Securities	Morgan Stanley	SOCIETE GENERALE
Co-Managers				
Bank of China	BNY Mellon Capital Markets, LLC	ICBC Standard Bank	Loop Capital Markets	MUFG
NatWest Markets	Ramirez & Co., Inc.	RBC Capital Markets	SMBC Nikko	TD Securities

The date of this Offering Memorandum is June 23, 2020.

Operating District Service Areas



We are not, and the initial purchasers are not, making an offer of the Notes in any state or other jurisdiction where such offer is not permitted. The information contained in this Offering Memorandum speaks only as of the date of the Offering Memorandum or such other date as may be specified in this Offering Memorandum. Our business, financial condition, results of operations and prospects may have changed since those respective dates.

Unless the context otherwise requires or as otherwise indicated, references in this Offering Memorandum to “we,” “our,” “us,” and “Issuer” refer to Niagara Mohawk Power Corporation. The term “initial purchasers” refers to BofA Securities, Inc., Credit Suisse Securities (USA) LLC, Mizuho Securities USA LLC, Morgan Stanley & Co. LLC, SG Americas Securities, LLC, Bank of China Limited, London Branch, BNY Mellon Capital Markets, LLC, ICBC Standard Bank Plc, Loop Capital Markets LLC, MUFG Securities Americas Inc., NatWest Markets Securities Inc., RBC Capital Markets, LLC, Samuel A. Ramirez & Company, Inc., SMBC Nikko Securities America, Inc. and TD Securities (USA) LLC.

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This Offering Memorandum is confidential. You are authorized to use this Offering Memorandum solely for the purpose of considering the purchase of the Notes described in this Offering Memorandum. We have provided the information contained in this Offering Memorandum. The initial purchasers named herein make no representation or warranty, express or implied, as to the accuracy or completeness of such information, and nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by the initial purchasers. You may not reproduce or distribute this Offering Memorandum, in whole or in part, and you may not disclose any of the contents of this Offering Memorandum or use any information herein for any purpose other than considering the purchase of the Notes. You agree to the foregoing by accepting delivery of this Offering Memorandum.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved the securities offered hereby or passed upon the adequacy or accuracy of this Offering Memorandum. Any representation to the contrary is a criminal offense.

The laws of certain jurisdictions may restrict the distribution of this Offering Memorandum and the offer and sale of the Notes. Persons into whose possession this Offering Memorandum or any of the Notes come must inform themselves about, and observe, any such restrictions. Neither we nor our representatives, nor the initial purchasers or their representatives, are making any representation to you regarding the legality of any investment in the Notes by you under applicable legal investment or similar laws or regulations.

You are responsible for making your own examination of us and your own assessment of the merits and risks of investing in the Notes. You may contact us if you need any additional information. By purchasing any Notes, you will be deemed to have acknowledged that:

- you have reviewed this Offering Memorandum;
- you have had an opportunity to request any additional information that you need from us; and
- the initial purchasers and their affiliates are not responsible for, and are not making any representation to you concerning, our future performance or the accuracy or completeness of this Offering Memorandum.

We are not, and the initial purchasers and our and their respective affiliates are not, providing you with any legal, business, tax or other advice in this Offering Memorandum. You should consult with your own advisors as needed to assist you in making your investment decision and advise you whether you are legally permitted to purchase the Notes.

You must comply with all laws and regulations that apply to you in any place in which you buy, offer or sell any Notes or possess or distribute this Offering Memorandum. You must also obtain any consents or approvals that you need in order to purchase any Notes. Neither we nor the initial purchasers are responsible for your compliance with these legal requirements.

The Notes are subject to restrictions on resale and transfer as described under “Notice to Investors; Transfer Restrictions” and may not be resold or transferred except as permitted under the Securities Act, and the applicable state securities laws pursuant to registration or an exemption therefrom. We have no obligation to register the Notes for resale and have no plans to do so. By purchasing the Notes, you will be deemed to have made certain acknowledgments, representations and agreements as described in the “Notice to Investors; Transfer Restrictions” section of this Offering Memorandum. You may be required to bear the financial risks of investing in the Notes for an indefinite period of time.

AVAILABLE INFORMATION

If at any time following the issue date of the Notes we are not subject to the informational requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), we will furnish to holders of Notes and prospective purchasers thereof, upon request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

We have not, and the initial purchasers or their affiliates have not, authorized any other person to provide you with any information other than the information contained in this Offering Memorandum. Neither we nor the initial purchasers and their affiliates take responsibility for, or provide any assurance as to the reliability of, any different or additional information.

This Offering Memorandum contains summaries of certain agreements that we have entered into or will enter into in connection with the offering of the Notes, such as the indenture governing the Notes. The descriptions contained in this Offering Memorandum of these agreements do not purport to be complete and are subject to, or qualified in their entirety by reference to, the definitive agreements. Copies of the indenture governing the Notes will be made available without charge to you in response to a written or oral request to us.

All references in this Offering Memorandum to “U.S. dollars” and “\$” refer to United States dollars.

FORWARD-LOOKING STATEMENTS

Certain statements included herein constitute “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. Whenever used in this Offering Memorandum, the words “intend,” “estimate,” “expect,” “believe,” “anticipate,” or similar expressions are intended to identify such forward-looking statements. In the past actual results have varied materially and unpredictably from expectations. We caution readers not to place undue reliance on these forward-looking statements, which speak only as to the date of this Offering Memorandum. We undertake no obligation to republish revised forward-looking statements to reflect new information, future events or otherwise. New factors emerge from time to time and it is not possible for management to predict all such factors, nor can it assess the impact of any such factor on the business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. We urge readers to carefully review and consider the factors in the succeeding paragraph.

In addition to the assumptions and other factors referred to specifically in connection with such statements, factors that involve risks and uncertainties and that could cause actual results to differ materially from those contemplated in any forward-looking statements include, among others:

- changes in laws and regulations (or their enforcement or interpretation) affecting our business, financial position and condition, results of operations and reputation;
- our ability to recover costs associated with the operation of our business;
- our ability to comply with environmental, health and safety laws and regulations and risks relating to liabilities thereunder;
- changes in commodity prices and our ability to pass through any commodity price increases;
- risks related to the operation and maintenance of our transmission and distribution systems;
- risks related to major network failures or interruptions;
- risks related to health epidemics and other outbreaks, such as Covid-19, including responses by governmental bodies or regulators;
- security breaches and other disruptions affecting our business and reputation;
- our reputation as a supplier of energy;
- our performance against certain regulatory targets;
- regulatory restrictions and indebtedness covenants that limit our ability to finance our future capital needs and limit our operating flexibility;
- our ability to access the capital markets;
- disruption of our operations due to and work stoppage or strikes; and

- weather variations affecting customer energy usage.

We urge you to read this Offering Memorandum, including the sections titled “*Risk Factors*,” “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Business*” for a more complete discussion of the factors that could affect our future performance and the industry in which we operate.

SUMMARY

This summary highlights some of the information contained elsewhere in this Offering Memorandum. Because it is only a summary, it does not contain all of the information that may be important to you and that you should consider before investing in the Notes. For a more complete understanding of this offering, we encourage you to read this entire Offering Memorandum, including the section captioned “Risk Factors,” and our financial statements and the related notes included elsewhere in this Offering Memorandum

Our Company

We are a regulated public utility organized under the laws of the State of New York and subject to the New York Public Service Law. Our principal business consists of our regulated energy delivery business in the State of New York. As of March 31, 2020, we provided electric utility and natural gas utility services to approximately 1.7 million customers and approximately 0.6 million customers, respectively, within our Service Territory (as defined below). Our Service Territory covers eastern, central, northern and western areas of Upstate New York, which includes Syracuse, Albany, Buffalo and surrounding areas, which are more fully illustrated in the operating district service areas map included elsewhere in this Offering Memorandum (the “**Service Territory**”). The Service Territory covers an area in the State of New York that is equivalent to approximately 25,555 square miles. We currently do not operate any FERC (as defined below) regulated generation facilities and were required by the New York State Public Service Commission (the “**NY PSC**”) to exit the merchant function and divest ourselves of any generation assets pursuant to the terms of a 1997 regulatory agreement. We are subject to extensive federal and state government laws and regulations that are enforced by various regulatory agencies including the NY PSC, the New York State Department of Environmental Conservation (the “**DEC**”), the federal Environmental Protection Agency (the “**EPA**”) and the Federal Energy Regulatory Commission (the “**FERC**”).

Our energy delivery business consists of electricity distribution and transmission facilities and a natural gas distribution system that provides utility services to customers in our Service Territory. Our utility services consist of transmission and delivery of electricity and transportation and delivery of natural gas to residential, commercial and industrial customers. As a regulated utility in the State of New York we have a “provider of last resort” (“**POLR**”) obligation. As a POLR, we are required to offer the sale of energy commodities (e.g., electricity and natural gas) at cost to any customers within our Service Territory that elect not to buy their energy commodities from an energy commodity marketer.

We were organized in 1937 under the laws of the State of New York and through a series of mergers subsequent to 1937 became known as Niagara Mohawk Power Corporation. We are a wholly-owned subsidiary of Niagara Mohawk Holdings, Inc., which is a wholly-owned subsidiary of National Grid USA (“**NGUSA**”), a public utility holding company with regulated U.S. subsidiaries engaged in the generation of electricity and the transmission, distribution and sale of both natural gas and electricity in New York, Massachusetts and Rhode Island. NGUSA is a direct wholly-owned subsidiary of National Grid North America Inc. (“**NGNA**”) and an indirect wholly-owned subsidiary of National Grid plc, an international electricity and natural gas energy delivery company based in the United Kingdom and incorporated under the laws of England and Wales. None of our direct or indirect parent companies is guaranteeing the Notes.

Our principal offices are located at 300 Erie Boulevard West, Syracuse, NY 13202, and our telephone number is +1 (315) 474-1511.

Recent Developments in relation to Covid-19

Our primary focus is on our people, our customers and operations as we look to manage the impact from the novel coronavirus disease (“Covid-19”) outbreak and meet our obligations to provide essential services to our customers. We have activated our crisis management framework, which includes identifying the areas deemed critical and the corresponding level of reliability and service continuity needed to deliver

normal services during the outbreak. Our teams have swiftly implemented our business continuity plans, which are working well across our business. This is helping us to assess impacts on our capital expenditures and investments day by day to maintain safe working environments for our teams. Utility workers are identified as key/essential workers and have been subject to specific guidance and permissions on family arrangements and movements. Some of our work requires interacting with members of the public. To safeguard our employees and the public, our approach is to follow government requirements and recommendations for social distancing. We continue to seek feedback from our employees to help shape our response.

We continue to work closely with regulators and the State of New York to ensure our customers and communities have access to the energy they need through this time. Since utilities are defined under New York law as essential services, substantially all of our services are considered essential services under New York law and are thus continuing. At this stage we have not seen a material impact on our financial performance as a result of Covid-19; however, due to regulators' prioritization of essential services to ensure we continue to provide safe and reliable utility services to our customers, we may see some delays and disruption to our capital expenditures and investments. In progressing our capital expenditures and investments, working closely with our regulators and other relevant authorities, we will prioritize the health and safety of our employees, customers and communities by focusing on those projects with the highest priority. We have suspended debt collection and customer termination activities across our Service Territory, which is resulting in lower customer collections and increasing debt provisions in the near term. We delayed planned bill increases and strengthened customer support activities to help lower income customers manage their energy bills during and beyond the crisis. Despite the uncertainty, we are keeping a number of scenarios under regular review. Our current base case is that we will be living with Covid-19 until well into 2021, with periods of regulations being lifted and reimposed to help constrain the spread of Covid-19. While this uncertainty persists, we will continue to monitor the situation closely.

THE OFFERING

The summary below describes the principal terms of the Notes offered hereby. Certain of the terms and conditions described below are subject to important limitations and exceptions. The “Description of Notes” section of this Offering Memorandum contains more detailed descriptions of the terms and conditions of the Notes.

Issuer:.....	Niagara Mohawk Power Corporation
Offered Securities:	\$600,000,000 aggregate principal amount of 1.960% Senior Notes due June 27, 2030. \$500,000,000 aggregate principal amount of 3.025% Senior Notes due June 27, 2050.
Maturity Date:.....	The Green Notes will mature on June 27, 2030. The 2050 Notes will mature on June 27, 2050.
Interest Rate:.....	The Green Notes will bear interest at the rate of 1.960% per annum. The 2050 Notes will bear interest at the rate of 3.025% per annum.
Interest Payment Dates:	Interest on the Green Notes will be payable semi-annually in arrears on June 27 and December 27 of each year, commencing on December 27, 2020. Interest on the 2050 Notes will be payable semi-annually in arrears on June 27 and December 27 of each year, commencing on December 27, 2020.
Ranking:.....	The Notes will be our unsecured senior obligations and will: • rank <i>pari passu</i> in right of payment with our existing and any future senior indebtedness; • rank senior in right of payment to any of our existing and future subordinated indebtedness; • be effectively subordinated in right of payment to any of our existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness; and • be effectively subordinated in right of payment to any existing and future indebtedness and other liabilities of each of our subsidiaries, if any.
Optional Redemption:.....	At any time prior to March 27, 2030, we may redeem the Green Notes, in whole or in part, at a price equal to the greater of 100% of the principal amount of the Notes to be redeemed and a “make-whole premium,” plus accrued and unpaid interest, if any, to the Redemption Date (as defined herein). On or after March 27, 2030 (three months prior to maturity), we may redeem the Green Notes, in whole or in part, at a price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest thereon to, but not including, the

	Redemption Date. At any time prior to December 27, 2049, we may redeem the 2050 Notes, in whole or in part, at a price equal to the greater of 100% of the principal amount of the Notes to be redeemed and a “make-whole premium,” plus accrued and unpaid interest, if any, to the Redemption Date (as defined herein). On or after December 27, 2049 (six months prior to maturity), we may redeem the 2050 Notes, in whole or in part, at a price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest thereon to, but not including, the Redemption Date. See “Description of Notes—Optional Redemption.”
Certain Covenants:.....	The indenture governing the Notes will contain covenants limiting our ability to merge, consolidate, sell or otherwise dispose of all or substantially all of our assets. See “Description of Notes—Certain Covenants.” The indenture governing the Notes will not limit our ability to incur debt or create liens.
Form and Denomination:	The Notes initially will be represented by global notes in registered form. Interests in the Notes will be issued in minimum denominations of \$2,000 and integral multiples of \$1,000. See “Book-Entry, Delivery and Form.”
Use of Proceeds:	We intend to use the net proceeds from the sale of the Green Notes to fund Eligible Green Projects. We intend to use the net proceeds from the sale of the 2050 Notes for general corporate purposes. See “Use of Proceeds.”
Transfer Restrictions:.....	We have not registered the offer or sale of the Notes under the Securities Act or any state or other securities laws. The Notes are subject to restrictions on transfer and may only be offered or sold in transactions exempt from or not subject to the registration requirements of the Securities Act. See “Notice to Investors; Transfer Restrictions.” We will not register the Notes for resale under the Securities Act or the securities laws of any other jurisdiction or offer to exchange the Notes for registered Notes under the Securities Act or the securities laws of any other jurisdiction.
Taxation:	If an amount in respect of taxes is legally required to be deducted or withheld from interest, principal or other payments on the Notes, neither we nor any paying agent or any other person would, pursuant to the terms of the Notes, be required to pay additional amounts as a result of the deduction or withholding.
No Prior Market:.....	The Notes are new issues of securities with no established trading market. The initial purchasers have advised us that they intend to make a market in the Notes. The initial purchasers are not

obligated, however, to make a market in the Notes, and any such market-making may be discontinued by the initial purchasers at their discretion at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained.

Ratings: It is expected that the Notes will be rated A3 Negative Outlook by Moody's Investors Service, Inc. and A- Stable by Standard & Poor's Rating Services, subject to confirmation at closing.

A security rating is not a recommendation to buy, sell or hold the Notes and may be subject to revisions, suspension or withdrawal at any time by the assigning rating agency.

Listing: We do not intend to apply for listing of the Notes on any securities exchange or for inclusion of the Notes in any automated quotation system.

Registrar: The Bank of New York Mellon

Trustee and Paying Agent: The Bank of New York Mellon, acting through its London Branch

Governing Law: The indenture governing the Notes will be governed by, and construed in accordance with, the laws of the State of New York.

Risk Factors: You should carefully consider the information set forth in the section entitled "Risk Factors" and the other information included in this Offering Memorandum in deciding whether to purchase the Notes.

RISK FACTORS

You should carefully consider the risk factors set forth below as well as the other information contained in this Offering Memorandum before purchasing the Notes. This Offering Memorandum contains forward-looking statements that involve risk and uncertainties. Any of the following risks could materially and adversely affect our business, financial condition or results of operations. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially and adversely affect our business, financial condition or results of operations. In such a case, you may lose all or part of your original investment.

Regulatory and Environmental Risks

We are subject to extensive and complex legislation and regulations that affect our business, financial position and condition, results of operations and reputation.

We are subject to extensive legislation and regulations enforced by various regulatory agencies and authorities. These regulatory agencies and authorities include the FERC, the EPA, the DEC and the NY PSC. We are also subject to regulation and oversight by other federal, state and local agencies, including audits by tax authorities and other regulators. Regulations affect almost every aspect of our business and limit our ability to independently make and implement management decisions regarding business combinations, disposing of operating assets, setting rates charged to customers, securing adequate supplies of natural gas, issuing debt and engaging in transactions between us and our affiliates. Moreover, legislation and regulatory decisions also affect matters unique to our business, including whether franchises to operate are granted or renewed, the decoupling of energy usage and revenue, and remuneration for stranded assets. Compliance with the requirements under these various regulatory regimes may cause us to incur significant additional costs, which may or may not result in additional remuneration, and failure to comply with such requirements could result in the shutdown of any non-complying facility, the imposition of liens, fines and/or civil or criminal liability.

We may experience adverse impacts on our gas supply resulting from the need for regulatory permitting of gas pipelines and other infrastructure projects. If new gas pipelines or other infrastructure projects are needed to provide natural gas to our customers in our Service Territory in the future, these projects will require various state and local permits for construction and operation. These permitting requirements create a risk that infrastructure options will not be available on a schedule that avoids future service restrictions. Any impact on our gas supply could have a material impact on our business, financial position and condition, results of operations and reputation.

Legislation and regulations are subject to ongoing policy initiatives, and we cannot predict the future course of legislation or regulations and their ultimate effects. If more onerous requirements are imposed, or our ability to recover costs under the applicable regulatory framework may change. This could have a material impact on our business, financial position and condition, results of operations and reputation.

Recovery of our costs is subject to regulatory review and approval, and we may not be able to recover the costs of substantial capital expenditures and investments.

Our rates are established by regulatory proceedings. These proceedings typically involve multiple parties, including government bodies and officials, consumer and environmental advocacy groups and various consumers of energy, who have differing concerns, but who generally have the common objective of limiting rate increases. Decisions are subject to appeal, potentially leading to additional uncertainty associated with the approval proceedings.

While rate regulation is premised on providing us a fair opportunity to obtain a reasonable rate of return on invested capital, the regulatory commissions do not guarantee that we will be able to realize a reasonable rate of return. Moreover, we may not be able to recover certain costs, including with respect to the construction, modernization and/or acquisition of electric transmission and gas and electric distribution facilities, as well as other initiatives (e.g., site remediation). Failure to recover any such costs could adversely affect our results of operations. While we may seek to limit the impact of any failure to recover

costs by attempting to reduce the scope of our capital expenditures and investments, there can be no assurance as to the effectiveness of any such mitigation efforts, particularly with respect to previously incurred costs and commitments.

We are subject to numerous environmental, health and safety laws and regulations that could adversely affect our business, financial position and condition, results of operations and reputation.

We are subject to numerous environmental, health and safety laws and regulations that affect many aspects of our operations, including our use and generation of hazardous and potentially hazardous wastes, products and by-products. In addition, there are aspects of our operations that are not currently subject to environmental, health or safety laws and regulations but that could become subject to regulation in the future. We are increasingly subject to regulation in relation to climate change and are affected by requirements to reduce greenhouse gas emissions and energy use by our customers. Compliance with current and potentially more stringent future laws and regulations has required, and may in the future require significant capital and operating expenditures, including expenditures for new equipment and transmission and distribution infrastructure, inspection and clean-up costs and damages arising out of contaminated properties. Compliance activities pursuant to any such regulations could be prohibitively expensive. As a result, some facilities may be required to shut down or alter their operations. Further, we may not be able to obtain or maintain all required environmental, health and safety regulatory approvals for our facilities. If we or third parties operating our facilities fail to obtain or maintain such approvals or comply with any applicable environmental, health and safety laws and regulations, we may be subject to penalties and fines or other sanctions or liabilities. In addition, we could suffer damage to our reputation or face third-party claims or community opposition. A significant health, safety or environmental incident, the failure of our safety or environmental processes, or a breach of, or noncompliance with, our environmental, health and safety, legal, regulatory or contractual obligations could materially adversely affect our business, financial position and condition, results of operations and reputation.

Environmental laws and regulations also impose obligations to remediate contaminated properties or to pay for the cost of such remediation, often on parties that did not actually cause the contamination and including current and prior owners and operators of property and parties whose waste was disposed of at a property. We generally are responsible for on-site liabilities, and in some cases off-site liabilities, associated with our operations or the environmental condition of our current and former assets, including former manufactured gas production (“MGP”) facilities, former electric generation-related assets, electric transmission and electric and natural gas distribution assets that we have acquired or developed, and, if deemed liable, for third-party waste disposal sites to which we have sent waste, regardless of when the liabilities arose and whether they are known or unknown. Additionally, third parties, such as adjoining land owners, may make demands for cleanup costs and may bring claims against us alleging property damage or personal injury. We have taken reserves based on currently available information with respect to the investigation and remediation of contaminated sites for which we know we bear some or all of the responsibility. However, the cost of future environmental remediation obligations is often inherently difficult to estimate, and uncertainties can include the extent of contamination, the appropriate corrective actions and our share of the liability. It is possible such reserves will increase in the future by material amounts in the event new sites are identified, currently unknown contamination is discovered, other potentially responsible parties fail to pay their share, or there are changes in laws or policies (or the enforcement or interpretation thereof) relating to the investigation or remediation of those sites. In connection with acquisitions and divestitures, we may obtain or require indemnification against some environmental liabilities. If we incur a material liability, or the other party to a transaction fails to meet its indemnification obligations, we could suffer material losses. In addition, future events, such as changes in existing laws or policies or their enforcement, or the discovery of currently unknown contamination, may give rise to additional costs or liabilities that may be material.

We are increasingly subject to regulation in relation to climate change and are affected by requirements to reduce our own carbon emissions as well as to enable reduction in energy use by our customers. If more onerous requirements are imposed or our ability to recover these costs under the relevant regulatory

framework changes, this could have a material adverse impact on our business, financial position and condition, results of operations and reputation.

Increased operating costs, changes in commodity prices and regulations affecting our ability to pass through increased commodity prices may have an adverse effect on our results of operations.

Our income under our rate plan is not linked to inflation. In periods of inflation, our operating costs may increase by more than our revenues and could materially affect the results of our operations. Changes in commodity prices could impact our business. Our current rate plan permits us to pass through virtually all of the increased costs related to commodity prices to consumers. However, if this ability were restricted, it could have an adverse effect on our results of operations. In addition, we have numerous long-term agreements of varying duration that are material to the operation of our business, such as power purchase and commodity, natural gas supply and transportation contracts, and the failure to maintain, renew or replace these agreements on satisfactory terms and conditions could increase our exposure to changes in commodity prices.

Operational Risks

We are subject to operating uncertainties that could adversely affect our business, financial position and condition, results of operations and reputation.

The operation of complex transmission and distribution systems involves many operating uncertainties and events, many of which are beyond our control. These potential events include the breakdown or failure of pipelines, transmission and distribution lines or other equipment or processes, unscheduled facility outages, interruption or unavailability of critical equipment, materials and supplies, or performance below expected levels of output, capacity or efficiency.

In addition to these risks, we may be affected by other potential events that are largely outside our control, such as fire, earthquakes or explosions, acts of terror or vandalism and the impact of weather (including as a result of climate change and recent extreme weather events, including the occurrence of major storms, such as Hurricane Irene in 2011, Superstorm Sandy in 2012 and Winter Storm Jonas in January 2016 and flooding). We apply for rate recoveries from the NY PSC and for additional costs relating to severe weather and the NY PSC reviews such costs for prudence. In the event that the NY PSC were to deem that such costs were imprudently incurred, such costs would not be approved or reimbursed. Weather conditions can affect financial performance and severe weather that causes outages or damages infrastructure together with our actual or perceived response could materially adversely affect our business, financial position and condition, results of operations and reputation.

Any of these risks or other operational risks could cause us to fail to meet the standard of service as established by the NY PSC and expected of utilities or significantly reduce or eliminate our revenues or significantly increase our expenses. For example, if we cannot operate our electric or natural gas facilities at full capacity due to damage caused by a catastrophic event or terrorist act, our revenues could decrease due to decreased sales and our expenses could increase due to the need to obtain energy from more expensive sources. In addition, we could be subject to regulatory penalties if we fail to meet certain service quality or operational performance standards, as applicable. Furthermore, a failure of, or damage to, our electric or natural gas distribution facilities or electric transmission system could result in a fire, explosion or other occurrence which could result in bodily injury, death, property damage or the release of hazardous substances. In the event of such accident, we could be required to pay substantial amounts to compensate others for injury or death or other damage, including property damage. Such an accident could also adversely affect our reputation and brand and result in adverse proceedings and the imposition of material fines and penalties. Some of these payments may not be covered by our insurance policies or could exceed our coverage under such policies and the occurrence of such an event could adversely affect the cost and availability of such insurance in the future. Any reduction of revenues or increase in our expenses resulting from the risks described above could adversely affect our business, financial position or condition, results of operations and reputation.

We may suffer a major network failure or interruption, or may not be able to carry out critical non-network operations due to the failure of technology supporting our business-critical processes.

Operational performance could be materially adversely affected by a failure to maintain the health of the system or network, inadequate forecasting of demand, a failure or interruption on the interstate natural gas pipelines supplying the Service Territory, inadequate record keeping or control of data or failure of information systems and supporting technology. This could cause us to fail to meet agreed standards of service, incentive and reliability targets, or be in breach of a license, approval, regulatory requirement or contractual obligation. Even incidents that do not amount to a breach could result in adverse regulatory and financial consequences, as well as harming our reputation.

Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

In the ordinary course of our business, we collect and store sensitive data, including our proprietary business information and that of our customers, suppliers and business partners, and personally identifiable information of our customers and employees, in our data centers and on our networks. The secure processing, maintenance and transmission of this information is critical to our operations and business strategy. Controls for our IT processes have been redefined and are substantially aligned to the National Institute of Standards and Technology. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions.

Any malicious attack, sabotage or other intentional acts, including breaches of our cyber security, may damage our assets (which include critical national infrastructure) and could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Unauthorized access to, or deliberate breaches of, our IT systems may also lead to manipulation of our proprietary business data or customer information. Even where we establish business continuity controls and security against threats against our systems, these may not be sufficient. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information and regulatory penalties, disruption of our operations, significant negative effects to our corporate activities and the services we provide to customers and damages to our reputation and business, which could have an adverse effect on our business, financial position or condition, results of operations and reputation.

Our reputation may be harmed if customers suffer a disruption to their energy supply even if this disruption is outside of our control.

We are responsible for transporting available electricity and gas and, for those customers that have not chosen another supplier, we are also responsible for acquiring and providing electricity and gas that we procure from commodity suppliers. However, where there is insufficient supply, no matter the cause, our role is to manage the system safely, which may require us to disconnect or curtail current customers or refuse new customers, which may result in reputational harm to us.

We face risks related to health epidemics and other outbreaks, including Covid-19 which could materially adversely affect us.

Covid-19 and associated counter-measures are currently affecting countries, communities, supply chains and markets, including our Service Territory. If the spread of Covid-19 persists or worsens, Covid-19 could have adverse effects on our workforce, including as a result of large-scale numbers of employees working from home (and some employees sequestered), which could affect our ability to maintain our network and provide service. In addition, disruption of supply chains could adversely affect our system or network. Covid-19 has also resulted in extraordinary economic circumstances in our market which could negatively affect our customers' ability to pay their energy bills. We have suspended debt collection and customer termination activities across our Service Territory, which is resulting in lower customer collections and increasing debt provisions in the near term, and could result in further levels of bad and doubtful debt and associated provisions. Changes in law or regulation, or decisions by governmental bodies or regulators

and increased political and economic uncertainty, including responses to Covid-19, could materially adversely affect us. Due to Covid-19, we delayed filing a new rate case with the NY PSC. We continue to work closely with regulators and other relevant authorities in progressing our capital expenditures and investments; however, we are starting to see some delays and disruption. The extent to which Covid-19 could materially adversely affect our liquidity, business, financial condition, results of operations and reputation will depend on future developments, which are highly uncertain and cannot be predicted, new information concerning the severity of Covid-19, and the scope, duration, cost to us and overall economic impact of actions taken to contain it or mitigate its effects.

Our results of operations depend on a number of factors relating to business performance, including performance against regulatory targets and the delivery of anticipated cost and efficiency savings.

Earnings maintenance and growth from our regulated gas and electricity businesses will be affected by our ability to meet or exceed efficiency and integration targets that underlie our retail rate plans and service quality or operational performance standards, as applicable, approved by the NY PSC. In addition, from time to time, we publish cost and efficiency savings targets for our businesses. To meet these targets and standards, we must continue to improve operational performance, service reliability and customer service. If we do not meet these targets and standards, we may not achieve the expected benefits and our business may be adversely affected and our performance, results of operations and reputation may be harmed.

Our indebtedness could adversely affect our business and financial position or condition.

The amount of our indebtedness could limit our ability to obtain additional financing for working capital, capital expenditures, debt service requirements or other purposes. It may also increase our vulnerability to adverse economic, market and industry conditions, and limit our flexibility in planning for, or reacting to, changes in our business operations or the industry overall. Any or all of the above events and factors could have an adverse effect on our business and financial condition and results of operations.

Our debt agreements contain or future debt agreements may contain covenants that limit our flexibility in operating our business. In addition, we are subject to restrictions imposed by regulators that may adversely affect our financial position.

Our current and future debt agreements, including the indenture governing the Notes offered hereby, contain or may contain various covenants that limit our ability to engage in specified types of transactions. We are also subject to restrictions on financing that have been imposed by regulators. These covenants and restrictions limit or may limit our ability to, among other things:

- incur additional indebtedness;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets (such as in the Indenture (as defined herein)); and
- enter into certain transactions with our affiliates.

Certain of our debt agreements contain covenants, including those relating to the periodic and timely provision of financial information. Failure to comply with these covenants, or to obtain waivers of those requirements, could in some cases trigger a right, at the lender's discretion, to require repayment of some of our debt and may restrict our ability to draw upon our facilities or access capital. For further information regarding our debt agreements, see note 10 to our financial statements for the years ended March 31, 2020, 2019 and 2018 included in this Offering Memorandum.

The restrictions on financing imposed on us by regulators include regulatory requirements for us to maintain adequate financial resources within certain parts of our operating businesses and may restrict our ability to engage in certain transactions, including paying dividends, lending cash and levying charges. These restrictions and covenants could materially and adversely affect our ability to finance our future operations or capital needs. Furthermore, they may restrict our ability to conduct and expand our business and pursue our business strategies.

We rely on access to the capital markets. If we are unable to access capital markets or the cost of capital was to substantially increase, our liquidity and operations could be adversely affected.

Our business is partly financed through debt, and the maturity and repayment profile of debt used to finance investments does not always correlate to cash flows from our operations. Accordingly, we rely on access to banks and capital markets as sources of long-term financing. Our ability to obtain financing and the costs of such capital are dependent on numerous factors, including our levels of indebtedness, maintenance of acceptable credit ratings, financial performance, liquidity and cash flows, and market conditions. Market conditions that could adversely affect our financing costs and the availability of financing include:

- current financial market and general and local economic conditions;
- market prices for electricity and gas;
- variable interest rates on future borrowings;
- rates of inflation; and
- the overall health of the utility industry.

The global financial markets have experienced and may continue to experience extreme volatility and disruption, which could have an adverse effect on the market price of the Notes. This extreme volatility and disruption has led to unprecedented reduced liquidity and increased credit risk premiums for many market participants. If we are not able to access capital at competitive rates, our ability to finance our operations and implement our strategy will be adversely affected.

Prolonged disruptions of our business operations due to work stoppages or strikes could adversely affect our business, financial position or condition, results of operations and reputation.

Most of our workforce is covered by collective bargaining agreements, which affect our labor costs. We believe that we have satisfactory relations with our unions. However, we cannot assure you that we will be able to reach new agreements with the unions on satisfactory terms when the two current collective bargaining agreements expire; one in 2021 and one in 2023. Nor can we assure you that new agreements will be reached without work stoppages, strikes or similar industrial actions. If industrial actions substantially interrupt our operations for extended periods, our business and results of operations could suffer material harm.

Disruptions of the business operations, strikes or similar measures at our customers' or suppliers' sites could also have a material adverse impact on our business, financial position or condition, results of operations and reputation.

Future funding requirements of our post-retirement plans could adversely affect our results of operations.

We participate in a qualified and non-qualified non-contributory defined benefit pension plan that covers substantially all of our employees. See note 9 to our audited financial statements for the years ended March 31, 2020, 2019 and 2018 included elsewhere in this Offering Memorandum for additional information. In addition, we provide "post-retirement benefits other than pension benefits" ("PBOPs") to all of our employees who meet applicable eligibility requirements. PBOPs provide health care and life insurance coverage to eligible retired employees. Eligibility is based on age and length of service requirements and, in most cases, retirees must contribute to the cost of their coverage. Although we did contribute to PBOPs during the year ended March 31, 2018, we did not contribute to the PBOPs during the years ended March 31, 2019 and 2020. As of March 31, 2020, equity securities, which are subject to market fluctuation, accounted for a substantial portion of the fair value of the assets of our post retirement plans. Any decline in the market value of equity securities held by the plans may increase future funding requirements.

Estimates of the amounts and timing of future fundings for our post-retirement plans are based on various actuarial assumptions and other factors including, among other things, the actual and projected market performance of the plan assets, future long-term bond yields, average life expectancies, employee demographics, future health care costs, governmental regulation and relevant legal requirements. Changes in

these assumptions and other factors may require us to make additional contributions to these post-retirement plans which, if they are no longer recoverable (under applicable state rate plans, for example), could have a material adverse effect on our results of operations and financial condition. See “Business—Regulations and Rate Plans—Rate Plans and Allowed ROE in Context—Features of Our Rate Plans.”

Our operating results may fluctuate on a seasonal and quarterly basis.

Our electricity and gas businesses are generally seasonal businesses. In particular, revenues from our gas distribution business are weighted towards the end of our financial year, when demand for gas increases due to colder weather conditions. As a result, we are subject to seasonal variations in working capital because we generally purchase gas supplies for storage in the first and second quarters of our financial year and must finance these purchases. Accordingly, our results of operations for this business fluctuate substantially on a seasonal basis. In addition, portions of our electricity businesses are seasonal and subject to weather and related market conditions. Sales of electricity to customers are influenced by temperature changes, and significant changes in heating or cooling requirements could have significant effects on our electricity business and/or our natural gas business. While our current rate plan includes weather normalization provisions and a Revenue Decoupling Mechanism (“**RDM**”) for certain customer classes, unusually mild weather in the future could diminish our results of operations and harm our financial condition. Conversely, unusually extreme weather conditions, such as heat waves or winter storms, could cause seasonal fluctuations to be more pronounced and increase our results of operations in a manner that would not likely be sustainable. As a result, fluctuations in weather between years may have a significant effect on our results of operations for both gas and electricity businesses.

Customers and counterparties may not perform their obligations.

Our operations are exposed to the risk that customers, suppliers, banks and other financial institutions and others with whom we do business will not satisfy their obligations, which could materially adversely affect our financial position or condition. This risk is significant where we have concentrations of receivables from gas and electricity utilities and their affiliates, as well as industrial customers and other purchasers, and may also arise where customers are unable to pay us as a result of increasing commodity prices or adverse economic conditions. Banks that provide us with credit facilities may also fail to perform under those contracts.

We may fail to attract, develop and retain employees with the competencies, including leadership and business capabilities, values and behaviors required to deliver our strategy and vision and ensure they are engaged to act in our best interests.

Our ability to operate effectively and implement our strategy depends on the capabilities and performance of our employees and leadership at all levels. Our ability to implement our strategy and vision may be negatively affected by the loss of key personnel or an inability to attract, integrate, engage and retain appropriately qualified personnel, or if significant disputes arise with our employees. As a result, there may be a material adverse effect on our business, financial condition, results of operations and prospects.

There is a risk that an employee or someone acting on our behalf may breach our internal controls or internal governance framework or may contravene applicable laws and regulations. This could have an impact on our business, financial position or condition, results of operations, reputation and relationship with our regulators and other stakeholders.

Risks Related to the Notes

Your right to receive payments on the Notes is effectively subordinate to those lenders who have a security interest in our assets.

Our obligations under the Notes are unsecured. In the future, we may incur indebtedness that is secured by certain or substantially all of our tangible and intangible assets, including the capital stock of any of our existing and future subsidiaries. Additionally, we have previously issued notes with a negative pledge. Under certain circumstances, those previously issued notes could become secured, and the Notes could become structurally subordinated to such previously issued notes to the extent of such security. If we were unable to

repay any such secured indebtedness, the creditors of such obligations could foreclose on the pledged assets to the exclusion of holders of the Notes, even if an event of default exists under the indenture governing the Notes offered hereby at such time. In any such event, because the Notes will not be secured by any of our assets, it is possible that there would be no assets remaining from which your claims could be satisfied or, if any assets remained, they might be insufficient to fully satisfy your claims.

Claims of Noteholders will be structurally subordinate to claims of creditors of all of our subsidiaries, if any.

The Notes will not be guaranteed by any of our subsidiaries, if any. Accordingly, claims of holders of the Notes will be structurally subordinate to the claims of creditors of our subsidiaries, if any, including trade creditors. All obligations of any of our subsidiaries, if any, will have to be satisfied before any of the assets of such subsidiaries would be available for distribution, upon a liquidation or otherwise, to us.

There are restrictions on your ability to transfer or resell the Notes without registration under applicable securities laws.

The Notes are being offered and sold pursuant to an exemption from registration under U.S. federal and applicable state securities laws. In addition, we are not required to commence an exchange offer for the Notes, or to register sales of the Notes under the Securities Act. Therefore, you may transfer or resell the Notes in the United States only in a transaction registered under or exempt from the registration requirements of the U.S. federal and applicable state securities laws, and you may be required to bear the risk of your investment for an indefinite period of time. See “Notice to Investors; Transfer Restrictions.”

The Notes have not been registered under the Securities Act or any state securities laws and, unless so registered, may not be re-offered or re-sold except pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws. We do not intend to register the Notes under the Securities Act or to offer to exchange the Notes in an exchange offer registered under the Securities Act. As a result, we will not be subject to the reporting requirements of the Exchange Act, and holders of Notes will only be entitled to receive the information about us specified under “Description of Notes—Certain Covenants-Reports and Other Information” including the information required by Rule 144A(d)(4) under the Securities Act.

Your ability to transfer the Notes may be limited by the absence of an active trading market, and there is no assurance that any active trading market will develop for the Notes.

The Notes are a new issue of securities for which there is no established public market. The Notes will neither be listed on any securities exchange nor included in any automated quotation system.

The initial purchasers have advised us that they intend to make a market in the Notes, as permitted by applicable laws and regulations; however, the initial purchasers are not obligated to make a market in the Notes, and they may discontinue their market-making activities at any time without notice. Therefore, we cannot assure you that an active market for the Notes will develop or, if developed, that it will continue. In addition, subsequent to their initial issuance, the Notes may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar Notes, our performance and other factors.

There can be no assurance that the projects funded with the net proceeds from the Green Notes will meet investor criteria and expectations regarding environmental impact and sustainability performance.

This Offering Memorandum provides that we intend to apply the proceeds from the offer of the Green Notes specifically for projects and activities that promote climate-friendly and other environmental purposes (“**Eligible Green Projects**”) in accordance with National Grid plc’s Green Financing Framework (as defined herein). Prospective investors should have regard to the information set out in this Offering Memorandum regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in the Green Notes together with any other investigation such investor deems necessary.

There is currently no clearly-defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes “green” or “sustainable” or an equivalently labelled project or as to what precise attributes are required for a particular project to be defined as “green” or “sustainable” or such other equivalent label. While there are various on-going initiatives seeking to identify and agree regulatory definitions and criteria, no assurance can be given that such a clear definition or regulatory or market consensus will develop over time, nor certainty as to how it may be applied and what effect it may have. Accordingly, no assurance is or can be given to investors that any projects or uses the subject of, or related to, any Eligible Green Projects, will meet any or all investor expectations regarding such “green”, “sustainable” or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Green Projects. While we intend to apply the proceeds of the Green Notes for Eligible Green Projects in, or substantially in, the manner described herein, there can be no assurance that the relevant project(s) or use(s) the subject of, or related to, any Eligible Green Projects will be capable of being implemented in, or substantially in, such manner and/or in accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such Eligible Green Projects. Nor can there be any assurance that such Eligible Green Projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated. Any such event or failure by us will not constitute an Event of Default under the Notes.

Any such event or failure to apply the proceeds of the Green Notes for any Eligible Green Projects as aforesaid may have a material adverse effect on the value of the Green Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose. Additionally, no assurance or representation is given by us, any of the Initial Purchasers or any other person as to the suitability or reliability for any purpose whatsoever of any opinion or certification (whether or not solicited by us) which may be made available in connection with the issue of the Green Notes or in relation of the ability of any Eligible Green Projects to fulfil any environmental, sustainability and/or other criteria. Any such opinion or certification may not address risks that may affect the value of Green Notes or the Eligible Green Projects and is not, nor should be deemed to be, a recommendation by us, any of the Initial Purchasers or any other person to invest in the Green Notes. Additionally, any withdrawal of any such opinion or certification or any such opinion or certification attesting that we are not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on may have a material adverse effect on the value of the Green Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of March 31, 2020 on a historical basis and as adjusted to give effect to this offering and the application of the net proceeds therefrom as described under “Use of Proceeds” (assuming the proceeds are held in cash). You should read this table in conjunction with “Use of Proceeds,” “Selected Financial Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our financial statements and the related notes included elsewhere in this Offering Memorandum.

	As of March 31, 2020	
	Historical	As Adjusted
	(in thousands of dollars)	
Cash and cash equivalents.....	\$ 9,454	\$ 1,103,304
Long-term debt		
Notes offered hereby	—	1,100,000
Other long-term debt (excluding current portion) ¹	2,514,420	2,514,420
Total shareholders’ equity	5,063,251	5,063,251
Total preferred equity	28,985	28,985
Total capitalization	\$ 7,577,671	\$ 8,677,671

¹ We have no current long-term debt.

USE OF PROCEEDS

We intend to use the net proceeds from the sale of the 2050 Notes for general corporate purposes.

We intend to use the net proceeds from the sale of the Green Notes to finance or refinance, in whole or in part, new or existing, Eligible Green Projects carried out by us. Our parent, National Grid plc, has established a Green Financing Framework (the “**Green Financing Framework**”) which this Notes issuance will fall under. In connection with the Green Financing Framework, National Grid plc received from DNV-GL, a sustainability consulting firm, an independent opinion dated November 13, 2019 (the “**Opinion**”) confirming that National Grid’s Green Financing Framework dated November 2019 is in compliance with the International Capital Market Association (“**ICMA**”) Green Bond Principles 2018 edition. The ICMA Green Bond Principles are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond market. DNV-GL’s Opinion dated November 13, 2019, as may be updated or replaced from time to time, is available at <https://investors.nationalgrid.com/debt-investors/green-financing/>. The information contained on, or accessible through, our, or National Grid plc’s, website is not part of this offering memorandum and is not incorporated herein by reference.

We and National Grid plc have an important role to play in the transition towards a low-carbon economy by investing in the decarbonization of electricity networks and we support the State of New York’s goal of achieving net zero emissions by 2050 and carbon-free electricity by 2040.

Eligible Green Projects are selected by us in our sole discretion based on their contribution to sustainable development, their environmental benefits relating to climate change mitigation and/or adaptation, and their contribution to energy transition (which includes the decarbonization of our electricity networks). As described in the Green Financing Framework, investments in our natural gas distribution system are excluded from Eligible Green Projects.

Our Eligible Green Projects will mainly focus on:

- *Renewable Energy* – investments and/or expenditures in our capital investment projects aimed at increasing or maintaining the share of renewable low carbon electricity below the threshold of 100g CO₂e per kWh in our electric transmission and distribution network. These investments and/or expenditures are anticipated to be fully eligible, i.e. we would not apply the Renewable Energy Capacity Ratio (as defined below) to these projects.

In addition to the fully eligible projects, in order to increase the share of low-carbon electricity in our electricity transmission and distribution network, we have made, and plan to continue making, capital investments that contribute to maintaining, integrating and enhancing the transmission and distribution capacity of renewable energy in our electricity networks. The proportion of these investments and/or expenditure that is eligible is calculated by applying a renewable energy capacity ratio (the “**Renewable Energy Capacity Ratio**”) to our electric capital investments² made in the 36 months prior to or at any time following the issuance of the Green Notes until the maturity of the Green Notes. See “—Management of Proceeds.”

Our current Renewable Energy Capacity Ratio³ which we plan to apply to the Green Notes is approximately 30%. The Renewable Energy Capacity Ratio represents the maximum share of

² Net of contribution in aid of construction, i.e. projects which are reimbursable by customers.

³ The Renewable Energy Capacity Ratio is the sum of the our distribution active demand response (i.e. our ability to shift customer demand of electricity based on available supply) (A) and the installed renewable resources capacity of electricity generators connected to our system (i.e. the intended (nameplate) full-load sustained output of a generation facility connected to our transmission or distribution networks, excluding large-scale hydro-electricity plants (greater than 25MW)) (B) located within our Service Territory in the current calendar year (and as reported to the NY PSC and NYSEDA and published by the NY ISO respectively), divided by the total projected peak load forecasts for the next calendar year (i.e. weather and

renewable energy expected to flow through our electricity networks. The Renewable Capacity Ratio is based on distribution active demand response⁴ and the renewable resources transmission⁵ and distribution⁶ installed capacity in 2020, both located within our Service Territory, and our total projected peak load forecasts for the summer of 2021⁷. Using this Renewable Energy Capacity Ratio, which excludes large-scale hydro above 25MW, we consider that approximately 30% of our capital investment is invested in renewable energy, since that is the maximum share of renewable energy which has flowed and is expected to continue to flow through our electricity network in the 36 months prior to the issuance of the Green Notes and in calendar year 2021.

Our Eligible Green Projects may also include, but are not limited to (and to which we would not plan to apply the Renewable Energy Capacity Ratio):

- *Energy Efficiency* – investments and/or expenditures in projects that would reduce energy consumption, improve network/energy efficiency and/or reduce electricity grid losses, such as storage systems, smart equipment, power control devices, LED conversion programs, or energy efficiency demonstration projects.
- *Clean Transportation* – investments and/or expenditures in projects that would reduce greenhouse gas emissions from transport, such as electric vehicle programs.
- *Pollution Prevention and Control* – investments and/or expenditures in projects that would reduce waste and greenhouse gas emissions, such as the refurbishment of underground cables to reduce the risk of environmental pollution.
- *Environmentally Sustainable Management of Living Natural Resources and Land Use* – investments and/or expenditures in projects that would reduce the impact on land and terrestrial biodiversity, such as avian mitigation and/or conservation programs.

Process for Project Evaluation and Selection

In conjunction with the Green Financing Framework, National Grid plc established a Green Financing Committee (“GFC”). The GFC (i) carries out the process of project evaluation and selection, (ii) monitors and approves the annual green financing report processes and publication and (iii) reviews and approves the Green Financing Framework and any changes proposed or made to the Green Financing Framework. The GFC consists of representatives from the following National Grid plc areas: Sustainability, Group Finance, and each of the core business segments (UK Regulated, US Regulated and National Grid Ventures). The representatives include individuals responsible for planning and asset management across National Grid plc’s networks.

econometric-adjusted demand, net of distributed energy resources (e.g. small and geographically dispersed generation sources such as solar, energy storage and demand response resources, located on the distribution system (C), which we publish annually. The Renewable Energy Capacity Ratio equals: $(A + B) / C$.

⁴ Source: Niagara Mohawk Power Corporation d/b/a National Grid Program Performance and Cost Effectiveness Of Dynamic Load Management Programs, Case 15-E-0189, November 15, 2019. <http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={46EF2F20-0308-48A3-9A00-E510FF93F4BF}>.

⁵ Source: NY ISO 2020 Load and Capacity Data (Gold Book) <https://www.nyiso.com/documents/20142/2226333/2020-Gold-Book-Final-Public.pdf/>

⁶ Source: SIR Interconnection Queue Data (March 2020) - National Grid <http://www3.dps.ny.gov/W/PSCWeb.nsf/All/286D2C179E9A5A8385257FBF003F1F7E?OpenDocument>

⁷ Source: NIAGARA MOHAWK POWER COMPANY 2020 Electric Peak (MW) Forecast , http://ngrid-ftp.s3.amazonaws.com/DSIP/Docs/National_Grid_UNY_-_Peak_Load_Forecast.pdf.

We plan to select Eligible Green Projects according to our environmental strategy and the Green Financing Framework, and the Eligible Green Projects are expected to adhere to our environmental standards. New projects will be identified by our operational and/or finance teams and submitted to the GFC, which will evaluate their eligibility. The GFC will determine the allocation of net proceeds from the offering of the Green Notes.

Management of Proceeds

The net proceeds from the Green Notes will be tracked internally. We plan to have a dedicated portfolio of Eligible Green Projects, and an amount equivalent to the net proceeds of the Green Notes is planned to be earmarked for allocation to our portfolio, in accordance with the National Grid plc's Green Financing Framework. An Eligible Green Project will be earmarked for allocation only once.

Eligible Green Projects may include new projects, projects under construction or development or projects that have been completed, with disbursements made in the made in the 36 months prior to or at any time following the issuance of the Green Notes until the maturity of the Green Notes. We plan to adjust the balance of the tracked proceeds on a quarterly basis, in order to match allocations to Eligible Green Projects (re)financed during this period. We plan to maintain a level of allocation for our portfolio of Eligible Green Projects that matches or exceeds the net proceeds of the Green Notes. To this end, we plan to substitute any projects that are no longer eligible as soon as practical once an appropriate substitution option has been identified, on a best efforts basis.

The payment of principal and interest on the Green Notes will be made from our general funds and will not be linked to the performance of any Eligible Green Projects.

Where proceeds cannot be immediately allocated or reallocated, we will invest the balance of the net proceeds at our own discretion, including to the intercompany money pool.

Reporting

We intend to report on the allocation of the net proceeds and associated impact metrics of the Green Notes and intend to make such report publicly available on National Grid plc's website, either as part of National Grid plc's annual report or sustainability report, or as a standalone green bond report. We intend to report information on the allocation of the net proceeds and associated impact metrics of the Notes within one year and annually thereafter until full allocation of the net proceeds, and as necessary in the event of material development.

We intend to report relevant environmental metrics where feasible. Examples of potential relevant impact metrics include:

Renewable Energy	• CO2 emission avoided (tCO₂ e) • Renewable Energy Sources connected (MW)
Energy Efficiency	• CO₂ emission avoided (tCO₂ e) • Expected Energy savings per year (MWh)
Clean Transportation	• CO2 emissions avoided (tCO₂e)
Pollution Prevention and Control	• Waste reduction (tons)
Environmentally sustainable management of living natural resources and land use	• Total surface area (hectare)

We also intend to have an independent auditor review the allocation of proceeds, adherence to asset selection criteria and environmental metrics. We plan to make this report available on National Grid plc's website.

The information contained in, or accessible through, National Grid plc's website and the websites referenced in the footnotes in this section of the Offering Memorandum are not part of this Offering Memorandum and are not incorporated herein by reference.

SELECTED FINANCIAL DATA

The following table sets forth our selected financial data as of and for the periods indicated. The selected financial data as of March 31, 2020 and 2019 and for the fiscal years ended March 31, 2020, 2019 and 2018 have been derived from our audited financial statements included elsewhere in this Offering Memorandum.

The selected financial data set forth below should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the audited financial statements and related notes thereto appearing elsewhere in this Offering Memorandum.

	Years Ended March 31,		
	2020	2019	2018
(In thousands of dollars)			
Statement of Income Data			
Operating Revenues			
Electric services.....	2,440,741	2,557,146	2,452,486
Gas distribution	557,256	644,152	587,509
Total operating revenues.....	3,146,601	3,412,417	3,039,995
Operating expenses			
Purchased electricity.....	605,716	723,100	729,002
Purchased gas	166,603	275,843	210,580
Operations and maintenance ⁽¹⁾	1,295,615	1,283,313	1,078,544
Depreciation	300,724	297,397	256,995
Other taxes.....	299,539	288,036	276,089
Total operating expenses.....	2,668,197	2,867,689	2,551,210
Operating income	478,404	544,728	488,785
Other income and (deductions)			
Interest on long-term debt.....	(112,382)	(124,032)	(114,112)
Other interest, including affiliate interest	(40,849)	(44,130)	(39,756)
Other income (deductions), net.....	22,467	(12,615)	10,892
Total other deductions, net	(130,764)	(180,777)	(142,976)
	Years Ended March 31,		
	2020	2019	2018
(In thousands of dollars)			
Income taxes			
Current Tax Expense.....	22,038	16,894	163,527
Deferred Tax Expense (Benefit).....	60,814	65,428	(50,525)
Income tax expense	82,852	82,322	113,002
Net income.....	\$ 264,788	\$ 281,629	\$ 232,807

Note:—

- (1) Effective April 1, 2018, we adopted accounting guidance that changes the income statement presentation of net periodic benefit cost. Retrospectively, this guidance requires the service cost component to be disaggregated from other components of net benefit cost and presented in the same income statement line items as other employee compensation costs arising from services rendered during the period. The other components of net periodic benefits are presented separately from the line items that include the service cost and outside of any subtotal of operating income. However, the period reported in the audited financial statements as of and for the fiscal year

ended March 31, 2018 does not reflect the retrospective adoption of this guidance, as the retrospective application of the standard would not have impacted net income and the effect of the reclassifications is not considered material.

Years Ended March 31,		
2020	2019	2018
(In thousands of dollars)		

Statement of Cash Flows Data:

Net cash provided by operating activities.....	\$ 553,636	\$ 636,108	\$ 764,445
Net cash (used in) investing activities	(286,956)	(1,134,208)	(227,369)
Net cash (used in) provided by financing activities	(263,616)	490,869	(551,060)

As at March 31,	
2020	2019
(In thousands of dollars)	

Balance Sheet Data:

Cash and cash equivalents	\$ 9,454	\$ 16,028
Total assets	13,363,349	13,073,669
Total debt.....	2,524,165	3,274,165

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our results of operations and financial condition in conjunction with the section entitled "Selected Financial Data" and financial statements and related notes included elsewhere in this Offering Memorandum. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in the "Risk Factors" section of this Offering Memorandum. Actual results may differ materially from those contained in any forward-looking statements. See the "Forward Looking Statements" section of this Offering Memorandum.

Overview

We are a regulated public utility organized under the laws of the State of New York and subject to the New York Public Service Law. Our principal business consists of our regulated energy delivery business in the State of New York. As of March 31, 2020, we provided electric utility and natural gas utility services to approximately 1.7 million customers and approximately 0.6 million customers, respectively, within our Service Territory.

Electric revenue includes:

- *Retail sales* — delivery charges and recovery of purchased power costs and any applicable taxes from customers who purchase their electric supply from us as the POLR;
- *Delivery only sales* — charges for only the delivery of energy to customers who purchase their power from other electricity suppliers; and
- *Sales for resale* — sales of excess electricity to the New York Independent System Operator ("NYISO") at the market price of electricity. Any gains or losses on sales for resale are passed through directly to customers.

Gas revenue (i.e.–LDC) revenue includes:

- *Retail sales* — charges for distribution and transportation of natural gas to customers who purchase their natural gas supplies at cost from us as the POLR;
- *Transportation revenue* — charges for the transportation of natural gas to customers who purchase their natural gas supplies from other parties; and
- *Off-system wholesale sales* — sales of natural gas to wholesale customers for resale.

Our business is influenced by seasonal weather conditions. Annual gas revenues are principally realized during the heating season (November through April) as a result of the large proportion of heating sales in these months. Accordingly, results of the gas operations are generally most favorable during the winter months.

We are subject to regulation by the NY PSC with respect to the rates we charge our customers based on a methodology that establishes prices based primarily on our costs. Our current three-year rate plan went into effect on April 1, 2018. This rate plan, similar to previous rate plans, provides for rates that are based on our costs of service and regulatory asset base and provides for a return on capital expenditures and a recovery of commodity costs and other pass-through costs prudently incurred. For our electricity and gas businesses, our current rate plan permits an allowed return on equity ("**ROE**") of up to 9.0% and an equity to debt ratio of 48%, with approved capital expenditures of \$2.5 billion. Rate reconciliation mechanisms include a commodity-related bad debt true-up recovery mechanism that is partially in place and tracker and true-up mechanisms for property taxes and debt. Our electricity and gas rate plans also provide for an annual reconciliation of expenses related to pension and PBOP and site investigation remediation costs. The rate plan also includes cumulative combined electric and gas revenues increases of \$206 million, \$242 million and \$302 million in fiscal year 2019, 2020 and 2021, respectively, which reflect an estimate of the impact of changes to the federal corporate tax rate and bonus depreciation that is subject to true-up at the end of fiscal

year 2021. Our rate plan also includes an incentive/earnings adjustment mechanism that provides us the opportunity for additional earnings (70 basis points for electric and 37 basis points for gas) if we meet certain performance targets. Shareholders retain the first 50 basis points of outperformance. All these mechanisms permit recovery of revenue in circumstances in which actual costs exceed the costs estimated in the determination of the rate plan, thereby allowing us to avoid some loss of revenue in relation to regulatory lag. On March 19, 2020, the NY PSC granted regulatory approval to extend our financing authority through March 31, 2021. See – “Business—Regulations and Rate Plans.”

As part of our Company’s COVID-19 response to ease the financial impact on customers during the critical months of the pandemic, we obtained authorization from the NY PSC in its March 2020 Order to postpone for three months the approved electric and gas delivery rate increases and the annual update of the low income discount credits scheduled to take effect on April 1, 2020, and waiver of tariff fees in connection with the suspension of certain collection activities and non-essential services. In May 2020, the PSC approved our petition to further postpone the approved electric and gas delivery rate increases and the reduction to the low income discount credit until August 1, 2020. We expect to recover the electric and gas revenue shortfalls, resulting from the postponement over the remaining eight months of fiscal year 2021. The Low Income Energy Affordability Program deferrals for electric and gas will defer the impact of the postponement of the reduced low income discounts until August 1, 2020.

Results of Operations for the Year Ended March 31, 2020 and March 31, 2019.

The following discussion and analysis highlights items that affected our results of operations during the year ended March 31, 2020 and March 31, 2019.

Earnings Summary

Our net income decreased by \$16.8 million, or 6.0%, to \$264.8 million for the year ended March 31, 2020, as compared to \$281.6 million for the year ended March 31, 2019. This decrease in net income was primarily driven by an increase in bad debt expenses driven by an additional provision of \$36.4 million recognized in light of the cessation of customer terminations and collections due to the ongoing impact of the Covid-19 pandemic. Excluding that entry net income increased by \$10.0 million from the year ended March 31, 2019 as a result of changes in Pension and OPEB non-service cost amortizations of \$36.8 million providing increased positive returns, and a decrease in interest on long-term debt of \$11.7 million driven by the repayment of the \$750 million Senior Notes at 4.88% offset by a decrease in operating income of \$29.9 million. See “Other Income and (Deductions)” and “Interest on Long-term Debt”.

Operating Revenues

Operating revenues decreased by \$265.8 million, or 7.8%, to \$3,146.6 million for the year ended March 31, 2020, as compared to \$3,412.4 million for the year ended March 31, 2019. The components of operating revenues are as follows:

	Years Ended March 31,	
	2020	2019
	(in thousands of dollars)	
Electric services	\$ 2,440,741	\$ 2,557,146
Gas distribution	557,256	644,152
Revenue regulatory mechanisms.....	130,237	193,231
Other revenue.....	18,367	17,888
Total operating revenues	<u>3,146,601</u>	<u>3,412,417</u>

Electric Services

Electric services revenues decreased by \$116.4 million, or 4.6%, to \$2,440.7 million for the year ended March 31, 2020, as compared to \$2,557.1 million for the year ended March 31, 2019. The decrease was driven by decreases in electric revenues from residential customers of \$62.5 million, and decreases in electric revenues from commercial customers of \$32.0 million. The decrease in electric residential revenues was a direct result of a 5.0% decrease in kilowatt hour volumes due to the winter months being warmer and the summer months being cooler, resulting in less usage. The decrease in electric commercial revenues was mostly a result of the decrease in the average price of 11.2% due to a decrease in commodity prices offset by a less significant increase in delivery rates. Average price for residential customers were not significantly impacted as the decrease in commodity prices offset by a significant increase in delivery rates.

Gas Distribution

Gas distribution revenues decreased by \$86.9 million, or 13.5%, to \$557.3 million for the year ended March 31, 2020, as compared to \$644.2 million for the year ended March 31, 2019. The decrease in gas distribution was driven by decreases in gas revenues from residential customers of \$70.1 million, and decreases in gas revenues from commercial customers of \$18.6 million. The decrease in gas residential revenues was driven by a combination of decreases in dekatherm hour volumes of 7.1% and a decrease in the average price of 10.1%. The decrease in gas commercial revenues was driven by a combination of decreases in dekatherm hour volumes of 5.5% and a significant decrease in the average price of 15.9%. The decreases in volumes were due to the winter months being warmer and the summer months being cooler, resulting in less usage. The decreases in average pricing was due to a decrease in commodity prices offset by a less significant increase in delivery rates.

Revenue from Regulatory Mechanisms

We record revenues in accordance with accounting principles for rate-regulated operations that are arrangements between us and the regulator, which are not accounted for as contracts with customers. These include various deferral mechanisms such as capital trackers, energy efficiency programs, storm deferral, the revenue decoupling mechanism and other programs that qualify as Alternative Revenue Programs (“ARPs”). These mechanisms allow for annual adjustments to our delivery rates as a result of the reconciliation between allowed revenue and billed revenue. Revenue from such alternative revenue programs decreased by \$63.0 million, or 32.6%, to \$130.2 million for the year ended March 31, 2020, as compared to \$193.2 million for the year ended March 31, 2019. The decrease was mostly driven by a combination of a significant decrease in the amortization of the rate plan deferral credit of \$57 million due to lower revenue credits for phase in to full cost of service rates and a significant decrease in Deferred Transmission Revenues of \$53.4 million mainly driven by the decrease from the refund of prior period over-collections in the Transmission Revenue Adjustment Clause, offset by a significant increase of \$44.8 million is principally attributable to an increase for the current year Revenue Decoupling Mechanism electric deferral as a result of a significant over collection in FY19 as compared to FY 20 where there was a slight under collection.

Operating Expenses

Operating expenses decreased by \$199.5 million, or 7.0%, to \$2,668.2 million for the year ended March 31, 2020, as compared to \$2,867.7 million for the year ended March 31, 2019. The components of operating expenses are as follows:

	Years Ended March 31,	
	2020	2019
	(in thousands of dollars)	
Purchased electricity	\$ 605,716	\$ 723,100
Purchased gas	166,603	275,843
Operations and maintenance	1,295,615	1,283,313
Depreciation	300,724	297,397

	Years Ended March 31,	
	2020	2019
	(in thousands of dollars)	
Other taxes	299,539	288,036
Total operating expenses	2,668,197	2,867,689

Purchased Electricity

Purchased electricity expenses decreased by \$117.4 million, or 16.2%, to \$605.7 million for the year ended March 31, 2020, as compared to \$723.1 million for the year ended March 31, 2019. These decreases were primarily driven by lower power prices and lower purchased volumes, which were partially offset by an unfavorable impact related to the settlement of financial instruments (i.e. hedging). The weighted average price decreased by 13% to \$0.04195 per kilowatt hour during the year ended March 31, 2020 from \$0.04824 per kilowatt hour during the year ended March 31, 2019. The purchased volumes were 3.7% lower in the year ended March 31, 2020, as compared to the year ended March 31, 2019. Purchased electricity expenses do not impact electric margins because our rate plan allowed for the full recovery of these expenses from our customers.

Purchased Gas

Purchased gas expenses decreased by \$109.2 million, or 39.6%, to \$166.6 million for the year ended March 31, 2020, as compared to \$275.8 million for the year ended March 31, 2019. This decrease in purchased gas expense is primarily due to a 34.9% decrease in average per unit gas cost to \$2.77008 per dekatherm during the year ended March 31, 2020 from \$4.25487 per dekatherm during the year ended March 31, 2019 and a decrease in deferred gas cost recoveries. The purchased volumes were 7.2% lower in the year ended March 31, 2020, as compared to the year ended March 31, 2019. Purchased gas expenses did not impact gas margins because our rate plan allowed for the full recovery of these expenses from our customers.

Operations and Maintenance

Operations and maintenance expenses increased by \$12.3 million, or 1.0%, to \$1,295.6 million for the year ended March 31, 2020, as compared to \$1,283.3 million for the year ended March 31, 2019. The overall increase in operations and maintenance expenses included increases of \$12.2 million in contractor expenses related energy efficiency program costs and increases of \$12.2 million in real estate rental expenses due to an increase in the rent payments for the Volney Marcy transmission line in accordance with the rent payment schedule, offset by \$17.2 million in lower electric payments due to NYSERDA. In addition, there was an increase of \$12.7 million in bad debt expenses driven by an additional provision of \$36.4 million recognized in light of the cessation of customer terminations and collections due to the ongoing impact of the Covid-19 pandemic, offset by lower receivables and write-offs of previously reserved invoices.

Depreciation

Depreciation increased by \$3.3 million, or 1.1%, to \$300.7 million for the year ended March 31, 2020, as compared to \$297.4 million for the year ended March 31, 2019, reflecting the impact of capital investment on our depreciable asset base and lower depreciation rates.

Other Taxes

Other taxes include, but are not limited to, property tax, state unemployment insurance, franchise taxes, federal excise taxes, social security taxes and all other taxes assessed by the federal, state, county, municipal or other local government authorities, with the exception of the corporate income taxes.

Other taxes increased by \$11.5 million, or 4.0%, to \$299.5 million for the year ended March 31, 2020, as compared to \$288.0 million for the year ended March 31, 2019. This was primarily due to a \$12.9 million

increase in property taxes to \$238.2 million for the year ended March 31, 2020, as compared to \$225.3 million for the year ended March 31, 2019.

Other Deductions, Net

Total other deductions, net decreased by \$50.0 million, or 27.7%, to \$130.8 million for the year ended March 31, 2020, as compared to \$180.8 million for the year ended March 31, 2019. The components of other income and (deductions) are as follows:

	Years Ended March 31,	
	2020	2019
	(in thousands of dollars)	
Interest on long-term debt, net	\$ (112,382)	\$ (124,032)
Other interest, including affiliate interest, net.....	(40,849)	(44,130)
Other income (deductions), net	22,467	(12,615)
Total other deductions, net.....	<u>(130,764)</u>	<u>(180,777)</u>

Interest on Long-term Debt

Interest on long-term debt decreased by \$11.6 million, or 9.4%, to \$112.4 million for the year ended March 31, 2020, as compared to \$124.0 million for the year ended March 31, 2019, driven by the maturity of the \$750 million Senior Notes at 4.88%.

Other Interest, Including Affiliate Interest

Other interest, including affiliate interest, decreased by \$3.3 million, or 7.4%, to \$40.8 million for the year ended March 31, 2020, as compared to \$44.1 million for the year ended March 31, 2019. This decrease is primarily due to a \$7.4 million decrease in interest expenses related to Federal and State Income Tax FIN48 adjustments, offset by an increase of \$4.2 million in interest expenses related to the increased intercompany money pool liability.

Other Income (Deductions), net

Other income (deductions), net increased by \$35.1 million, or 278.1%, to income of \$22.5 million for the year ended March 31, 2020, as compared to deductions of \$12.6 million for the year ended March 31, 2019. This increase is primarily driven by changes in Pension and OPEB non-service cost amortizations from a debit to a credit position as Other Income, due to lower direct and allocated actuarial costs of \$36.8 million in the current fiscal year as a result of lower actuarial amortizations from the pension plans being in asset positions and providing increased positive returns.

Income Tax Expense

Income tax expense increased by \$0.5 million or 0.6%, to \$82.8 million for the year ended March 31, 2020, as compared to \$82.3 million for the year ended March 31, 2019, reflecting a slight increase in the effective tax rate of 1.2% to 23.8% for the year ended March 31, 2020 from 22.6% for the year ended March 31, 2019 due to a combination of flow through depreciation being trued up in the prior fiscal year, a larger AFUDC flow through and a reserve tax rate change impact in the current fiscal year.

Liquidity and Capital Resources

Available Financing

We fund our short-term cash operating needs as well as our capital requirements and debt maturities from (i) internally generated funds, (ii) issuance of external and affiliated long-term debt and (iii) availability of borrowings from the intercompany money pool. Financing for our working capital needs is obtained through participation in the money pool administered by NGUSA Service Company, Inc., an affiliate that

provides administrative services support to all NGUSA companies. We participate in a money pool with utility companies that are direct or indirect subsidiaries of NGUSA. In addition, NGUSA has the ability to borrow up to \$3 billion from National Grid plc for working capital needs, including funding of the NGUSA money pool.

Short-term borrowing needs are met first by available funds of the money pool participants. Borrowings from the money pool bear interest and the affiliated companies that invest in the money pool earn interest. Interest rates associated with the money pool are designed to approximate the cost of third-party short-term borrowings.

Cash Flow Analysis

As of March 31, 2020 and March 31, 2019, we had cash, cash equivalents, restricted cash and special deposits of approximately \$22.1 million and \$19.1 million, respectively. The cash flows provided by operating activities for the year ended March 31, 2020, were \$553.6 million, with \$287.0 million used in investing activities and \$263.6 million used in financing activities.

Operating Activities

Our operating activities generated a cash inflow of \$553.6 million for the year ended March 31, 2020 compared to \$636.1 million for the year ended March 31, 2019. This decrease in cash inflow of \$82.5 million was primarily due to a \$141.6 million decrease in regulatory assets and liabilities, net reflecting the timing of recoveries and deferrals and an \$121.1 million decrease in prepaid and accrued taxes reflecting the timing of payments and accruals. This decrease in operating activities was partially offset by a \$179.7 million increase in derivative instruments.

Investing Activities

Cash used in investing activities for the year ended March 31, 2020 was a cash outflow of \$287.0 million, as compared to a cash outflow of \$1,134.2 million for the year ended March 31, 2019. This decrease in cash outflow of \$847.2 million was primarily due to a decrease of \$938.6 million related to changes in the intercompany money pool position and affiliated receivables/payables, net, offset by an increase of \$95.7 million related to capital expenditures.

Financing Activities

Cash used in financing activities for the year ended March 31, 2020 was a cash outflow of \$263.6 million, as compared to a cash inflow of \$490.9 million for the year ended March 31, 2019. This change from cash inflow to cash outflow was primarily due to the maturity of the \$750 million Senior Notes at 4.88%.

Long-Term Liquidity

Our overall capital requirements consist of funds needed to finance our construction program, electric and gas purchases, working capital requirements and the repayment of maturing debt. As of March 31, 2020, we had outstanding total debt of \$2.5 billion with maturity dates from November 2022 through November 2042. Generally, construction level expenditures are consistent from year to year. As of March 31, 2020, there were no material changes in our aggregate obligations to make payments, as disclosed in our financial statements for the year ended March 31, 2020. See note 10 to our audited financial statements for the years ended March 31, 2020, 2019 and 2018, included elsewhere in this Offering Memorandum for additional information.

The agreements governing our long-term notes include customary representations and warranties, covenants, notice provisions, negative pledges, restrictions on asset disposals and events of defaults. We were in compliance with all of our debt covenants as of March 31, 2020 and March 31, 2019. See note 10 to our audited financial statements for the years ended March 31, 2020, 2019 and 2018 included elsewhere in this Offering Memorandum for additional information.

Summary of Significant Accounting Policies

For further information regarding the summary of significant accounting policies, see note 2 to our financial statements for the years ended March 31, 2020, 2019 and 2018.

BUSINESS

Overview

We are a regulated public utility organized under the laws of the State of New York and subject to the New York Public Service Law. Our principal business consists of our regulated energy delivery business in the State of New York. As of March 31, 2020, we provided electric utility and natural gas utility services to approximately 1.7 million customers and approximately 0.6 million customers, respectively, within our Service Territory. Our Service Territory area covers eastern, central, northern and western areas of Upstate New York, which includes Syracuse, Albany, Buffalo and surrounding areas, which are more fully illustrated in the Service Territory map included elsewhere in this Offering Memorandum. The Service Territory covers an area in the State of New York that is equivalent to approximately 25,555 square miles. We currently do not operate any FERC-regulated generation facilities and were required by the NY PSC to exit the merchant function and divest ourselves of any generation assets pursuant to the terms of a 1997 regulatory agreement. We are subject to extensive federal and state government laws and regulations that are enforced by various regulatory agencies including the NY PSC, DEC, EPA and the FERC.

Our energy delivery business consists of electricity distribution and transmission facilities and a natural gas distribution system that provides utility services to customers in our Service Territory. Our utility services consist of transmission and delivery of electricity and transportation and delivery of natural gas to residential, commercial and industrial customers. As a regulated utility in the State of New York we have a POLR obligation. As a POLR, we are required to offer the sale of energy commodities (e.g., electricity and natural gas) at cost to any customers within our Service Territory that elect not to buy their energy commodities from an energy commodity marketer.

We were organized in 1937 under the laws of the State of New York and through a series of mergers subsequent to 1937 became known as Niagara Mohawk Power Corporation. We are a wholly-owned subsidiary of Niagara Mohawk Holdings, Inc., which is a wholly-owned subsidiary of NGUSA, a public utility holding company with regulated U.S. subsidiaries engaged in the generation of electricity and the transmission, distribution and sale of both natural gas and electricity in New York, Massachusetts and Rhode Island. NGUSA is a direct wholly-owned subsidiary of NGNA and an indirect wholly-owned subsidiary of National Grid plc, an international electricity and natural gas energy delivery company based in the United Kingdom and incorporated under the laws of England and Wales. None of our direct or indirect parent companies is guaranteeing the Notes.

Our principal offices are located at 300 Erie Boulevard West, Syracuse, NY 13202, and our telephone number is +1 (315) 474-1511.

Our Business

Electric Transmission and Distribution

We are one of the leading electricity transmission and distribution service providers in the State of New York and NGUSA and its subsidiaries represent one of the largest public utilities in the United States, as measured by the number of electricity distribution customers. Our customers include domestic homes, as well as small and large commercial and industrial enterprises located in urban and suburban areas.

Our revenues from our electric transmission and distribution operations include:

- *Retail sales* — delivery charges and recovery of purchased power costs and any applicable taxes from customers who purchase their electric supply from us as the POLR;
- *Delivery only sales* — charges for only the delivery of energy to customers who purchase their power from other electricity suppliers; and
- *Sales for resale* — sales of excess electricity to the NYISO at the market price of electricity. Any gains or losses on sales for resale are passed through directly to customers.

Our electric system is directly interconnected with other electric utility systems in New York, Massachusetts, Vermont, Pennsylvania and the Canadian provinces of Ontario and Quebec, and indirectly interconnected with most of the electric utility systems through the Eastern Interconnection power grid of the United States and Canada.

As of March 31, 2020, our electric distribution system was comprised of approximately 52,000 miles of electric distribution lines.

Natural Gas Distribution and Transportation

Within our Service Territory, we are the recognized and New York State-regulated local natural gas distribution company (“LDC”) that owns and operates a natural gas distribution network that provides utility services to our customers under a grant of authority derived from statutes, rules and regulations, tariff provisions, and municipal grants and agreements (e.g., franchise agreements). As the LDC in our Service Territory, we are responsible for owning, operating and maintaining the local pipeline distribution network and natural gas distribution assets (e.g., gas mains and services, meters, gate stations, etc.) required to provide natural gas distribution services to residential, large and small commercial and industrial end-user customers located within our Service Territory.

Our LDC activities are regulated primarily by the NY PSC. In addition, there are other federal and state laws and applicable regulations covering aspects of our natural gas distribution business and general business practices that also exercise jurisdiction and control over LDC matters involving activities such as operational reliability; safety; energy and commodity related transactions; sales for resale activity; customer sales and service; retail and wholesale rates for transportation and delivery charges; financing activities (e.g., issuance of short and long-term debt); and environmental, health and safety matters, including environmental remediation and hazardous waste disposal.

We maintain a diverse portfolio of firm natural gas supply, interstate pipeline storage and transportation capacity contracts to reliably meet our obligations to serve our customers and to maintain system operations. We purchase natural gas from marketers, producers and distributors under a combination of long and short-term supply agreements and, in certain instances, we purchase natural gas on the spot market. We then arrange for pipeline capacity to transport the natural gas on the independent interstate pipeline system owned and operated by various U.S. and Canadian interstate pipeline companies to our LDC city gate station and we further distribute the natural gas through our regulated LDC gas distribution system for delivery to our retail customers (i.e., residential, commercial, industrial, etc.). If not immediately transported, our natural gas purchased for our customers may be stored in storage facilities owned and operated by the interstate pipeline companies for later transport and delivery to our customers. To ensure a regular supply of gas in the winter when customer demand is highest, we purchase natural gas during the summer for storage in on-system and interstate storage facilities and withdraw these gas supplies during the winter heating season.

Our revenues from our gas operations (i.e., LDC) include:

Retail sales — charges for distribution and transportation of natural gas to customers who purchase their natural gas supplies at cost from us as the POLR;

Transportation revenue — charges for the transportation of natural gas to customers who purchase their natural gas supplies from other parties; and

Off-system wholesale sales — sales of natural gas to wholesale customers for resale.

Under our existing tariff-based transportation and delivery service, we offer natural gas for sale (see “—Electricity and Natural Gas Supply—Commodity Service”) and provide natural gas delivery service to residential and small commercial customers on a firm basis, and to most large commercial and industrial customers on either a firm or interruptible basis. Firm service is offered to customers under tariff schedules or negotiated contracts that anticipate no interruptions. Temperature-controlled service is offered to multi-family, commercial and industrial customers under tariff schedules or negotiated service contracts that provide for service curtailment when the temperature drops below a designated threshold. Interruptible service is offered to customers under tariff schedules or negotiated service contracts that anticipate and permit interruption on short notice for system reliability reasons. In order to meet our regulatory obligations

as an LDC, including supply and transportation obligations, to serve our customers and maintain system reliability, we contract for interstate pipeline and storage capacity and natural gas supplies necessary to meet our design day (i.e., the coldest day that produces the highest demand the system is designed to handle), design winter and annual load requirements. Under less than design conditions, excess capacity exists to meet our day-to-day obligations. There is a NY PSC regulatory expectation that LDCs with excess capacity should seek to minimize the costs of such excess capacity by conducting optimization transactions through participation in interstate markets by releasing pipeline capacity and by selling bundled services to customers for resale outside of our Service Territory (i.e., off-system sales). As an incentive, we are allowed to retain a certain percentage of optimization transaction margins, provided that we share the remaining percentage with our customers.

As of March 31, 2020, our natural gas distribution system was comprised of approximately 8,000 miles of pipelines.

Electricity and Natural Gas Supply — Commodity Service

Commodity service in the State of New York is deregulated, which means that qualified retail energy marketers are allowed to buy electricity and natural gas and sell it to our customers. Customers can choose to unbundle, i.e., choose their own electricity and natural gas supplier, while the regulated public utility continues to provide transportation and distribution utility services. Retail marketers (e.g., an energy service company, or “ESCO”) are not allowed to own or operate distribution and transmission facilities. We own and operate the energy distribution network in our Service Territory, which generally cannot be bypassed, and as such we are the state recognized natural monopoly designated to provide utility services (i.e., transmission and delivery of electricity and distribution of natural gas) in our Service Territory. In other areas of the United States, commodity service is not deregulated, and the regulated public utilities are vertically integrated and produce and sell electricity and natural gas to customers connected to their distribution facilities.

As the recognized POLR in the State of New York within our Service Territory, we are required to provide energy commodity supply service (e.g., electricity and/or natural gas) at cost to our customers. Where customers choose us to provide their energy commodity supply, they pay us for distribution services at the utility rates approved under our tariffs and for commodity supply at cost. Where the customers choose to purchase from a third-party supplier, such as an ESCO, they pay us only for distribution services and pay the third-party supplier for the commodity. In order to provide a POLR commodity service to our customers, we enter into various short- and long-term bilateral purchase power and natural gas long-term supply arrangements with third parties. We also make day-ahead spot market purchases of electricity from the NYISO and arrange for natural gas spot market purchases from liquid natural gas hub markets throughout the United States.

For the last several years, the NY PSC has monitored the impacts of competition in the New York energy market on residential and small commercial customers, and recently enhanced the eligibility criteria for retail energy marketers serving these customers. We have revised our unbundling program in compliance with the enhanced regulatory requirements, and will modify our programs as needed to conform with further changes directed by the NY PSC. Pursuant to rules and regulations of the NY PSC, prudently incurred costs of commodities (i.e., electricity and natural gas) supply and related interstate pipeline transportation service and storage costs for natural gas are passed on to customers through various rate mechanisms provided as part of our electricity and natural gas rate plan and tariffs. Therefore, our ability to recover commodity costs is not affected by customers opting to purchase their commodity supplies from other sources and delivery rates charged to delivery and transportation customers generally are the same as delivery rates charged to customers who purchase their commodities from us. Commodity costs are pass-through costs, in that prices charged for commodities purchased for supply to customers are passed through to customers without extra charge.

Our Industry

In most states in the northeastern United States, consumers have the choice of purchasing their energy from local utility providers or through independent energy suppliers. Over the past several years, the energy industry has undergone significant changes as market forces have moved towards replacing or supplementing rate regulation through the introduction of competition among energy suppliers. While a number of large customers have chosen suppliers other than the local utility providers, the majority of residential and small commercial consumers still purchase electricity or natural gas from their local electricity or gas distribution utility. The major alternative fuel source to natural gas is oil, which is used by many consumers for domestic heating purposes. Many companies and organizations in the northeastern United States own or operate energy delivery infrastructure in the northeastern United States, including NGUSA, Consolidated Edison, Avangrid, Fortis and Eversource Energy.

Generally in our Service Territory, electricity is transported either directly from generators into local electricity distribution networks such as ours or over greater distances via electricity transmission networks, while natural gas is obtained from import terminals or interstate pipelines and then transported through the LDC's local gas distribution networks, such as ours. Certain end-use customers, primarily large industrial users, receive electricity or natural gas directly from the electricity transmission network or inter-state gas transmission pipelines. As the operator of an LDC natural gas distribution network, we are responsible for balancing natural gas supply with demand to maintain the reliability and integrity of our distribution system.

The high-voltage electricity transmission portion of our system is subject to the operational control of the NYISO, which is responsible for balancing electricity supply with demand and for ensuring the reliability of the regional electricity transmission network. Natural gas distribution networks, including the ones we own, are each responsible for balancing gas supply with demand within their respective distribution area.

Our utility distribution services and our distribution infrastructure are regulated by the NY PSC and our electricity transmission system is regulated by the FERC, NYISO and NY PSC. In addition, federal and state laws and regulations covering our electric and natural gas utility service and our general business practices exercise additional jurisdiction and control over matters involving operational reliability, safety, energy and commodity-related transactions, sales for resale activity, customer sales and service, performance levels, retail and wholesale rates for transportation and delivery charges, financing activities and environmental remediation and hazardous waste disposal.

Regulation and Rate Plans

Federal and State Regulation

We are subject to extensive state and federal legislation and regulations with jurisdictional oversight and enforcement by state and federal agencies, specifically the NY PSC with regards to our distribution and transmission assets and the NYISO and the FERC with regards to the operational activities of our transmission assets. In general, state public utility commissions, such as the NY PSC, regulate the provision of retail services, including the distribution and sale of natural gas and electricity to customers.

The FERC is an independent agency with broad authority to implement the provisions of the Federal Power Act, the Natural Gas Act, the Energy Policy Act and other federal statutes. The FERC regulates wholesale rates for interstate sales of electricity and the electric power transmission system as well as interstate natural gas pipeline transportation and storage activities. The federal and state regulators also regulate certain transactions including service company cost allocations and intercompany borrowings among affiliates of utility companies. In addition, the FERC is responsible for the regulation of utility companies, including with respect to financial accounting and certain financing matters such as short-term borrowing facilities and various activities of centralized service companies, including those of our businesses. The FERC has enforcement authority and is in some cases able to assess civil penalties of up to \$1.0 million per day for violations of rules, regulations and orders issued under the Federal Power Act. Our natural gas distribution activities and certain related intrastate natural gas transportation functions are not subject to the FERC's jurisdiction. However, to the extent that we sell natural gas for resale in interstate commerce, such transactions are subject to the FERC's jurisdiction. We have implemented programs and

procedures that are designed to ensure that we are fully compliant with the FERC's regulations, including compliance monitoring procedures.

In the United States, public utilities' retail transactions are regulated by state utility commissions, such as the NY PSC. The state commissions serve as economic regulators, approving cost recovery and authorized rates of return. The state commissions establish the retail rates to recover the cost of transmission and distribution services and focus on services and costs within their jurisdictions. They also serve the public interest by making sure utilities provide safe and adequate service at just and reasonable prices. The commissions establish service standards and approve public utility mergers and acquisitions. Under the New York Public Service Law, the NY PSC regulates all utility companies (e.g., LDCs) operating in New York. Under the New York Public Service Law, a utility company includes, among other things, any entity engaged in the production, transmission or distribution of electricity or natural gas to the public for light, heat or power purposes.

Overview of the Regulatory Process

The U.S. regulatory regime is premised on allowing the utility the opportunity to recover its cost of service and earn a reasonable return on its investments as determined by the applicable state and/or federal regulatory commission. Utilities submit formal rate filings ("**rate cases**") to the relevant state regulator when additional revenues are necessary to provide safe and adequate service to customers. Utilities can also be compelled to demonstrate that existing rates are just and reasonable based on complaints filed with the state commission or at the state commission's own discretion. The rate case process is conducted in a litigated setting, and it can take eleven months or more for the NY PSC to render a final decision. A utility is always required to prove that its requested rate change is prudent. Unlike the state commissions, the FERC has no defined process for adjudicating a rate case. The FERC allows rates to be put in place before a final decision is reached, however, a refund may be required if the outcome is unfavorable. The utility may request a rate plan that can span multiple years.

During the rate case process, consumer advocates and other intervening parties scrutinize and often file opposing positions to the utility's rate request. The rate case decision reflects a weighing of the facts in light of the regulator's policy objectives. During a rate case, the utility, regulators, consumer advocates and other intervening parties may agree on the resolution of aspects of a case and file a negotiated settlement with a commission for approval.

Gas and electricity rates are established from a revenue requirement or cost of service, representing the utility's total cost of providing distribution or delivery service to its customers. It includes operating expenses, depreciation, taxes and a fair and reasonable return on certain components of the utility's regulated asset base, typically referred to as its rate base. The revenue requirement is derived from a comprehensive study of the utility's total costs during a recent twelve-month period of operations referred to as a historic test year. The rate of return applied to the rate base is the utility's weighted average cost of capital, representing its cost of debt and an allowed ROE intended to provide the utility with an opportunity to attract capital from investors and maintain its financial integrity. The total cost of service is apportioned among different customer classes and categories of service to establish the rates, through a process called revenue allocation and rate design, for these classes of customers. The final costs of service, revenue allocation and rate design are ultimately approved in the rate case decision.

Rate Plans and Allowed ROE in Context — Features of Our Rate Plans

We are subject to direct regulation by the NY PSC and FERC and indirect regulation by the FERC (for off-system gas sales only) with respect to the utility rates we charge our customers based on a methodology that establishes prices customers pay for certain utility services. Such methodology is based primarily on our costs and an allowed ROE. The NY PSC regulates retail services, including the distribution and sale of natural gas and electricity to consumers within our Service Territory. The FERC regulates interstate natural gas transportation, storage assets and activities and electric transmission and has jurisdiction over certain wholesale natural gas sales, such as off-system sales, and wholesale electric sales. Each of the federal and state regulators also regulates certain transactions among us and our affiliates. In certain cases, the rate actions of the FERC and the NY PSC can result in accounting that differs from non-regulated companies. In these cases, we defer costs (as regulatory assets) or recognize obligations (as regulatory liabilities) if it is

probable that such amounts will be recovered from, or refunded to, customers through future rates. Regulatory assets and liabilities are reflected on the balance sheet consistent with the treatment of the related costs in the ratemaking process.

We are subject to a retail electricity rate plan and a retail gas rate plan. We generally charge customers both for our delivery services and for electricity and gas consumed (we do not charge any additional margin on the sale of electricity or natural gas).

We are allowed recovery of all of our gas commodity costs through annual fully reconciling rate recovery mechanisms established by the NY PSC in gas cost recovery proceedings.

Rate plans, such as ours, in general are designed to produce a specific allowed ROE by reference to an allowed operating expense level and rate base. Some rate plans, including our current rate plan that went into effect on April 1, 2018, (i) are based on costs and regulatory asset base and they provide for a return on capital expenditure, (ii) include earnings sharing mechanisms that allow utilities to retain a proportion of the earnings above the allowed ROE it achieves by improving efficiency with the balance of the remaining portions of the earnings benefiting the customers and (iii) permit recovery of commodity costs and other pass-through costs, which are incurred by a POLR. In addition, a utility's performance under certain rate plans is subject to service performance targets and may subject it to monetary penalties in cases where it does not meet those targets.

One measure used to monitor the performance of our regulated businesses is a comparison of achieved ROE to allowed ROE, with a target that the achieved should be equal to or above the allowed ROE. However, this measure cannot be used in isolation as there are a number of factors that may prevent us from achieving that target in any given year such as a regulatory lag, cost disallowances and market conditions, as set out below.

- Regulatory lag: in the years after rates are set, costs may increase due to inflation or other factors. If the cost increases cannot be offset by productivity gains, the total cost to deliver will be higher as a proportion of revenue and therefore achieved ROE will be lowered.
- Cost disallowances: a cost disallowance is a decision by the regulator that a certain expense should not be recovered in rates from customers. The regulator may do this for a variety of reasons. We can respond to some disallowances by choosing not to incur such costs; others may be unavoidable. As a result, unless offsetting cost reductions can be found, the achieved ROE will be lowered.
- Market conditions: if a utility files a new rate case, the new allowed ROE may be below the current allowed ROE as financial market conditions may have changed. As such, a utility that appears to be underperforming the allowed ROE and files a new rate case may not succeed in increasing revenues.

We work to increase achieved ROEs through productivity improvements, positive performance against incentives or earned savings mechanisms such as energy efficiency programs, where available, and, by filing a new rate case when achieved returns are lower than that which we could reasonably expect to attain through the current rate case.

We are responsible for billing our customers for their use of electricity and gas services. Customer bills typically comprise a commodity charge at our cost, covering the cost of the electricity or natural gas purchased and delivered, and charges covering our delivery service and electricity and gas services. Depending on the state, delivery rates are either based upon actual sales volumes and costs incurred in a historic test year, or on estimates of sales volumes and costs. New York follows the former approach, basing delivery rates on estimates of sales volumes and costs, but in both cases delivery rates can differ from actual amounts. A substantial proportion of our costs, in particular electricity and gas purchases for supply to customers, are pass-through costs, meaning they are fully recoverable from our customers. Our charges to customers are designed to recover these costs with no profit. Rates are adjusted from time to time to ensure any over- or under-recovery of these costs is returned to, or recovered from, our customers. There can be timing differences between costs being incurred and rates being adjusted. As a consequence, we have no

economic exposure to such commodity costs, assuming they were prudently incurred. However, as prices are typically established based on estimated costs and volumes, there can be timing differences (known as regulatory lag) between the financial period when we incur such costs and the financial period when our prices are adjusted to return or charge for any over- or under-recovery (known as rate recovery). From time to time, we utilize physical natural gas storage assets and derivative financial instruments such as futures, options and swap contracts for the physical purchases of natural gas for the purpose of hedging the cash flow associated with changes in commodity prices. Derivative financial instruments are used to reduce cash flow variability associated with the purchase price for a portion of future natural gas purchases. Although the NY PSC does not allow utilities to enter into derivatives for speculative purposes, it does encourage utilities to develop prudent hedging programs to minimize fluctuations in gas sales prices to regulated firm natural gas sales customers in New York.

Our natural gas tariff contains weather normalization adjustments that largely offset shortfalls or excesses of firm net revenues (revenues less natural gas costs and revenue taxes) during a heating season due to variations from normal weather. Revenues are adjusted each month based on this clause. In addition, revenues from residential heating customers are subject to an RDM. See “—Natural Gas Rate Plan” for a more detailed explanation.

Revenue for our wholesale transmission business in New York is collected from wholesale transmission customers, who are typically other utilities and include our own New England electricity distribution businesses. These wholesale transmission costs are incurred by distribution utilities on behalf of their customers and are fully recovered as a pass-through from end use customers as approved by the NY PSC.

Current Rate Plan Summary

The objectives of our rate case filings are to ensure we have the right cost of service with the ability to earn a fair and reasonable rate of return, while providing a safe, reliable and economical service to our customers. A summary of our electricity and gas rate plan as of March 31, 2020 is set out below. For further information regarding our prior rate plan, please see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Overview.”

Rate Plan as of March 31, 2020

Summary of US price controls and rate plans

		2016	2017	2018	2019	2020	2021	2022	Rate base (31 Mar 2020)	Equity-to-debt ratio	Allowed Return on Equity	Achieved Return on Equity (31 Mar 2020)	Revenue decoupling [†]	Capital tracker [‡]	Commodity- related bad debt true-up [§]	Pension/OPEB true-up [¶]
New York Public Service Commission	Niagara Mohawk [†] (upstate, electricity)	◆	◆	◆	◆	◆	◆	◆	\$5,881m	48:52	9.0%	8.9%	✓	P	P	✓
	Niagara Mohawk (upstate, gas)	◆	◆	◆	◆	◆	◆	◆	\$1,328m	48:52	9.0%	8.7%	✓	P	P	✓

1. Both transmission and distribution, excluding stranded costs.

- ◆ Rate filing made
- New rates effective
- ◆ Rate plan ends
- Rates continue indefinitely
- Multi-year rate plan
- ✓ Feature in place
- P Feature partially in place

†Revenue decoupling

A mechanism that removes the link between a utility’s revenue and sales volume so that the utility is indifferent to changes in usage. Revenues are reconciled to a revenue target, with differences billed or credited to customers. Allows the utility to support energy efficiency.

‡Capital tracker

A mechanism that allows the recovery of the revenue requirement of incremental capital investment above that embedded in base rates, including depreciation, property taxes and a return on the incremental investment.

§Commodity-related bad debt true-up

A mechanism that allows a utility to reconcile commodity-related bad debt to either actual commodity-related bad debt or to a specified commodity-related bad debt write-off percentage. For electricity utilities, this mechanism also includes working capital.

¶Pension/OPEB true-up

A mechanism that reconciles the actual non-capitalised costs of pension and OPEB and the actual amount recovered in base rates. The difference may be amortised and recovered over a period or deferred for a future rate case.

Our current three-year rate plan went into effect on April 1, 2018. This rate plan, similar to previous rate plans, provides for rates that are based on our costs of service and regulatory asset base and provides for a return on capital expenditures and a recovery of commodity costs and other pass-through costs prudently incurred. The revenues are based on a ROE of 9% and a 48% equity ratio. For further information, please see note 5 to our audited financial statements for the years ended March 31, 2020, 2019, and 2018. Under our rate plan, we were entitled to a rate increase in April 2020, but have delayed any increases until August 1, 2020 in recognition of the financial hardships experienced by customers as a result of Covid-19.

There are various reconciliation mechanisms in our rate plans that permit us to fully or partially true up to established thresholds for items such as real property taxes, special franchise taxes, site investigation and environmental remediation (“**SIR**”) costs, and pension and other post-employment benefit costs and decoupling mechanisms, as well as a new leak prone pipe tracker. For example, the RDM in our rate plan is a reconciliation mechanism that eliminates the disincentive to implement energy efficiency programs by separating our ability to recover agreed-upon fixed costs, including the profit margin, from the actual volume of sales that occur through a rate adjustment mechanism. The rate adjustment mechanism is designed to break the link between utility sales and revenue, thereby eliminating the disincentive for us to promote energy efficiency programs. In the case of non-growth-related capital, we must return unspent funds below established targets to customers, but may not recover overspending. Our rate plan also includes an incentive/earnings adjustment mechanism that provides us the opportunity for additional earnings (70 basis points for electric and 37 basis points for gas) if we meet certain performance targets. Shareholders retain the first 50 basis points of outperformance. In addition, we are subject to affiliate rules and various financial protections (i.e. ring-fencing mechanisms) for the terms of the rate plan. The rate plan also includes performance targets regarding safety, reliability and customer service performance and monetary penalties for failing to meet such targets.

Our rate case is expiring on March 31, 2021. We plan to file a new rate case with the NY PSC later in 2020, seeking to increase electric and gas delivery revenues. In our rate case filing, we intend to focus on including proposals to support our climate change strategy and enable the net zero transition in New York. In our gas distribution businesses, we are focused on decarbonizing our gas networks and heating sector. In our electric distribution business, we are focused on climate change and the new energy landscape. Our rate case proposal focuses on three key areas: grid modernization, customer engagement and supporting New York in achieving its clean energy goals.

On March 15, 2018 the FERC initiated multiple proceedings intended to adjust FERC-jurisdictional rates to reflect the corporate tax changes as a result of the passage of the Tax Act, which lowered the federal income tax rate on corporations from 35% to 21%. Of the proceedings initiated relevant to us is the Notice of Inquiry (“**NOI**”) seeking comments on the effects of the Tax Act on all FERC-jurisdictional rates. Based, in part, upon comments filed in the NOI, FERC issued a Notice of Proposed Rulemaking (“**NOPR**”) in November 2018. Ultimately, on November 21, 2019, the Commission issued Order No. 864 which requires all public utility transmission providers with transmission formula rates to account for changes caused by the enactment of the Tax Act. Order No. 864 requires public utilities with transmission formula rates to include a Rate Base Adjustment Mechanism in their formula rates to deduct any excess Accumulated Deferred Income Taxes (“**ADIT**”) or add any deficient ADIT to their rate bases. Order No. 864 further requires all public utilities with transmission formula rates to include an Income Tax Allowance Adjustment Mechanism to decrease or increase the income tax components of their formula rates by any amortized excess or deficient ADIT. All companies with formula rates are required to make a compliance filing consistent with Order 864. Our ADIT compliance filing was filed with our annual informational filing on June 16th. There is no prescribed timeframe by which FERC must act on the compliance filing.

Also in response to the Tax Act, the NY PSC issued an Order Instituting Proceeding, which was instituted to solicit comments on the Tax Act’s implications and placed New York utilities on notice of the NY PSC’s intent to protect ratepayers’ interest and to ensure that any cost reductions from the changes in federal income taxes are deferred for future ratepayer benefit. On August 9, 2018, the NY PSC issued an order that approved our proposed treatment of Tax Act benefits. Specifically, the NY PSC agreed that we should be allowed to defer tax savings to the extent not already reflected in rates and the amortization of

excess accumulated deferred federal income taxes balances, and use the deferred tax benefits as a rate moderator when base rates are next revised. In addition, we were not required to implement a sur-credit.

Regulatory Developments

The NY PSC from time to time conducts “generic” proceedings to consider issues related to all electric and gas utilities operating in New York State (e.g. the utilities vision for the “smart grid,” “grid modernization,” safety, reliability, utility staffing levels and the implementation of energy efficiency and renewable energy programs and consumer protections). The utilities are typically active participants in such proceedings.

Regulatory Audits relating to NGUSA’s New York Entities

Under the various state and federal laws, regulators are permitted to conduct routine audits of various aspects of public utility activities. We are subject to operational audits on a regular basis.

2018 New York Management Audits

In 2018, the NY PSC initiated a comprehensive management and operations audit of NGUSA’s three New York-regulated businesses. New York law requires periodic management audits of all utilities at least once every five years. NGUSA’s New York-regulated business last underwent a New York management audit in 2014 and 2015, when the NY PSC audited NGUSA’s New York gas business. The NY PSC selected Saleeby Consulting and River Consulting Group to conduct the audit. The audit is process-oriented and forward-looking, and will present opportunities to obtain feedback on how to improve service to customers and meet regulatory expectations. Areas of focus will likely include the traditional audit areas of corporate governance, budgeting and finance, customer, work management and long-term planning, as well as organization design, information systems and gas safety. The audit began in November 2018 and ran until August 2019, with a final report due in September 2019. Unexpectedly, in October 2019, NY PSC staff advised us that they were terminating the contract with the auditors, effective immediately. NY PSC staff advised their intention to complete the management audit themselves, with an expected completion date in the second half of 2020.

Energy Efficiency and Renewable Energy Programs

The principal regulatory policy developments continue to focus on the need for significant increases in energy efficiency and the development of renewable generation. The NY PSC has established program budgets and energy savings targets for utility and NYSERDA-administered electric and gas energy efficiency programs. The NY PSC has instructed utilities to file decoupling proposals as part of their rate cases. Our current rate plans provide for decoupling mechanisms. See “—Regulation and Rate Plans—Current Rate Plan Summary.” The previous design of our electric delivery service rates linked the recovery of utility fixed costs to the volume of actual sales, therefore maintaining disincentives for us to promote energy efficiency. Decoupling is an alternative utility pricing mechanism that separates a utility’s ability to recover its agreed-upon fixed costs, including the profit margin, from the actual volume of sales that occur through a rate adjustment mechanism.

The State of New York also recently enacted legislation to promote increased deployment of renewable electric generation. The Climate Leadership and Community Protection Act of 2019 directs that the State’s electric generation be 70 percent renewables by 2030 and that electricity production be 100 percent emission free by 2040. The Accelerated Renewable Energy Growth and Community Benefits Act enacted in April 2020 establishes government review and community incentive mechanisms also intended to promote greater renewable energy development. There is also an increasing interest in exploring the deployment by New York utilities of smart grid technologies. The purpose of smart grid technologies is to optimize the delivery of energy from current and emerging green technologies while enhancing the performance of the electric grid.

In April 2014, the NY PSC initiated the Reforming the Energy Vision (“REV”) proceeding to reform the State of New York’s energy industry and regulatory practices with the goal of driving regulatory changes to promote more efficient use of energy, deeper penetration of distributed energy resources (“DER”), which includes distributed generation (e.g., wind, solar, small hydro, anaerobic digesters), energy efficiency, demand response, and energy storage systems. The NY PSC also desires to promote greater use of advanced

energy management products to enhance electric system demand elasticity and efficiencies, and to promote beneficial electrification such as electrification of transportation and geothermal technologies. Through public proceedings, the NY PSC continues to examine and evaluate regulatory reforms that can be implemented so that customer-side resources can become a primary tool in the planning and operation of the utility system in a way that will improve electric system efficiency and enable the deployment of cleaner and more resilient technologies to improve load management and electric system efficiency.

Reforms to the performance incentive structure have been initiated to drive these important outcomes and better align our interests with achieving the NY PSC's policy objectives. Changes resulting from the REV-related proceedings are aimed at empowering customers by providing more choice in how they consume and manage electric energy, promoting resiliency of the electric distribution grid today and for the future, and supporting the transition to an affordable, sustainable clean energy system.

We are actively engaged in the REV proceedings and believe there is potential to substantially improve the range of functions and efficiency of the electric distribution system in New York while adding significant added value to electric customers and the economy and advancing the State of New York's clean energy ambitions.

Advanced Metering Infrastructure

On November 15, 2018, we filed a report with the NY PSC detailing the initial outcome of our advanced metering infrastructure ("AMI") research and collaborative sessions. The report, which includes an implementation plan, including a capital investment request for \$657 million, will be subject to final review and approval by both the NY PSC. Our proposal to deploy AMI is currently pending before the NY PSC. If approved, such capital investment would be used to install 1.7 million electric AMI meters and 640,000 gas modules across our business between 2021 and 2026. AMI is a smart meter technology that offers customers greater control over their energy use, and is foundational to achieving the State of New York's clean energy goals. On September 4, 2019, we filed a supplemental report detailing the AMI progress, including an updated AMI business plan, benefit cost analysis, a customer engagement plan and a proposed six-year, \$640 million (20-year NPV) deployment of electric AMI meters and AMI-compatible gas modules in our Service Territory beginning in 2019/2020. Our proposal to deploy AMI is currently pending before the NY PSC.

Environmental Regulation

We and our ongoing operations and historic activities are subject to various federal, state and local environmental laws and regulations including, among other things, requirements concerning air and water quality, wetlands and flood plains, endangered and threatened species, storage, transportation and disposal of hazardous wastes and substances, worker health and safety, storage tanks, climate change, and site remediation. Our business generates hazardous and potentially hazardous wastes, products and by-products. Under certain federal and state laws, including Superfund laws (which establish requirements and impose liability for cleanup of contaminated sites), potential strict liability for contamination of property may be imposed on responsible parties, jointly and severally, without fault, even if the activities engaged in by such parties were lawful when they occurred.

The EPA, the DEC, as well as private entities, have alleged that we are or may be responsible under state or federal laws and regulations for the remediation of numerous sites, including certain sites that we currently or previously owned or operated. We generally are responsible for on-site liabilities, and in some cases off-site liabilities, associated with our operations or the environmental condition of our current and former assets, including former MGP sites, former electric generation related assets, electric transmission and electric and natural gas distribution assets that we have acquired or developed, and, if deemed liable for third-party waste disposal sites to which we have sent waste, regardless of when the liabilities arose and whether they are known or unknown. We believe our most significant liabilities relate to former MGP facilities formerly owned by us. We are currently investigating and remediating, as necessary, those MGP sites and certain other properties, including Superfund sites, in many cases, under agreements with the EPA and/or DEC. Expenditures relating to such activities incurred for the years ended March 31, 2020 and 2019 were \$23.5 million and \$9.8 million, respectively. For information on our accrued liabilities related to our

environmental obligations, see note 12 to our audited financial statements for the years ended March 31, 2020, 2019 and 2018, included elsewhere in this Offering Memorandum for additional information.

We are pursuing claims against other potentially responsible parties to recover investigation and remediation costs that we believe are the obligations of those parties. We cannot predict the success of any such claims. Generally, SIR costs prudently incurred at facilities associated with our operations not recoverable through insurance or some other means would be expected to be recoverable from our customers, in accordance with the terms of our rate recovery agreements.

Beginning in 2009, power generation from fossil fuel combustion in some states became subject to greenhouse gas emissions limitations established under the Regional Greenhouse Gas Initiative (“**RGGI**”), a cooperative effort among a number of Northeastern and Mid-Atlantic states, including New York, to reduce greenhouse gas emissions. While RGGI does not apply to us directly, it may affect our purchased power costs, which are a pass-through cost of our rate plans.

Climate change legislation may be considered by Congress in the future, and the EPA and various states, including New York, have implemented laws and regulations with respect to greenhouse gases or proposed regulatory changes that could separately lead to new requirements. Pursuant to the federal Mandatory Reporting of Greenhouse Gases Rule, we are obligated, as an LDC, to submit annual reports to the EPA on greenhouse gas emissions associated with certain aspects of our natural gas distribution business. In addition, the state of New York has set an economy-wide limit of net zero carbon emissions by 2050, with at least an 85% of reductions from the state’s own energy and industrial emissions (and the remainder possible via carbon offsets). New York additionally legislated the target of 100% carbon-free electricity by 2040. Uncertainty about the timing and nature of any new regulatory requirements with respect to greenhouse gas emissions make any further future potential direct or indirect impacts on us difficult to determine.

We believe that obligations imposed on us because of environmental laws will not have a material adverse effect on our business or financial condition. Our rate plan provides for the continued application of deferral accounting for variations in spending from amounts provided in rates related to these environmental obligations. As a result, we have recorded a regulatory asset representing the investigation, remediation and monitoring obligations we expect to recover from ratepayers. By rate orders effective April 1, 2018, NYPSC decreased our annual rate allowance from \$42.0 million to \$32.1 million (\$27.3 million in electric base rates and \$4.8 million in gas base rates). Any annual spend above the \$32.1 million rate allowance is deferred for future recovery. Previous rate orders have provided for similar recovery mechanisms (with different rate allowances and thresholds). Accordingly, as of March 31, 2020, we recorded environmental regulatory (which include both gas and electric) assets for which we expect to receive rate recovery of \$356.8 million, and environmental regulatory liabilities of \$66.9 million.

Our Sustainability Strategy

We believe that as an electricity transmission and distribution and gas distribution company, we have an important role to play in the transition towards a low-carbon economy by investing in the decarbonization of electricity networks and we support the State of New York’s goal of achieving net zero emissions by 2050 and carbon-free electricity by 2040. Additionally, National Grid plc has an ISO 14001 certified environmental management system with which we are compliant and as such our operations are subject to an external audit in order to maintain our ISO 14001 registration. We also adhere to National Grid plc’s environmental sustainability business management standard and environmental sustainability strategy. As part of this strategy, we have developed the first habitat conservation plan in the Northeast U.S. for the Karner blue butterfly and the frosted elfin butterfly, listed by the US Fish & Wildlife Service and the New York State Department of Environmental Conservation as endangered and threatened, respectively. The protected habitat covers 39 acres and 160 miles of managed rights-of-way.

We have enrolled, along with the other U.S. operating companies of the National Grid Group, in the Monarch Candidate Conservation Agreement with Assurances, which is a first-of-its-kind, nationwide voluntary conservation program on energy and transportation lands created to protect the habitat of the imperiled Monarch butterfly. The program is a partnership between the U.S. Fish & Wildlife Service and

energy and transportation entities across the country. We are seeking to enroll approximately 67,700 acres of current facilities for coverage and our application for enrollment is currently under review by the US Fish & Wildlife Service and the New York State Department of Environmental Conservation permit administrators. Additionally, we have long supported recycling programs. In 1984 we developed an investment recovery program to recycle materials. The program identifies, reuses, resells or otherwise recycles or disposes of surplus assets, focusing on safety, environmental stewardship and retaining the highest value of the assets. The program also employs local residents from a vocational training agency that provides training and jobs for people with developmental disabilities. In 2019, our investment recovery program recycled over 30 million pounds of materials.

Seasonality

There is seasonal variation in electric transmission and distribution operations, usually peaking in the winter and summer months. The seasonality is correlated with the colder or warmer temperature because more electricity is used for heating or cooling during those months. In addition, there is a seasonal variation in natural gas customer sales, with loads usually peaking in the winter months. The seasonality is correlated with colder temperatures, when more natural gas is used for heating. Accordingly, results of the gas operations are most favorable in the fourth fiscal quarter of the year, followed by the third and first fiscal quarter. Operating losses are generally incurred in the second fiscal quarter during the summer.

Employees

As of March 31, 2020, we had approximately 4,265 employees, of whom approximately 81% were union members. We have two collective bargaining agreements with our union members that are scheduled to expire in 2021 and 2023. We also receive substantial support for our activities from the employees of National Grid USA Service Company, Inc., and National Grid Engineering & Surveying Inc. These service company affiliates provide administrative support to all NGUSA companies. We reimburse these service company affiliates for the costs associated with support services provided to us.

Insurance

Natural gas distribution and electric transmission and distribution facilities pose a variety of hazards and operating risks, such as leaks, explosions and mechanical problems caused by natural disasters, accidents and terrorism or other damage by third parties, which could cause substantial financial loss. In addition to impairing operations, these risks could also result in loss of human life, personal injuries, property damage and environmental contamination or pollution. In accordance with standard industry practice, we maintain insurance against what we believe are appropriate potential risks and losses.

Legal Proceedings

We are subject to various legal proceedings arising in the ordinary course of our business. We do not consider any such proceedings to be material, individually or in the aggregate, to our business or likely to result in a material adverse effect on our results of operations, financial position, or cash flows. For additional information, see note 13 to our audited financial statements for the years ended March 31, 2020, 2019 and 2018, included in this Offering Memorandum.

MANAGEMENT

Our business is managed by the senior management as set forth in the table below.

Name	Age ⁽¹⁾	Position(s)
John Bruckner	56	President
Chris Kelly	57	Chief Operating Officer, Electric
Cordelia O'Hara	46	Chief Operating Officer, Gas
Christopher McConnachie	38	Vice President and Chief Financial Officer
David Campbell	51	Vice President and Treasurer
William Gough	33	Vice President and Controller
Keri Sweet-Zavaglia	42	Senior Vice President and General Counsel

Note:—

(1) As of March 31, 2020.

Mr. Bruckner was appointed in May 2018 as our President. He is also a member of the U.S. executive team. Mr. Bruckner has approximately 32 years of experience working for the Long Island Power Authority. In 2011, he was appointed as the regional president of National Grid's Long Island operations responsible for the management of the electricity network on Long Island. Mr. Bruckner has a Bachelor's degree in Marine Engineering from the U.S. Merchant Marine Academy and holds a Master's degree in Business Administration from the New York Institute of Technology.

Mr. Kelly is our Chief Operating Officer and of the US Electric Distribution Business Unit at National Grid. Mr. Kelly has worked at National Grid companies for over 30 years. Previous roles include Senior Vice President of Electric Process and Engineering as well as the Vice President of Electric Systems Engineering. Mr. Kelly's focus is to lead the transformation of the electric distribution system to a digitized, modern grid to enable a clean energy future while upholding network reliability and resiliency. Leading up to that, Mr. Kelly was a technical leader in substation, protection, and telecommunications engineering in addition to electric operations. Mr. Kelly is a graduate of Rutgers University's electrical engineering program where he received his Bachelor's of Science degree in Electrical Engineering and a graduate of Worcester Polytechnic Institute in Massachusetts where he received his Master's in Business Administration degree. Mr. Kelly is also a Registered Professional Engineer in the state of Massachusetts.

Ms. O'Hara was appointed in May 2018 as our COO, Gas and of NGUSA's other operating subsidiaries and is responsible for the delivery of our performance and regulatory outcome under its gas rate plans along with the outcomes of each of NGUSA's other utility subsidiaries. Ms. O'Hara was formerly at NGUSA Massachusetts operating companies (i.e., Massachusetts Electric Company, Boston Gas Company and Colonial Gas Company). She has been a Director at National Grid Gas plc and National Grid Electricity Transmission plc since September 24, 2015 and has held various senior management level positions with National Grid plc subsidiaries including Director of UK System Operator and Director UK Market Operations from 2014 to present. Prior to joining National Grid in 2014, she held various management level positions with Centrica plc from 1998 to 2013. Ms. O'Hara holds a Bachelor of Laws (LLB) degree from the University of Manchester, United Kingdom.

Mr. McConnachie is our Vice President and CFO and has held that position since November 2015. Mr. McConnachie joined National Grid's United Kingdom corporate offices in 2008 and has occupied several key treasury posts in the United Kingdom and in its U.S. operations, including his appointment in 2013 as National Grid's U.S. Vice President and Treasurer. Before joining National Grid, Mr. McConnachie was a treasury executive with PricewaterhouseCoopers, responsible for asset management and related treasury

advisory for selected PwC clients. Mr. McConnachie holds a Master's degree in Economics from the University of Edinburgh.

Mr. Campbell is our Vice President and Treasurer and has held this position since February 15, 2019. Mr. Campbell joined New England Electric System in 1994, which was acquired by National Grid in 2000. Previously, he was Vice President Finance Service Company Business Partners and has held other senior roles in the NGUSA Finance team. Mr. Campbell holds a Bachelor's degree in International Politics & Economics from Middlebury College and a Master's degree in Accounting from State University of New York at Albany.

Mr. Gough is our Vice President and Controller and has held this position since December 2019. Mr. Gough joined National Grid's U.S. operations in July 2018 as Head of Corporate Accounting. Previously, he was a senior manager at PricewaterhouseCoopers, where he focused on providing assurance services. Mr. Gough holds a Bachelor's degree in political science and a Master's degree in Business from the University of Birmingham.

Ms. Sweet-Zavaglia is our Senior Vice President and General Counsel and has held this position since May 2019. She is also the U.S. General Counsel for NGUSA's other operating subsidiaries. She originally joined NGUSA's legal department as counsel in April 2006 and has since held several positions within National Grid, including Assistant General Counsel and Deputy General Counsel. She also has held the position of Acting Vice President for our Upstate New York Gas Operations, as well as Vice President of New York Performance and Strategy. In these roles, she has led the New York Regulatory and FERC teams. Before joining National Grid, Ms. Sweet-Zavaglia was an Assistant District Attorney at the Philadelphia District Attorney's Office. Ms. Sweet-Zavaglia holds a Juris Doctorate from Temple University, James E. Beasley School of Law.

DESCRIPTION OF NOTES

General

Certain terms used in this description are defined under the subheading “Certain Definitions.” In this description, (a) the terms “we”, “our” and “us” each refer to Niagara Mohawk Power Corporation and its consolidated Subsidiaries, if any, and (b) the term “Issuer” refers only to Niagara Mohawk Power Corporation (and its successors in interest) and not to any of its Subsidiaries, if any.

Niagara Mohawk Power Corporation will issue \$600,000,000 aggregate principal amount of 1.960% senior notes due 2030 (the “**Green Notes**”) and \$500,000,000 aggregate principal amount of 3.025% senior notes due 2050 (the “**2050 Notes**” and together with the Green Notes, the “**Notes**”). The Notes will be issued under a base indenture dated August 10, 2009, as supplemented from time to time (the “**Base Indenture**”) between Niagara Mohawk Power Corporation and The Bank of New York Mellon, acting through its London branch, as trustee (the “**Trustee**”), as supplemented by a sixth supplemental indenture to be dated June 25, 2020 between the Issuer and the Trustee (the “**Sixth Supplemental Indenture**”). The term “Indenture” in this description of notes refers to the Base Indenture as supplemented by the Sixth Supplemental Indenture. The Notes will be issued in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See “Notice to Investors; Transfer Restrictions.”

The following description is only a summary of the material provisions of the Indenture, does not purport to be complete and is qualified in its entirety by reference to the provisions of that agreement, including the definitions therein of certain terms used below. We urge you to read the Indenture because it, not this description, defines your rights as Holders of the Notes. You may request copies of the Indenture at our address set forth under the heading “—Additional Information.”

Brief Description of Notes

The Notes will be:

- unsecured senior obligations of the Issuer;
- *pari passu* in right of payment with existing and any future unsecured senior Indebtedness (as defined below) of the Issuer;
- effectively subordinated in right of payment to any existing and future secured Indebtedness of the Issuer to the extent of the value of the assets securing such Indebtedness;
- effectively subordinated in right of payment to any existing and future Indebtedness and other obligations of each Subsidiary, if any, of the Issuer; and
- senior in right of payment to any existing and future Subordinated Indebtedness of the Issuer.

It is not expected that the Notes will be exchanged for similar notes in a transaction registered under the Securities Act, or that the resale of the Notes will be registered under the Securities Act. Additionally, it is not anticipated that the Indenture will be qualified under the Trust Indenture Act and, as a result, the Holders of the Notes will not receive the protections otherwise provided thereby.

Paying Agents and Registrars for the Notes

The Issuer will maintain one or more paying agents for the Notes in the Borough of Manhattan, City of New York. The initial paying agent for the Notes will be the Trustee. Principal, premium, if any, and interest on the Notes will be payable at the office of the paying agent or, at the option of the Issuer, payment of interest may be made by check mailed to the Holders of the Notes at their respective addresses set forth in the register of Holders; *provided*, that all payments of principal, premium, if any, and interest with respect to the Notes represented by one or more global notes registered in the name of or held by DTC or its nominee will be made by wire transfer of immediately available funds to the accounts specified by the Holder or Holders thereof.

The Issuer will also maintain one or more registrars with offices in the Borough of Manhattan, City of New York. The initial registrar will be the Trustee. The registrar will maintain a register reflecting ownership of the Notes outstanding from time to time and will facilitate transfer of Notes on behalf of the Issuer.

The Issuer may change the paying agents or the registrars without prior notice to the Holders. The Issuer or any of its Subsidiaries may act as a paying agent or registrar.

Transfer and Exchange

A Holder may transfer or exchange Notes in accordance with the Indenture. The registrar and the Trustee may require a Holder to furnish appropriate endorsements and transfer documents in connection with a transfer of Notes. Holders will be required to pay all taxes due on transfer. The Issuer is not required to transfer or exchange any Note selected for redemption. Also, the Issuer is not required to transfer or exchange any Note for a period of 15 days before a selection of Notes to be redeemed.

Principal, Maturity and Interest

The Issuer will issue \$600,000,000 aggregate principal amount of Green Notes and \$500,000,000 aggregate principal amount of 2050 Notes in this offering. The Green Notes will mature at 100% of their principal amount on June 27, 2030 and the 2050 Notes will mature at 100% of their principal amount on June 27, 2050. The Issuer may issue an unlimited amount of additional Notes any series from time to time after this offering under the Indenture (“**Additional Notes**”). The Notes of any series offered hereby by the Issuer and any Additional Notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including waivers, amendments and redemptions. Additional Notes that are issued with the same CUSIP or other identifying number as a series of outstanding Notes will be issued with no more than a *de minimis* amount of original issue discount, or as part of a qualified reopening, in each case for U.S. federal income tax purposes. Unless the context requires otherwise, references to “Notes” of a series for all purposes of the Indenture and this “Description of Notes” include any Additional Notes of such series that are actually issued.

The Green Notes will bear interest at a rate of 1.960% per annum and will be payable semi-annually in arrears on June 27 and December 27, commencing on December 27, 2020, to the Holders of the Notes of record at the close of business on the immediately preceding June 12 and December 12. The 2050 Notes will bear interest at a rate of 3.025% per annum and will be payable semi-annually in arrears on June 27 and December 27, commencing on December 27, 2020, to the Holders of the Notes of record at the close of business on the immediately preceding June 12 and December 12. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including the Issue Date. Interest on the Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months.

If any interest payment date or maturity date is not a Business Day, the payment otherwise required to be made on such date will be made on the next Business Day without any additional payment as a result of such delay.

Taxation

All payments of principal and interest in respect of the Notes by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by any governmental authority unless such withholding or deduction is required by law. If an amount in respect of withholding taxes were legally required to be deducted or withheld from interest, principal or other payments on the Notes, no additional amounts shall be paid as a result of the deduction or withholding.

Mandatory Redemption; Offers to Purchase; Open Market Purchases

The Issuer is not required to make any mandatory redemption or sinking fund payments with respect to the Notes. The Issuer may at any time and from time to time acquire Notes by means other than a redemption, whether by tender offer, exchange offer, open market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws.

Optional Redemption

At any time and from time to time, the Issuer may redeem all or a part of the Notes, upon not less than 30 nor more than 60 days' prior notice delivered to the registered address of each Holder of Notes or otherwise in accordance with the procedures of DTC, Euroclear or Clearstream. If the Issuer elects to redeem the Green Notes prior to March 27, 2030 or the 2050 Notes prior to December 27, 2049, the Issuer will pay a redemption price, as calculated by the Issuer, equal to the greater of:

- (1) 100% of the principal amount of the Notes redeemed; and
- (2) the present value at the applicable Redemption Date (as defined below) of (i) the principal amount of such Notes on such Redemption Date, plus (ii) all required interest payments due on such Notes through March 27, 2030 (three months prior to the maturity date) in the case of Green Notes and through December 27, 2049 (six months prior to the maturity date) in the case of 2050 Notes, computed using a discount rate equal to the Treasury Rate determined on the second Business Day preceding the Redemption Date plus 20 basis points in the case of the Green Notes and 25 basis points in the case of the 2050 Notes, less accrued and unpaid interest,

plus, in each case, accrued and unpaid interest, if any, to the date fixed for redemption (the “**Redemption Date**”), subject to the rights of Holders of the Notes at the close of business on the relevant record date to receive interest due on the relevant interest payment date.

If the Issuer elects to redeem the Notes on or after March 27, 2030 (the date that is three months prior to the maturity date) in the case of the Green Notes or on or after December 27, 2049 (the date that is six months prior to the maturity date) in the case of the 2050 Notes, the Issuer will pay a redemption price equal to 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid interest thereon to, but not including, the Redemption Date, subject to the rights of Holders of the Notes at the close of business on the relevant record date to receive interest due on the relevant interest payment date.

Notice of any optional redemption may, at the Issuer's discretion, be subject to one or more conditions precedent.

If the Issuer redeems less than all of the outstanding Notes, the depositary shall select the Notes to be redeemed in the manner described under “—Selection and Notice.”

Selection and Notice

If the Issuer is redeeming less than all of the Notes of any series issued by it at any time, the depositary will select the Notes of such series to be redeemed (a) if the Notes of such series are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange on which the Notes of such series are listed, (b) on a pro rata basis to the extent practicable or, if a pro rata basis is not practicable for any reason, by lot or by such other method as the depositary shall deem fair and appropriate in accordance with the procedures of DTC, or (c) by lot or such other similar method in accordance with the procedures of DTC.

Notices of redemption shall be delivered and, unless otherwise specified herein, at least 30 but not more than 60 days before the Redemption Date to each Holder of Notes at such Holder's registered address or otherwise in accordance with the procedures of DTC, Euroclear or Clearstream, except that redemption notices may be delivered more than 60 days prior to a Redemption Date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture. If any Note is to be redeemed in part only, any notice of redemption that relates to such Note shall state the portion of the principal amount thereof that has been or is to be redeemed.

The Issuer will issue a new Note in a principal amount equal to the unredeemed portion of the original Note in the name of the Holder upon cancellation of the original Note. Notes called for redemption become due on the date fixed for redemption. On and after the Redemption Date, interest ceases to accrue on Notes or portions thereof called for redemption.

Certain Covenants

Merger, Consolidation or Sale of All or Substantially All Assets

The Issuer may not consolidate or merge with or into or wind up into (whether or not the Issuer is the surviving entity), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets, in one or more related transactions, to any Person unless:

- (1) the Issuer is the surviving entity, or (B) the Person formed by or surviving any such consolidation or merger (if other than the Issuer) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is an entity organized or existing under the laws of the United States, any state or territory thereof or the District of Columbia (such Person being herein called the “**Successor Person**”);
- (2) the Successor Person, if other than the Issuer, expressly assumes all the obligations of the Issuer under the Indenture and the Notes pursuant to supplemental indentures or other documents or instruments in form reasonably satisfactory to the Trustee;
- (3) immediately after such transaction, no Default exists; and
- (4) the Issuer or the Successor Person shall have delivered to the Trustee an Officer’s Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indentures, if any, comply with the Indenture.

The Successor Person will succeed to, and be substituted for, the Issuer under the Indenture and the Notes.

Reports and Other Information

So long as any Notes are outstanding, if not filed electronically with the SEC through the SEC’s Electronic Data Gathering, Analysis, and Retrieval System (or any successor system), the Issuer will furnish to the Trustee and Holders of the Notes, within 180 days of the end of each fiscal year for annual reports and within 75 days of the end of each fiscal quarter for quarterly reports:

- (1) an annual report including solely the following information: annual consolidated financial statements of the Issuer (including balance sheets as of the end of the two most recent fiscal years and statements of earnings and statements of cash flows for the three most recent fiscal years) prepared in accordance with GAAP as in effect from time to time, and a report on the annual financial statements by the Issuer’s independent accountants; and
- (2) a quarterly report including solely the following information: quarterly consolidated financial statements of the Issuer (including a balance sheet as of the end of the most recent fiscal quarter and statements of earnings and statements of cash flows for the period from the end of the most recent fiscal year to the end of the most recent fiscal quarter, and for the corresponding interim period of the preceding fiscal year) prepared in accordance with GAAP as in effect from time to time.

In addition, the Issuer has agreed that, for so long as any Notes remain outstanding and during any period during which the Issuer is not subject to Section 13 or Section 15(d) of the Exchange Act, it will furnish to Holders of the Notes and to prospective purchasers of the Notes, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Events of Default and Remedies

The Indenture will provide that each of the following is an Event of Default with respect to either series of the Notes:

- (1) default for 14 days or more in the payment when due and payable, upon redemption, acceleration or otherwise, of principal of, or premium, if any, on the Notes of such series;
- (2) default for 30 days or more in the payment when due of interest on or with respect to the Notes of such series;
- (3) failure by the Issuer for 90 days after receipt of written notice given by the Trustee or the Holders of not less than 25% in principal amount of outstanding Notes of such series to comply with any of its obligations, covenants or agreements (other than a default referred to in clauses (1) and (2) above) contained in the Indenture or the Notes of such series;
- (4) default under any mortgage, indenture or instrument under which there is issued or by which there is secured or evidenced any Indebtedness for money borrowed by the Issuer, other than Indebtedness owed to the Issuer, whether such Indebtedness now exists or is created after the issuance of the Notes, if both:
 - i) such default either results from the failure to pay any principal of such Indebtedness at its stated final maturity (after giving effect to any applicable grace periods) or relates to an obligation other than the obligation to pay principal of any such Indebtedness at its stated final maturity and results in the holder or holders of such Indebtedness causing such Indebtedness to become due prior to its stated maturity; and
 - ii) the principal amount of such Indebtedness, together with the principal amount of any other such Indebtedness in default for failure to pay principal at stated final maturity (after giving effect to any applicable grace periods), or the maturity of which has been so accelerated, aggregate \$200.0 million or more at any one time outstanding; or
- (5) certain events of bankruptcy or insolvency with respect to the Issuer.

If any Event of Default (other than of a type specified in clause (5) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes of such series may by written notice as provided in the Indenture declare the principal, premium, if any, interest, if any, and any other monetary obligations on all the then outstanding Notes of such series to be due and payable immediately.

Upon the effectiveness of such declaration, such principal of and premium, if any, and interest, if any, will be due and payable immediately. Notwithstanding the foregoing, in the case of an Event of Default arising under clause (4) of the first paragraph of this section, all outstanding Notes of such series will become due and payable without further action or notice. The Indenture will provide that the Trustee may withhold from the Holders notice of any continuing Default, except a Default relating to the payment of principal, premium, if any, or interest, if any, if it determines that withholding notice is in their interest. In addition, the Trustee shall have no obligation to accelerate the Notes of such series if, in the best judgment of the Trustee, it determines acceleration is not in the best interest of the Holders of the Notes of such series.

The Indenture provides that the Holders of a majority in aggregate principal amount of the then outstanding Notes of such series by notice to the Trustee may on behalf of the Holders of all of the Notes of such series waive any existing Default and its consequences under the Indenture (except a continuing Default in the payment of interest on, premium, if any, or the principal of any Note held by a non-consenting Holder) and rescind any acceleration with respect to the Notes of such series and its consequences (provided such rescission would not conflict with any judgment of a court of competent jurisdiction). In the event of any Event of Default specified in clause (4) above, such Event of Default and all consequences thereof (excluding any resulting payment default, other than as a result of acceleration of the Notes of such series) shall be annulled, waived and rescinded, automatically and without any action by the Trustee or the Holders, if within 20 days after such Event of Default arose:

- (1) the Indebtedness or guarantee that is the basis for such Event of Default has been discharged; or

- (2) holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default; or
- (3) the default that is the basis for such Event of Default has been cured.

Subject to the provisions of the Indenture relating to the duties of the Trustee thereunder, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders of a series of Notes unless the Holders of such series have offered to the Trustee reasonable indemnity or security satisfactory to it against any cost, liability or expense. Except to enforce the right to receive payment of principal, premium (if any) or interest, if any, when due, no Holder of a Note of a series may pursue any remedy with respect to the Indenture or the Notes of such series unless:

- (1) such Holder has previously given the Trustee notice that an Event of Default is continuing;
- (2) Holders of at least 25% in principal amount of the total outstanding Notes of such series have requested the Trustee to pursue the remedy;
- (3) Holders of the Notes of such series have offered the Trustee reasonable security or indemnity against any loss, liability or expense;
- (4) the Trustee has not complied with such request within 60 days after the receipt thereof and the offer of security or indemnity; and
- (5) Holders of a majority in principal amount of the total outstanding Notes of such series have not given the Trustee a direction inconsistent with such request within such 60-day period.

Subject to certain restrictions, under the Indenture the Holders of a majority in principal amount of the total outstanding Notes of a series are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder of a Note of such series or that would involve the Trustee in personal liability.

The Indenture will provide that the Issuer is required to deliver to the Trustee annually a statement regarding compliance with the Indenture.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of the Issuer or any of its parent companies shall have any liability for any obligations of the Issuer under the Notes or the Indenture or for any claim based on, in respect of, or by reason of such obligations or their creation. Each Holder by accepting Notes waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Legal Defeasance and Covenant Defeasance

The obligations of the Issuer under the Indenture and the Notes of a series will terminate (other than certain obligations) and will be released upon payment in full of all of the Notes of such series. The Issuer may, at its option and at any time, elect to have all of its obligations discharged with respect to the Notes of a series ("**Legal Defeasance**") and cure all then existing Events of Default except for:

- (1) the rights of Holders of the Notes of such series to receive payments in respect of the principal of, premium, if any, and interest, if any, on the Notes of such series when such payments are due solely out of the trust created pursuant to the Indenture;
- (2) the Issuer's obligations with respect to such Notes concerning issuing temporary Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

- (3) the rights, powers, trusts, duties and immunities of the Trustee, and the Issuer's obligations in connection therewith; and
- (4) the Legal Defeasance provisions of the Indenture.

In addition, the Issuer may, at its option and at any time, elect to have its obligations released with respect to certain covenants that are described in the Indenture ("**Covenant Defeasance**") and thereafter any omission to comply with such obligations shall not constitute a Default with respect to such series of Notes. In the event Covenant Defeasance occurs, certain events (not including bankruptcy, receivership, rehabilitation and insolvency events pertaining to the Issuer) described under "—Events of Default and Remedies" will no longer constitute an Event of Default with respect to such series of Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance with respect to the Notes:

- (1) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders of such series of Notes, cash in U.S. dollars, Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium, if any, and interest, if any, due on the Notes of such series on the stated maturity date or on the Redemption Date, as the case may be, of such principal, premium, if any, or interest, if any, on the Notes of such series and the Issuer must specify whether the Notes of such series are being defeased to maturity or to a particular Redemption Date;
- (2) in the case of Legal Defeasance, the Issuer shall have delivered to the Trustee an Opinion of Counsel of recognized standing with respect to U.S. federal income tax matters confirming that, subject to customary assumptions and exclusions, (x) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling, or (y) since the issuance of the Notes of such series, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that the beneficial owner of the Notes of such series will not recognize income, gain or loss for U.S. federal income tax purposes, as applicable, as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;
- (3) in the case of Covenant Defeasance, the Issuer shall have delivered to the Trustee an Opinion of Counsel of recognized standing with respect to U.S. federal income tax matters confirming that, subject to customary assumptions and exclusions, the beneficial owner of the Notes of such series will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;
- (4) no Default (other than that resulting from borrowing funds to be applied to make such deposit and any similar and simultaneous deposit relating to other Indebtedness and, in each case, the granting of Liens in connection therewith) shall have occurred and be continuing on the date of such deposit;
- (5) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than the Indenture) to which the Issuer is a party or by which the Issuer is bound (other than that resulting from any borrowing of funds to be applied to make the deposit required to effect such Legal Defeasance or Covenant Defeasance and any similar and simultaneous deposit relating to such other Indebtedness, and the granting of Liens in connection therewith);
- (6) the Issuer shall have delivered to the Trustee an Opinion of Counsel to the effect that, as of the date of such opinion and subject to customary assumptions and exclusions following the deposit, the trust funds will not be subject to the effect of Section 547 of Title 11 of the United States Code;

- (7) the Issuer shall have delivered to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer or others; and
- (8) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and exclusions) each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance, as the case may be, have been complied with.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes of a series, when either:

- (1) all Notes of such series theretofore authenticated and delivered, except lost, stolen or destroyed Notes of such series which have been replaced or paid and Notes of such series for whose payment money has theretofore been deposited in trust, have been delivered to the Trustee for cancellation; or
- (2)
 - (a) all Notes of such series not theretofore delivered to the Trustee for cancellation have become due and payable by reason of the making of a notice of redemption or otherwise, will become due and payable within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer and the Issuer has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders of the Notes of such series, cash in U.S. dollars, Government Securities, or a combination thereof, in such amounts as will be sufficient without consideration of any reinvestment of interest to pay and discharge the entire indebtedness on the Notes of such series not theretofore delivered to the Trustee for cancellation for principal, premium, if any, and accrued interest, if any, to the date of maturity or redemption;
 - (b) no Default (other than that resulting from borrowing funds to be applied to make such deposit or any similar and simultaneous deposit relating to other Indebtedness and the granting of Liens in connection therewith) with respect to the Indenture as it relates to such series of Notes shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than the Indenture) to which the Issuer is a party or by which the Issuer is bound (other than resulting from any borrowing of funds to be applied to make such deposit and any similar and simultaneous deposit relating to such other Indebtedness and the granting of Liens in connection therewith);
 - (c) the Issuer has paid or caused to be paid all sums payable by it under the Indenture with respect to the outstanding Notes of such series; and
 - (d) the Issuer has delivered irrevocable instructions to the Trustee to apply the deposited money toward the payment of the Notes of such series at maturity or the Redemption Date, as the case may be.

In addition, the Issuer must deliver an Officer's Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Amendment, Supplement and Waiver

Except as provided in the next two succeeding paragraphs, the Indenture and the Notes of a series may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding of all series affected by such supplemental indenture, voting as one class, including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes of such series, and any existing Default or compliance with any provision of the Indenture or the Notes of such

series issued thereunder may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes of such series, other than Notes beneficially owned by the Issuer or its Affiliates (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes).

The Indenture will provide that, without the consent of each affected Holder of Notes of any series, an amendment or waiver may not, with respect to any Notes of any series held by a non-consenting Holder:

- (1) reduce the principal amount of any such series of Notes whose Holders must consent to an amendment, supplement or waiver;
- (2) reduce the principal amount of or change the fixed final maturity of any Note of such series or alter or waive the provisions with respect to the redemption of such series of Notes;
- (3) reduce the rate of or change the time for payment of interest on any Note of such series;
- (4) waive a Default in the payment of principal of or premium, if any, or interest, if any, on the Notes, except a rescission of acceleration of the Notes of such series by the Holders of at least a majority in aggregate principal amount of the Notes of such series and a waiver of the payment default that resulted from such acceleration, or waive a Default in respect of a covenant or provision contained in the Indenture which cannot be amended or modified without the consent of all Holders of such series;
- (5) make any Note of any series payable in money other than that stated therein;
- (6) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of Holders to receive payments of principal of or premium, if any, or interest, if any, on the Notes of such series;
- (7) make any change in these amendment and waiver provisions; or
- (8) impair the right of any Holder to receive payment of principal of, or interest, if any, on such Holder's Notes of such series on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's Notes of such series.

Notwithstanding the foregoing, the Issuer and the Trustee may amend or supplement the Indenture and the Notes of a series without the consent of any Holder:

- (1) to cure any ambiguity, omission, mistake, defect or inconsistency;
- (2) to provide for uncertificated Notes in addition to or in place of certificated Notes of such series;
- (3) to provide for the assumption of the Issuer's obligations to the Holders;
- (4) to make any change that would provide any additional rights or benefits to the Holders of Notes of any series or that does not materially adversely affect the legal rights under the Indenture of any such Holder;
- (5) to add covenants for the benefit of the Holders of Notes of any series or to surrender any right or power conferred upon the Issuer;
- (6) to comply with requirements of the SEC in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act;
- (7) to evidence and provide for the acceptance and appointment under the Indenture of a successor Trustee thereunder pursuant to the requirements thereof or to otherwise comply with any requirement of the Indenture;
- (8) to provide for the issuance of exchange notes or private exchange notes, which are identical to exchange notes except that they are not freely transferable;
- (9) to add a guarantor with respect to the Notes of any series;

- (10) to conform the text of the Indenture or the Notes to any provision of this “Description of Notes” to the extent that such provision in this “Description of Notes” was intended to be a verbatim recitation of a provision of the Indenture or the Notes of such series;
- (11) to make any amendment to the provisions of the Indenture relating to the transfer and legending of Notes of any series as permitted by the Indenture, including, without limitation, to facilitate the issuance and administration of the Notes of such series; *provided, however*, that (i) compliance with the Indenture as so amended would not result in Notes being transferred in violation of the Securities Act or any applicable securities law and (ii) such amendment does not materially and adversely affect the rights of Holders to transfer Notes of such series; or
- (12) to mortgage, pledge, hypothecate or grant any other Lien in favor of the Trustee for the benefit of the Holders of the Notes, as security for the payment and performance of all or any portion of the obligations of the Issuer under the Indenture and the Notes of such series, in any property or assets.

The consent of the Holders of a series of Notes is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

Notices

Notices given by publication will be deemed given on the first date on which publication is made and notices given by first-class mail, postage prepaid, will be deemed given five calendar days after mailing.

Concerning the Trustee

The Trustee may resign or be removed with respect to the Notes and a successor trustee may be appointed to act with respect to the Notes.

The Indenture will provide that the Holders of a majority in principal amount of the outstanding Notes of a series will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture will provide that in case an Event of Default shall occur (which is not cured), the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent person in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any Holder of the Notes, unless such Holder shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

Governing Law

The Indenture and the Notes will be governed by, and construed in accordance with, the laws of the State of New York.

Additional Information

Anyone who receives this Offering Memorandum may obtain copies of the Indenture without charge by writing to the Issuer at c/o National Grid plc, 1-3 Strand, London WC2N 5EH, United Kingdom, Attention: Investor Relations.

Certain Definitions

“**2050 Notes**” has the meaning set forth in the second paragraph under “—General.”

“**Additional Notes**” has the meaning set forth in the first paragraph under “—Principal, Maturity and Interest.”

“**Affiliate**” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this

definition, “control” (including, with correlative meanings, the terms “controlling”, “controlled by” and “under common control with”), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

“**Business Day**” means each day which is not a Legal Holiday.

“**Clearstream**” means Clearstream Banking, S.A.

“**Capital Stock**” means:

- (1) in the case of a corporation, corporate stock;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and
- (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

“**Covenant Defeasance**” has the meaning set forth in the second paragraph under “—Legal Defeasance and Covenant Defeasance.”

“**Default**” means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

“**DTC**” means The Depository Trust Company.

“**Euroclear**” means Euroclear Bank S.A./N.V.

“**Event of Default**” has the meaning set forth in the first paragraph under “—Events of Default and Remedies.”

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

“**GAAP**” means generally accepted accounting principles in the United States.

“**Government Securities**” means securities that are:

- (1) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged; or
- (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America,

which, in either case, are not callable or redeemable at the option of the issuers thereof, and shall also include a depositary receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such Government Securities or a specific payment of principal of or interest on any such Government Securities held by such custodian for the account of the holder of such depositary receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the Government Securities or the specific payment of principal of or interest on the Government Securities evidenced by such depositary receipt.

“**Green Notes**” has the meaning set forth in the second paragraph under “—General.”

“**guarantee**” means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner (including letters of credit and reimbursement agreements in respect thereof), of all or any part of any Indebtedness or other obligations and, when used as a verb, shall have corresponding meaning.

“Holder” means the Person in whose name a Note is registered on the registrar’s books.

“Indebtedness” means, with respect to any Person, without duplication, any indebtedness of such Person in respect of borrowed money evidenced by bonds, notes, debentures or similar instruments.

“Indenture” has the meaning set forth in the second paragraph under “—General.”

“Issue Date” means June 25, 2020.

“Issuer” has the meaning set forth in the first paragraph under “—General.”

“Legal Defeasance” has the meaning set forth in the first paragraph under “—Legal Defeasance and Covenant Defeasance.”

“Legal Holiday” means a Saturday, a Sunday or a day on which commercial banking institutions are not required to be open in the State of New York.

“Lien” means, with respect to any asset, any mortgage, lien (statutory or otherwise), pledge, hypothecation, charge, security interest, preference, priority or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction; *provided* that in no event shall an operating lease be deemed to constitute a Lien.

“Notes” has the meaning set forth in the second paragraph under “—General.”

“Officer” means the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the President, any Executive Vice President, Senior Vice President or Vice President, the Treasurer, any Assistant Treasurer or the Secretary or any Assistant Secretary of the Issuer.

“Officer’s Certificate” means a certificate signed on behalf of the Issuer by an Officer of the Issuer that meets the requirements set forth in the Indenture.

“Opinion of Counsel” means a written opinion from legal counsel, which opinion is acceptable to the Trustee. The counsel may be an employee of or counsel to the Issuer.

“Person” means any individual, corporation, limited liability company, partnership, limited partnership, joint venture, association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

“Redemption Date” has the meaning set forth in the second paragraph under “—Optional Redemption.”

“SEC” means the U.S. Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

“Subordinated Indebtedness” means, with respect to the Notes, any Indebtedness of the Issuer which is by its terms subordinated in right of payment to the Notes.

“Subsidiary” means, with respect to any Person:

- (1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; and
- (2) any partnership, joint venture, limited liability company or similar entity of which

- (x) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership or otherwise, and
- (y) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

“Successor Person” has the meaning set forth in the first paragraph under “—Certain Covenants—Merger, Consolidation or Sale of All or Substantially All Assets.”

“Treasury Rate” means, as calculated by the Issuer as of any Redemption Date, the yield to maturity (computed as of the second Business Day immediately preceding that Redemption Date) of the United States Treasury securities with a constant maturity most nearly equal to the period from the Redemption Date to March 27, 2030 (three months prior to the maturity date) in the case of the Green Notes or December 27, 2049 (six months prior to the maturity date) in the case of the 2050 Notes; *provided, however*, that if the period from the Redemption Date to March 27, 2030 in the case of the Green Notes or December 27, 2049 in the case of the 2050 Notes is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

“Trust Indenture Act” means the Trust Indenture Act of 1939, as amended, and the rules and regulations of the SEC promulgated thereunder.

“Trustee” has the meaning set forth in the second paragraph under “—General.”

BOOK-ENTRY, DELIVERY AND FORM

The Notes are being offered and sold to qualified institutional buyers in reliance on Rule 144A under the Securities Act (“**Rule 144A Notes**”). The Notes also may be offered and sold in offshore transactions in reliance on Regulation S under the Securities Act (“**Regulation S Notes**”). Except as set forth below, the Notes will be issued in registered, global form in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. Notes will be issued at the closing of this offering only against payment in immediately available funds. The Notes will be issued under a base indenture dated March 22, 2010 (the “**Base Indenture**”) between Niagara Mohawk Power Corporation and The Bank of New York Mellon, acting through its London Branch, as trustee (the “**Trustee**”), as supplemented by a sixth supplemental indenture to be dated June 25, 2020 between the Issuer, the Trustee and The Bank of New York Mellon as registrar (the “**Sixth Supplemental Indenture**”). The term “Indenture” in this section refers to the Base Indenture as supplemented and amended by the Sixth Supplemental Indenture.

Rule 144A Notes initially will be represented by one or more global notes in registered form without interest coupons (collectively, the “**Rule 144A Global Notes**”). Regulation S Notes initially will be represented by one or more temporary global notes in registered form without interest coupons (collectively, the “**Regulation S Temporary Global Notes**”). The Rule 144A Global Notes and the Regulation S Temporary Global Notes will be deposited upon issuance with The Bank of New York Mellon as custodian for DTC in New York, New York, and registered in the name of DTC or its nominee, in each case, for credit to an account of a direct or indirect participant in DTC as described below. Through and including the 40th day after the later of the commencement of this offering and the closing of this offering (such period through and including such 40th day, the “**Restricted Period**”), beneficial interests in the Regulation S Temporary Global Notes may be held only through Euroclear and Clearstream (as indirect participants in DTC), unless transferred to a person that takes delivery through a Rule 144A Global Note in accordance with the certification requirements described under “—Exchanges Between Regulation S Notes and Rule 144A Notes” below. Within a reasonable time period after the expiration of the Restricted Period, the Regulation S Temporary Global Notes will be exchanged for one or more permanent notes in registered, global form without interest coupons (collectively, the “**Regulation S Permanent Global Notes**” and, together with the Regulation S Temporary Global Notes, the “**Regulation S Global Notes**”; the Regulation S Global Notes and the Rule 144A Global Notes collectively being the “**Global Notes**”) upon delivery to DTC of certification of compliance with the transfer restrictions applicable to the Notes and pursuant to Regulation S as provided in the Indenture. Beneficial interests in the Rule 144A Global Notes may not be exchanged for beneficial interests in the Regulation S Global Notes at any time except in the limited circumstances described under “—Exchanges Between Regulation S Notes and Rule 144A Notes” below.

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for definitive notes in registered certificated form (“**Certificated Notes**”) except in the limited circumstances described below. See “—Exchange of Global Notes for Certificated Notes.” Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of the Notes in certificated form.

Rule 144A Notes (including beneficial interests in the Rule 144A Global Notes) will be subject to certain restrictions on transfer and will bear a restrictive legend as described under “Notice to Investors; Transfer Restrictions.” Regulation S Notes will also be subject to certain restrictions on transfer and will also bear the legend as described under “Notice to Investors; Transfer Restrictions.” In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

Depository Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream is provided solely as a matter of convenience. These operations and procedures are solely within the control of

the respective settlement systems and are subject to changes by them. We take no responsibility for these operations and procedures and urge investors to contact the system or their participants directly to discuss these matters.

DTC has advised us that DTC is a limited-purpose trust company organized under the laws of the State of New York, a “banking organization” within the meaning of the New York Banking Law, a member of the

Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participating organizations (collectively, the “**Participants**”) and to facilitate the clearance and settlement of transactions in those securities between the Participants through electronic book-entry changes in accounts of its Participants. The Participants include securities brokers and dealers (including the initial purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC’s system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the “**Indirect Participants**”). Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through the Participants or the Indirect Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

DTC has also advised us that, pursuant to procedures established by it

- upon deposit of the Global Notes, DTC will credit the accounts of the Participants designated by the initial purchasers with portions of the principal amount of the Global Notes; and
- ownership of these interests in the Global Notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interests in the Global Notes).

Investors in the Rule 144A Global Notes who are Participants may hold their interests therein directly through DTC. Investors in the Rule 144A Global Notes who are not Participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) that are Participants. Investors in the Regulation S Global Notes must initially hold their interests therein through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations that are participants. After the expiration of the Restricted Period (but not earlier), investors may also hold interests in the Regulation S Global Notes through Participants in DTC other than Euroclear and Clearstream. Euroclear and Clearstream will hold interests in the Regulation S Global Notes on behalf of their participants through customers’ securities accounts in their respective names on the books of their respective depositories, which in turn hold such interests in customers’ securities accounts in the depositories’ names on the books of DTC. Citibank, N.A. acts as depository for Clearstream, and JPMorgan Chase Bank acts as depository for Euroclear. All interests in a Global Note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems. The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such persons will be limited to that extent. Because DTC can act only on behalf of Participants, which in turn act on behalf of Indirect Participants, the ability of a person having beneficial interests in a Global Note to pledge such interests to persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Except as described below, owners of interests in the Global Notes will not have notes registered in their names, will not receive physical delivery of notes in certificated form and will not be considered the registered owners or “holders” thereof under the Indenture for any purpose.

Payments in respect of the principal of, and interest and premium, if any, on a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the Indenture. Under the terms of the Indenture, we and the Trustee will treat the persons in whose names the

Notes, including the Global Notes, are registered as the owners of the Notes for the purpose of receiving payments and for all other purposes. Consequently, neither we, the Trustee nor any agent of ours or of the Trustee has or will have any responsibility or liability for:

- any aspect of DTC's records or any Participant's or Indirect Participant's records relating to, or payments made on account of, beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any of DTC's records or any Participants or Indirect Participant's records relating to the beneficial ownership interests in the Global Notes; or
- any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised us that its current practice, upon receipt of any payment in respect of securities such as the Notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the payment date unless DTC has reason to believe that it will not receive payment on such payment date. Each relevant Participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant securities as shown on the records of DTC. Payments by the Participants and the Indirect Participants to the beneficial owners of Notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be our responsibility or the responsibility of DTC or the Trustee. Neither we nor the Trustee will be liable for any delay by DTC or any of the Participants or the Indirect Participants in identifying the beneficial owners of the Notes, and we and the Trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Subject to the transfer restrictions set forth under "Notice to Investors; Transfer Restrictions," transfers between the Participants will be effected in accordance with DTC's procedures and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the Notes described herein, cross-market transfers between the Participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depository. However, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Note from DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

DTC has advised us that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more Participants to whose account DTC has credited the interests in the Global Notes and only in respect of such portion of the aggregate principal amount of the Notes as to which such Participant or Participants has or have given such direction. However, if there is an event of default under the Notes, DTC reserves the right to exchange the Global Notes for legended notes in certificated form and to distribute such notes to its Participants.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate to transfers of interests in the Rule 144A Global Notes and the Regulation S Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. Neither we nor the Trustee nor any of our or its agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Exchange of Global Notes for Certificated Notes

A Global Note is exchangeable for Certificated Notes if:

- DTC (1) notifies us that it is unwilling or unable to continue as depositary for the Global Notes or (2) has asked to no longer be a clearing agency registered under the Exchange Act and, in either case, we fail to appoint a successor depositary; or
- there has occurred and is continuing an event of default with respect to the Notes.

In addition, beneficial interests in a Global Note may be exchanged for Certificated Notes upon prior written notice given to the Trustee by or on behalf of DTC in accordance with the Indenture. In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depositary (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to in “Notice to Investors; Transfer Restrictions,” unless that legend is not required by applicable law.

Exchange of Certificated Notes for Global Notes

Certificated Notes may not be exchanged for beneficial interests in any Global Note unless the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such notes. See “Notice to Investors; Transfer Restrictions.”

Exchanges Between Regulation S Notes and Rule 144A Notes

Prior to the expiration of the Restricted Period, beneficial interests in the Regulation S Global Notes may be exchanged for beneficial interests in the Rule 144A Global Notes only if:

- such exchange occurs in connection with a transfer of the Notes pursuant to Rule 144A; and
- the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that the Notes are being transferred to a person:
 1. who the transferor reasonably believes to be a “qualified institutional buyer” as defined in Rule 144A (each a “QIB”);
 2. purchasing for its own account or the account of a QIB in a transaction meeting the requirements of Rule 144A; and
 3. in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Notes, whether before or after the expiration of the Restricted Period, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S or Rule 144 (if available) and that, if such transfer occurs prior to the expiration of the Restricted Period, the interest transferred will be held immediately thereafter through Euroclear or Clearstream.

Transfers involving exchanges of beneficial interests between the Regulation S Global Notes and the Rule 144A Global Notes will be effected by DTC by means of an instruction originated by the Trustee through the DTC Deposit/Withdrawal at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Notes and a corresponding increase in the principal amount of the Rule 144A Global Notes or vice versa, as applicable. Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be

subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for so long as it remains such an interest. The policies and practices of DTC may prohibit transfers of beneficial interests in the Regulation S Global Notes prior to the expiration of the Restricted Period.

Certifications by Holders of the Regulation S Temporary Global Notes

A holder of a beneficial interest in the Regulation S Temporary Global Notes must provide Euroclear or Clearstream, as the case may be, with a certificate in the form required by the Indenture certifying that the beneficial owner of the interest in the Regulation S Temporary Global Notes is either a non-U.S. person or a U.S. person that has purchased such interest in a transaction that is exempt from the registration requirements under the Securities Act and Euroclear or Clearstream, as the case may be, must deliver to the Trustee (or the paying agent if other than such Trustee) a certificate in the form required by the Indenture, prior to any exchange of such beneficial interest for a beneficial interest in the Regulation S Permanent Global Notes.

Same Day Settlement and Payment

We will make payments in respect of the Notes represented by the Global Notes (including principal, premium, if any, and interest) by wire transfer of immediately available funds to the accounts specified by DTC or its nominee. We will make all payments of principal, interest and premium, if any, with respect to Certificated Notes by wire transfer of immediately available funds to the accounts specified by the holders of the Certificated Notes or, if no such account is specified, by mailing a check to each such holder's registered address. The Notes represented by the Global Notes are expected to be eligible to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds. We expect that secondary trading in any Certificated Notes will also be settled in immediately available funds.

Because of time-zone differences, credits of interests in the Global Notes received in Clearstream or Euroclear as a result of a transaction with a DTC Participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions involving interests in such Global Notes settled during such processing will be reported to the relevant Clearstream or Euroclear participants on such business day. Cash received in Clearstream or Euroclear as a result of sales of interests in the Global Notes by or through a Clearstream participant or a Euroclear Participant to a DTC Participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

NOTICE TO INVESTORS; TRANSFER RESTRICTIONS

Because of the following restrictions, you are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of any of the Notes.

None of the Notes has been or will be registered under the Securities Act and they may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only:

- to QIBs in compliance with Rule 144A; and
- outside the United States to persons other than U.S. persons (“**non-U.S. purchasers**,” which term shall include dealers or other professional fiduciaries in the United States acting on a discretionary basis for non-U.S. beneficial owners (other than an estate or trust)) in reliance upon Regulation S. As used herein, the terms “United States” and “U.S. person” have the meanings given to them in Regulation S.

Until the expiration of forty (40) days after the commencement of the offering, any offer or sale of the Notes within the United States by a broker-dealer may violate the registration requirements of the Securities Act, unless such offer or sale is made pursuant to Rule 144A under the Securities Act or another available exemption from the registration requirements thereof.

Each purchaser of the Notes will be deemed to have represented and agreed as follows:

- (1) It is purchasing the Notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is either (A) a QIB, and is aware that the sale to it is being made in reliance on Rule 144A or (B) a non-U.S. purchaser that is outside the United States (or a non-U.S. purchaser that is a dealer or other fiduciary as referred to above).
- (2) It acknowledges that the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below.
- (3) It shall not resell or otherwise transfer any of such Notes except (A) to us or any of our subsidiaries, if any, (B) inside the United States to a QIB in a transaction complying with Rule 144A, (C) inside the United States to “accredited investors” (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) (an “**Accredited Investor**”), that, prior to such transfer, furnishes (or has furnished on its behalf by a U.S. broker-dealer) to the Trustee a signed letter containing certain representations and agreements relating to the restrictions on transfer of the Notes (the form of which letter can be obtained from such Trustee), (D) outside the United States in compliance with Rule 904 under the Securities Act (if available), (E) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available), (F) in accordance with another exemption from the registration requirements of the Securities Act (and based upon an opinion of counsel if we so request), or (G) pursuant to an effective registration statement under the Securities Act.
- (4) It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes.
- (5) It acknowledges that prior to any proposed transfer of Notes in certificated form or of beneficial interests in a Global Note (in each case other than pursuant to an effective registration statement) the holder of Notes or the holder of beneficial interests in a Global Note, as the case may be, may be required to provide certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation as provided in the Indenture.
- (6) It understands that all of the Notes will bear a legend substantially to the following effect unless otherwise agreed by us and the holder thereof.

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH BELOW. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO NIAGARA MOHAWK POWER CORPORATION OR ANY SUBSIDIARY THEREOF, (B) INSIDE THE UNITED STATES TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) INSIDE THE UNITED STATES TO AN ACCREDITED INVESTOR (AS DEFINED IN RULE 501(A)(1), (2), (3), OR (7) UNDER THE SECURITIES ACT, AN “ACCREDITED INVESTOR”) THAT, PRIOR TO SUCH TRANSFER, FURNISHES (OR HAS FURNISHED ON ITS BEHALF BY A U.S. BROKER-DEALER) TO THE TRUSTEE A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS SECURITY (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM THE TRUSTEE FOR THIS NOTE), (D) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT (IF AVAILABLE), (E) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (F) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF NIAGARA MOHAWK POWER CORPORATION SO REQUESTS), OR (G) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALE OF THE NOTE EVIDENCED HEREBY IN CONNECTION WITH ANY TRANSFER OF THIS NOTE WITHIN ONE YEAR AFTER THE ORIGINAL ISSUANCE OF THIS NOTE, IF THE PROPOSED TRANSFEREE IS AN ACCREDITED INVESTOR, THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE TRUSTEE AND NIAGARA MOHAWK POWER CORPORATION SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS ANY OF THEM MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. AS USED HEREIN, THE TERMS “OFFSHORE TRANSACTION,” “UNITED STATES” AND “U.S. PERSON” HAVE THE MEANING GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

- (1) Either (A) no portion of the assets used to acquire or hold the Notes (or any interest therein) constitutes the assets of any (i) employee benefit plan that is subject to Part 4, Subtitle B, Title I of the Employee Income Retirement Security Act of 1974, as amended (“**ERISA**”), (ii) plan, account or other arrangement that is subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the “**Code**”) or provisions under any federal, state, local, non-U.S. or other laws, rules or regulations that are similar to such provisions of ERISA or the Code (collectively, “**Similar Laws**”) or (iii) entity whose underlying assets are considered for purposes of such provisions of ERISA, the Code or applicable Similar Laws to include “plan assets” of any of the foregoing types of plans, accounts or arrangements, or (B) (i) the acquisition, holding and subsequent disposition of the Notes (or any interest therein) will not constitute or result in a non-exempt prohibited transaction or other violation under Part 4, Subtitle B, Title I of ERISA or Section 4975 of the Code, or a violation under any applicable Similar Laws, and (ii) none of us, the initial purchasers or any of our or their affiliates has undertaken or will undertake to provide impartial investment advice, or has given or will give advice in a fiduciary capacity, in connection with the acquisition, holding or disposition of the Notes.

- (2) It acknowledges that the Trustee will not be required to accept for registration of transfer any Notes acquired by it, except upon presentation of evidence satisfactory to us and the Trustee that the restrictions set forth herein have been complied with.
- (3) It acknowledges that we, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of the acknowledgments, representations or agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify us and the initial purchasers. If it is acquiring the Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations, and agreements on behalf of each account.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes. This summary deals only with investors that acquire the Notes at the “issue price” (the first price at which a substantial amount of Notes are sold for money, excluding sales to underwriters, placement agents or wholesalers) in the initial offering and that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors (including consequences under the alternative minimum tax, net investment income tax, or special rules for the taxable year of inclusion for accrual basis taxpayers under Section 451(b) of the U.S. Internal Revenue Code of 1986, as amended (the “Code”)), and does not address state, local, non-U.S. or other tax laws. This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under U.S. federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organizations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, U.S. citizens or lawful permanent residents living abroad or U.S. Holders (defined below) whose functional currency is not the U.S. dollar).

As used herein, the term “**U.S. Holder**” means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organized under the laws of the United States or any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

For purposes of this summary, “**Non-U.S. Holder**” means any beneficial owner of Notes that is not a U.S. Holder and that for U.S. federal income tax purposes, is (i) a foreign corporation, (ii) a non-resident alien individual or (iii) a foreign estate or trust all of whose beneficiaries are Non-U.S. Holders. For these purposes, a Non-U.S. Holder does not include a non-resident alien individual who is present in the United States for 183 days or more in the taxable year of the Notes’ disposition, or an entity or arrangement treated as a partnership for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for U.S. federal income tax purposes should consult their tax advisers concerning the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Notes by the partnership.

This summary is based on the tax laws of the United States, including the Code, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET FORTH BELOW IS INCLUDED FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR OWN TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

U.S. Holders

Payments of Interest

Interest on a Note generally will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on such holder's method of accounting for U.S. federal income tax purposes.

Sale, Retirement or Other Disposition of the Notes

A U.S. Holder generally will recognize gain or loss on the sale, retirement or other disposition of a Note (including upon redemption) equal to the difference between the amount realized on the sale, retirement or other disposition and the U.S. Holder's adjusted tax basis of the Note. A U.S. Holder's adjusted tax basis in a Note generally will be its cost. The amount realized does not include any amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. Gain or loss recognized by a U.S. Holder on the sale, retirement or other disposition of a Note will be capital gain or loss and will be long-term capital gain or loss if the Note was held by the U.S. Holder for more than one year. The deductibility of capital losses is subject to limitation.

Backup Withholding and Information Reporting

Payments of principal and interest on, and the proceeds of the sale, retirement or other disposition of Notes, by a U.S. paying agent or other U.S. intermediary will be reported to the U.S. Internal Revenue Service (the "IRS") and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Non-U.S. Holders

Payment of Interest

Subject to the discussion on backup withholding and FATCA withholding below, payments of interest by the Issuer or any paying agent to a Non-U.S. Holder will not be subject to U.S. federal withholding tax, provided that, (i) the Non-U.S. Holder does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of the Issuer entitled to vote, (ii) the Non-U.S. Holder is not a controlled foreign corporation for U.S. federal income tax purposes related to the Issuer through stock ownership, (iii) the Non-U.S. Holder is not a bank receiving interest described in Section 881(c)(3)(A) of the Code, and (iv) the Non-U.S. Holder timely provides the payor with a properly completed IRS Form W-8. Subject to the discussion below concerning income of a Non-U.S. Holder that is effectively connected with a U.S. trade or business, if a Non-U.S. Holder fails to satisfy all of these requirements, payments of interest on the Notes will be subject to U.S. withholding tax at a rate of 30% unless the Non-U.S. Holder timely provides a properly completed IRS Form W-8 appropriate to the Non-U.S. Holder's circumstances claiming an exemption from or reduction in withholding under an applicable income tax treaty and complies with any other applicable procedures.

If a Non-U.S. Holder is engaged in a U.S. trade or business and interest received on a Note is effectively connected with the conduct of this trade or business (and if required by an applicable income tax treaty, is attributable to the Non-U.S. Holder's U.S. permanent establishment), the Non-U.S. Holder will be exempt from the U.S. federal withholding tax described above if an IRS Form W-8ECI has been provided by the Non-U.S. Holder stating that interest on the Note is effectively connected with the conduct of a trade or business of the Non-U.S. Holder in the United States. In this case, the Non-U.S. Holder generally will be subject to tax on the interest received on the Note on a net income basis in the same manner as a U.S. Holder. If the Non-U.S. Holder is a corporation for U.S. federal income tax purposes, any effectively connected income may also be subject to a "branch profits tax" at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty). A Non-U.S. Holder that is engaged in a U.S. trade or

business should consult its own tax advisers with respect to the U.S. federal income tax consequences of the ownership and disposition of the Notes.

Sale, Retirement or Other Disposition of the Notes

Subject to the discussion on backup withholding and FATCA withholding below, a Non-U.S. Holder generally will not be subject to U.S. federal income tax on any gain realized upon the sale, retirement or other disposition of a Note (including upon redemption), unless the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment that the Non-U.S. Holder maintains); in which case such gain would be subject to U.S. federal income tax on a net income basis in the same manner as if the Non-U.S. Holder were a U.S. Holder. A corporate Non-U.S. Holder's effectively connected gains may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate (or at a lower rate if the Non-U.S. Holder is eligible for the benefits of an income tax treaty that provides for a lower rate). Any amounts received on the sale, retirement or other disposition of a Note that are attributable to accrued interest will be treated as described under "—Non-U.S. Holders— Payment of Interest" above.

Backup Withholding and Information Reporting

Information returns are required to be filed with the IRS in connection with payments of interest on the Notes to Non-U.S. Holders. Unless a Non-U.S. Holder complies with certification procedures to establish that it is not a U.S. person, information returns may also be filed with the IRS in connection with the proceeds from a sale, retirement or other disposition of a Note (including upon redemption). Unless a payor has actual knowledge or reason to know that the holder or beneficial owner, as the case may be, is a U.S. person (as defined in the Code), payments of principal and interest on Notes made to a Non-U.S. Holder will not be subject to backup withholding, provided the Non-U.S. Holder timely provides the payor with a properly completed IRS Form W-8 or otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules may be allowed as a credit against the holder's U.S. federal income tax liability, and may entitle the holder to a refund, provided that the required information is timely furnished to the IRS. Non-U.S. Holders should consult their tax advisers regarding the application of information reporting and backup withholding to their particular situations, the availability of an exemption therefrom, and the procedure for obtaining an exemption, if available.

FATCA Withholding

Pursuant to certain provisions of U.S. law, commonly known as FATCA, a U.S. withholding tax at a rate of 30% is imposed on payments of U.S. source interest to persons that fail to meet certain certification, reporting or related requirements. Interest paid on the Notes generally will be subject to withholding under FATCA if a holder fails to provide certification of exemption from FATCA withholding. Proposed U.S. Treasury regulations eliminate FATCA withholding on payments of gross proceeds from the disposition of assets that can produce U.S. source interest. The U.S. Treasury Department has indicated that taxpayers may rely on these proposed regulations pending their finalization.

A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Holders should consult their own tax advisers regarding how these rules may apply to an investment in the Notes.

In the event that any withholding would be required with respect to payments on the Notes, none of the Issuer or any other person will be required to pay additional amounts to compensate for this withholding.

PLAN OF DISTRIBUTION

We have entered into a purchase agreement with the initial purchasers named below, for whom BofA Securities, Inc., Credit Suisse Securities (USA) LLC, Mizuho Securities USA LLC, Morgan Stanley & Co. LLC and SG Americas Securities, LLC are acting as representatives, pursuant to which, and subject to the terms and conditions set forth therein, we have agreed to sell to the initial purchasers and each initial purchaser has severally agreed to purchase, the principal amount of the Notes as set forth below.

Initial Purchasers	Principal Amount of Green Notes	Principal Amount of 2050 Notes
BofA Securities, Inc.....	\$89,250,000	\$68,000,000
Credit Suisse Securities (USA) LLC.....	\$89,250,000	\$68,000,000
Mizuho Securities USA LLC.....	\$89,250,000	\$68,000,000
Morgan Stanley & Co. LLC.....	\$89,250,000	\$68,000,000
SG Americas Securities, LLC.....	\$89,250,000	\$68,000,000
Bank of China Limited, London Branch.....	\$17,083,000	\$17,778,000
BNY Mellon Capital Markets, LLC	\$17,083,000	\$17,778,000
ICBC Standard Bank Plc.....	\$17,083,000	\$17,778,000
MUFG Securities Americas Inc.	\$17,083,000	\$17,778,000
NatWest Markets Securities Inc.	\$17,083,000	\$17,778,000
RBC Capital Markets, LLC	\$17,083,000	\$17,778,000
SMBC Nikko Securities America, Inc.	\$17,083,000	\$17,778,000
TD Securities (USA) LLC	\$17,083,000	\$17,778,000
Loop Capital Markets LLC	\$8,543,000	\$8,888,000
Samuel A. Ramirez & Company, Inc.	\$8,543,000	\$8,888,000
Total.....	\$600,000,000	\$500,000,000

The obligations of the initial purchasers under the purchase agreement, including their agreement to purchase the Notes from us, are several and not joint. The purchase agreement provides that the initial purchasers will purchase, subject to certain conditions precedent, all the Notes if any of them are purchased.

The initial purchasers initially propose to offer and sell the Notes at the price set forth on the cover page of this Offering Memorandum. If all of the Notes are not sold at the initial offering price, the initial offering price and other selling terms may be changed at any time without notice. The initial purchasers may offer and sell the Notes through certain of their affiliates.

In the purchase agreement, we have agreed to indemnify each initial purchaser, its affiliates, directors, officers and controlling persons against certain liabilities in connection with this offering and to contribute to payments that the initial purchases may be required to make in respect thereof.

The Notes have not been registered under the Securities Act. Each initial purchaser has agreed that it will offer or sell the Notes only (i) in the United States to QIBs in reliance on Rule 144A under the Securities Act or (ii) in offshore transactions in reliance on Regulation S under the Securities Act. The Notes being offered and sold pursuant to Regulation S may not be offered, sold or delivered in the United States or to, or for the account or benefit of, any U.S. person, unless the Notes are registered under the Securities Act or an exemption from the registration requirements under the Securities Act is available. Terms used above

have the meanings given to them by Regulation S and Rule 144A, as applicable, under the Securities Act. See “Notice to Investors; Transfer Restrictions.”

Until the expiration of forty (40) days after the commencement of the offering, any offer or sale of Notes within the United States by a broker-dealer may violate the registration requirements of the Securities Act, unless such offer or sale is made pursuant to Rule 144A, as applicable, under the Securities Act or another available exemption from the registration requirements thereof.

The Notes are a new issue of securities with no established trading market. Certain of the initial purchasers have advised us that following the completion of this offering, they intend to make a market in the Notes. They are not obligated to do so, however, and any market-making activities with respect to the Notes may be discontinued at any time at their sole discretion without notice. In addition, such market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, we cannot give any assurance as to the development of any market or the liquidity of any market for the Notes.

In connection with this offering, the initial purchasers may engage in over-allotment, stabilizing transactions and syndicate covering transactions. Over-allotment involves sales in excess of the offering size, which creates a short position for the initial purchasers. Stabilizing transactions involve bids to purchase the Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Notes. Syndicate covering transactions involve purchasers of the Notes in the open market after the distribution has been completed in order to cover short positions. The initial purchasers may also impose a penalty bid, whereby selling concessions allowed to syndicate members or other broker-dealers for the Notes sold for their account may be reclaimed by the syndicate if such Notes are repurchased by the syndicate in stabilizing or covering transactions. Any of these activities may prevent a decline in the market price of the Notes, and may also cause the price of the Notes to be higher than it would otherwise be in the absence of these transactions. The initial purchasers may conduct these transactions in the over-the-counter market or otherwise. If the initial purchasers commence any of these transactions, they may discontinue them at any time.

Certain of the initial purchasers and their affiliates have performed certain investment and commercial banking or financial advisory services for the Issuer and its affiliates from time to time, for which they have received customary fees and commissions, and they expect to provide these services to the Issuer and its affiliates in the future, for which they expect to receive customary fees and commissions.

The initial purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services.

Bank of China Limited, London Branch and ICBC Standard Bank Plc are restricted in their U.S. securities dealings under the United States Bank Holding Company Act and may not underwrite, subscribe, agree to purchase or procure purchasers to purchase notes that are offered or sold in the United States. Accordingly, Bank of China Limited, London Branch and ICBC Standard Bank Plc shall not be obligated to, and shall not, underwrite, subscribe, agree to purchase or procure purchasers to purchase notes that may be offered or sold by other Managers in the United States. Bank of China Limited, London Branch and ICBC Standard Bank Plc shall offer and sell the Securities constituting part of their respective allotment solely outside the United States.

It is expected that delivery of the Notes will be made against payment therefore on the Issue Date, which will be the second Business Day following the date of pricing of the Notes (such settlement cycle being referred to as “T+2”).

In the ordinary course of their various business activities, the initial purchasers and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Issuer (directly, as collateral

securing other obligations or otherwise) and/or persons and entities with relationships with the Issuer. If any of the initial purchasers or their affiliates has a lending relationship with us or our affiliates, certain of these initial purchasers or their affiliates routinely hedge, and certain other of these initial purchasers or their affiliates may hedge, their credit exposure to us or our affiliates consistent with their customary risk management policies. Typically, such initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes. The initial purchasers and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Selling Restrictions

European Economic Area and the United Kingdom

Each initial purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area and the United Kingdom. For the purposes of this provision the expression “retail investor” means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
- (b) a customer within the meaning of Directive 2016/97/EU (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
- (c) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”).

For the purposes of this provision, the expression “Offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

United Kingdom

In relation to the United Kingdom, each initial purchaser has represented and agreed that: (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

The Offering Memorandum has not been approved by an authorized person for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended) (“**FSMA**”). Accordingly, the Offering Memorandum is being distributed only to and is directed only at: (1) in the United Kingdom, persons who have professional experience in matters relating to investments falling within Article 19(5) of the FSMA (Financial Promotion) Order 2005, as amended (the “**Order**”); (2) persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order; (3) persons who are outside the United Kingdom; and (4) any other persons to whom it may otherwise lawfully be communicated under the Order, (all such persons together referred to as “**relevant persons**”). Any person who is not a relevant person should not rely or act on the Offering Memorandum and any investment or investment activity to which the Offering Memorandum relates is available only to and will be engaged only with relevant persons.

Canada

In relation to Canada, the Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts ("**NI 33-105**"), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Hong Kong

Each initial purchaser has represented and agreed that:

- it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**"), other than: (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "Prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong (the "**Companies Ordinance**") or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and
- it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "**Financial Instruments and Exchange Law**") and each initial purchaser has agreed that it has not, directly or indirectly, offered or sold and will not directly or indirectly, offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other relevant laws and regulations of Japan.

Singapore

Each of the initial purchasers has acknowledged that this Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each initial purchaser has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of

an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA;
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the SFA, the Issuer has determined, and hereby notifies all relevant persons (as defined in section 309A(1) of the SFA) that the Notes are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Switzerland

Neither this Offering Memorandum nor any other offering or marketing material relating to the Notes constitutes an offer or solicitation to purchase or invest in the Notes. The Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (“FinSA”) and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Offering Memorandum nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and neither this Offering Memorandum nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Other Jurisdictions

Each initial purchaser has represented and agreed with the Issuer that it will comply with all relevant securities laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers

Notes or has in its possession or distributes this Offering Memorandum or any amendment or supplement thereto, in so far as such laws, regulations and directives relate to the purchase, offer, sale or delivery of the Notes or the possession or distribution of this Offering Memorandum or any amendment or supplement thereto.

LEGAL MATTERS

The validity of the Notes offered hereby will be passed upon for us by Linklaters LLP, New York, New York. Certain legal matters in connection with the offering of the Notes will be passed upon for the initial purchasers by Davis Polk & Wardwell London LLP, London, United Kingdom.

INDEPENDENT ACCOUNTANTS

The financial statements of Niagara Mohawk Power Corporation as of March 31, 2020, 2019 and 2018, and for the years then ended, included in this Offering Memorandum have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report appearing herein.

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Niagara Mohawk Power Corporation

Financial Statements

For the years ended March 31, 2020, 2019, and 2018

NIAGARA MOHAWK POWER CORPORATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Niagara Mohawk Power Corporation

We have audited the accompanying financial statements of Niagara Mohawk Power Corporation (the "Company"), which comprise the balance sheets and statements of capitalization as of March 31, 2020 and 2019 and the related statements of operations and comprehensive income, cash flows, and changes in shareholders' equity for each of the three years in the period ended March 31, 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Niagara Mohawk Power Corporation as of March 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2020 in accordance with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

June 19, 2020

NIAGARA MOHAWK POWER CORPORATION
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(in thousands of dollars)

	Years Ended March 31,		
	2020	2019	2018
Operating revenues	\$ 3,146,601	\$ 3,412,417	\$ 3,039,995
Operating expenses:			
Purchased electricity	605,716	723,100	729,002
Purchased gas	166,603	275,843	210,580
Operations and maintenance	1,295,615	1,283,313	1,078,544
Depreciation	300,724	297,397	256,995
Other taxes	299,539	288,036	276,089
Total operating expenses	<u>2,668,197</u>	<u>2,867,689</u>	<u>2,551,210</u>
Operating income	478,404	544,728	488,785
Other deductions, net:			
Interest on long-term debt, net	(112,382)	(124,032)	(114,112)
Other interest, including affiliate interest, net	(40,849)	(44,130)	(39,756)
Other income (deductions), net	22,467	(12,615)	10,892
Total other deductions, net	<u>(130,764)</u>	<u>(180,777)</u>	<u>(142,976)</u>
Income before income taxes	347,640	363,951	345,809
Income tax expense	<u>82,852</u>	<u>82,322</u>	<u>113,002</u>
Net income	<u>\$ 264,788</u>	<u>\$ 281,629</u>	<u>\$ 232,807</u>
Other comprehensive income, net of taxes:			
Unrealized gains (losses) on securities, net of \$(178), \$13, and \$(260) taxes in 2020, 2019, and 2018, respectively	503	(38)	283
Change in pension and other postretirement obligations, net of \$(241), \$(128), and \$(9) taxes in 2020, 2019, and 2018, respectively	681	360	(3)
Total other comprehensive income	<u>1,184</u>	<u>322</u>	<u>280</u>
Comprehensive income	<u>\$ 265,972</u>	<u>\$ 281,951</u>	<u>\$ 233,087</u>

The accompanying notes are an integral part of these financial statements.

NIAGARA MOHAWK POWER CORPORATION
STATEMENTS OF CASH FLOWS
(in thousands of dollars)

	Years Ended March 31,		
	2020	2019	2018
Operating activities:			
Net income	\$ 264,788	\$ 281,629	\$ 232,807
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	300,724	297,397	256,995
Accrued interest on tax reserves	8,936	-	-
Regulatory amortizations	(9,032)	(8,857)	23,949
Deferred income tax expense (benefit)	60,814	65,428	(50,525)
Bad debt expense	67,940	55,187	36,221
Loss (income) from equity investments, net of dividends received	13	17	(7)
Allowance for equity funds used during construction	(6,257)	(13,523)	(12,483)
Amortization of debt discount and issuance costs	2,337	2,734	3,012
Pension and postretirement benefits expenses, net	16,086	53,320	65,718
Pension and postretirement benefits contributions	(4,481)	(4,617)	(83,408)
Environmental remediation payments	(24,035)	(9,773)	(10,238)
Changes in operating assets and liabilities:			
Accounts receivable and other receivables, net, and unbilled revenues	28,060	(50,765)	(79,111)
Accounts receivable from/payable to affiliates, net	37,642	(2,297)	-
Inventory	(13,075)	(2,918)	(4,507)
Regulatory assets and liabilities, net	(175,088)	(33,527)	245,966
Derivative instruments	110,724	(68,940)	(5,905)
Prepaid and accrued taxes	(113,891)	7,223	119,583
Other prepayments	(14,041)	8,572	(31,202)
Accounts payable and other liabilities	(16,044)	48,791	41,944
Renewable energy certificate obligations, net	13,679	(1,779)	42,194
Other, net	17,837	12,806	(26,558)
Net cash provided by operating activities	<u>553,636</u>	<u>636,108</u>	<u>764,445</u>
Investing activities:			
Capital expenditures	(763,213)	(667,495)	(654,974)
Intercompany money pool	525,362	(413,286)	477,833
Cost of removal	(49,969)	(51,174)	(46,914)
Other	864	(2,253)	(3,314)
Net cash used in investing activities	<u>(286,956)</u>	<u>(1,134,208)</u>	<u>(227,369)</u>
Financing activities:			
Common stock dividends to Parent	-	-	(550,000)
Preferred stock dividends	(1,060)	(1,060)	(1,060)
Payments on long-term debt	(750,000)	(5,300)	-
Issuance of long-term debt	-	500,000	-
Payment of debt issuance costs	-	(2,771)	-
Intercompany money pool	487,444	-	-
Net cash (used in) provided by financing activities	<u>(263,616)</u>	<u>490,869</u>	<u>(551,060)</u>
Net increase (decrease) in cash, cash equivalents, restricted cash and special deposits	3,064	(7,231)	(13,984)
Cash, cash equivalents, restricted cash and special deposits, beginning of year	19,060	26,291	40,275
Cash, cash equivalents, restricted cash and special deposits, end of year	<u>22,124</u>	<u>\$ 19,060</u>	<u>\$ 26,291</u>
Supplemental disclosures:			
Interest paid	\$ (141,409)	\$ (109,521)	\$ (103,148)
Income taxes paid	(101,524)	(70,086)	(43,138)
Significant non-cash items:			
Capital-related accruals included in accounts payable	21,828	27,278	21,067
Parent tax loss allocation	-	37,121	32,720
Share based compensation	-	-	20

The accompanying notes are an integral part of these financial statements.

NIAGARA MOHAWK POWER CORPORATION
BALANCE SHEETS
(in thousands of dollars)

	March 31,	
	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,454	\$ 16,028
Restricted cash and special deposits	12,670	3,032
Accounts receivable	520,190	591,199
Allowance for doubtful accounts	(178,318)	(162,882)
Accounts receivable from affiliates	28,011	24,288
Intercompany money pool	-	525,362
Unbilled revenues	113,727	123,282
Inventory	68,211	54,091
Regulatory assets	150,658	22,487
Derivative instruments	4,900	26,655
Property taxes	58,363	54,153
Prepayments	64,542	50,501
Other	3,852	9,320
Total current assets	<u>856,260</u>	<u>1,337,516</u>
Investments in affiliates	<u>750</u>	<u>763</u>
Property, plant and equipment, net	<u>10,271,020</u>	<u>9,507,345</u>
Non-current assets:		
Regulatory assets	501,200	479,782
Goodwill	1,289,132	1,289,132
Derivative instruments	1,376	12,156
Postretirement benefits	374,997	370,431
Other	68,614	76,544
Total non-current assets	<u>2,235,319</u>	<u>2,228,045</u>
Total assets	<u><u>\$ 13,363,349</u></u>	<u><u>\$ 13,073,669</u></u>

The accompanying notes are an integral part of these financial statements.

NIAGARA MOHAWK POWER CORPORATION
BALANCE SHEETS
(in thousands of dollars)

	March 31,	
	2020	2019
LIABILITIES AND CAPITALIZATION		
Current liabilities:		
Accounts payable	\$ 272,796	\$ 276,885
Accounts payable to affiliates	147,013	105,648
Intercompany money pool	487,444	-
Current portion of long-term debt	-	750,000
Taxes accrued	74,013	173,213
Customer deposits	29,808	30,668
Interest accrued	38,937	74,842
Regulatory liabilities	388,456	456,435
Operating lease liability	41,086	-
Derivative instruments	63,516	15,631
Renewable energy certificate obligations	55,246	40,522
Other	199,143	179,928
Total current liabilities	<u>1,797,458</u>	<u>2,103,772</u>
Non-current liabilities:		
Regulatory liabilities	1,644,434	1,684,506
Deferred income tax liabilities, net	1,059,695	987,800
Postretirement benefits	397,985	305,737
Environmental remediation costs	327,392	343,038
Operating lease liability	189,330	-
Derivative instruments	40,157	9,852
Other	329,227	334,650
Total non-current liabilities	<u>3,988,220</u>	<u>3,665,583</u>
Commitments and contingencies (Note 13)		
Capitalization:		
Shareholders' equity	5,063,251	4,798,339
Long-term debt	2,514,420	2,505,975
Total capitalization	<u>7,577,671</u>	<u>7,304,314</u>
Total liabilities and capitalization	<u>\$ 13,363,349</u>	<u>\$ 13,073,669</u>

The accompanying notes are an integral part of these financial statements.

NIAGARA MOHAWK POWER CORPORATION
STATEMENTS OF CAPITALIZATION
(in thousands of dollars)

			March 31,	
			2020	2019
Total shareholders' equity			\$ 5,063,251	\$ 4,798,339
	<u>Interest Rate</u>	<u>Maturity Date</u>		
<i>Unsecured Notes:</i>				
Senior Notes	4.88%	August 15, 2019	-	750,000
Senior Notes	2.72%	November 28, 2022	300,000	300,000
Senior Notes	3.51%	October 1, 2024	500,000	500,000
Senior Notes	4.28%	December 15, 2028	500,000	500,000
Senior Notes	4.28%	October 1, 2034	400,000	400,000
Senior Notes	4.12%	November 28, 2042	400,000	400,000
<i>State Authority Financing:</i>				
1988 Series A	3.23%	December 1, 2023	69,800	69,800
1985 Series B	3.29%	December 1, 2025	37,500	37,500
1985 Series C	3.29%	December 1, 2025	37,500	37,500
1986 Series A	3.42%	December 1, 2026	44,700	44,700
1987 Series A	3.45%	March 1, 2027	25,760	25,760
1987 Series B-1	3.43%	July 1, 2027	68,200	68,200
1987 Series B-2	3.48%	July 1, 2027	25,000	25,000
2004 Series A	3.43%	July 1, 2029	115,705	115,705
Bonds			424,165	424,165
Total debt			2,524,165	3,274,165
Unamortized debt discount			(9)	(11)
Unamortized debt issuance costs			(9,736)	(18,179)
Total debt less unamortized costs			2,514,420	3,225,975
Current portion of long-term debt			-	750,000
Total long-term debt			2,514,420	2,505,975
Total capitalization			\$ 7,577,671	\$ 7,304,314

The accompanying notes are an integral part of these financial statements.

NIAGARA MOHAWK POWER CORPORATION
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(in thousands of dollars)

	Common Stock	Cumulative Preferred Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)			Retained Earnings	Total
				Unrealized Gain (Loss) on Available- For-Sale Securities	Pension and Other Postretirement Benefits	Total Accumulated Other Comprehensive Income (Loss)		
Balance as of March 31, 2017	\$ 187,365	\$ 28,985	\$ 3,029,635	\$ 2,220	\$ (591)	\$ 1,629	\$ 1,517,946	\$ 4,765,560
Net income	-	-	-	-	-	-	232,807	232,807
Other comprehensive income (loss):								
Unrealized gains on securities, net of \$260 tax expense	-	-	-	283	-	283	-	283
Change in pension and other postretirement obligations, net of net of \$9 tax expense	-	-	-	-	(3)	(3)	-	(3)
Total comprehensive income	-	-	-	-	-	-	-	233,087
Parent tax loss allocation	-	-	32,720	-	-	-	-	32,720
Share based compensation	-	-	20	-	-	-	-	20
Common stock dividends to Parent	-	-	-	-	-	-	(550,000)	(550,000)
Preferred stock dividends	-	-	-	-	-	-	(1,060)	(1,060)
Balance as of March 31, 2018	\$ 187,365	\$ 28,985	\$ 3,062,375	\$ 2,503	\$ (594)	\$ 1,909	\$ 1,199,693	\$ 4,480,327
Net income	-	-	-	-	-	-	281,629	281,629
Other comprehensive income (loss):								
Unrealized losses on securities, net of \$ 13 tax benefit	-	-	-	(38)	-	(38)	-	(38)
Change in pension and other postretirement obligations, net of \$ 128 tax expense	-	-	-	-	360	360	-	360
Total comprehensive income	-	-	-	-	-	-	-	281,951
Parent tax loss allocation	-	-	37,121	-	-	-	-	37,121
Impact of adoption of the recognition and measurement of financial assets and liabilities standard	-	-	-	(2,392)	-	(2,392)	2,392	-
Preferred stock dividends	-	-	-	-	-	-	(1,060)	(1,060)
Balance as of March 31, 2019	\$ 187,365	\$ 28,985	\$ 3,099,496	\$ 73	\$ (234)	\$ (161)	\$ 1,482,654	\$ 4,798,339
Net income	-	-	-	-	-	-	264,788	264,788
Other comprehensive income (loss):								
Unrealized losses on securities, net of \$178 tax benefit	-	-	-	503	-	503	-	503
Change in pension and other postretirement obligations, net of \$241 tax expense	-	-	-	-	681	681	-	681
Total comprehensive income	-	-	-	-	-	-	-	265,972
Impact of adoption of reclassification of certain tax from accumulated other comprehensive income standard	-	-	-	24	(316)	(292)	292	-
Preferred stock dividends	-	-	-	-	-	-	(1,060)	(1,060)
Balance as of March 31, 2020	\$ 187,365	\$ 28,985	\$ 3,099,496	\$ 600	\$ 131	\$ 731	\$ 1,746,674	\$ 5,063,251

The Company had 187,364,863 shares of common stock authorized, issued and outstanding, with a par value of \$1 per share and 289,848 shares of cumulative preferred stock authorized, issued and outstanding, with a par value of \$100 per share at March 31, 2020 and 2019.

NIAGARA MOHAWK POWER CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Niagara Mohawk Power Corporation (“the Company”), a New York Corporation, is engaged principally in the regulated energy delivery business in New York State (“NYS”). The Company provides electric service to approximately 1.7 million customers in the areas of eastern, central, northern, and western New York and sells, distributes, and transports natural gas to approximately 0.6 million customers in the areas of central, northern, and eastern New York.

The Company is a wholly-owned subsidiary of Niagara Mohawk Holdings, Inc. (“NMHI”), which is a wholly-owned subsidiary of National Grid USA (“NGUSA” or the “Parent”), a public utility holding company with regulated subsidiaries engaged in the generation of electricity and the transmission, distribution, and sale of both natural gas and electricity. NGUSA is a direct wholly-owned subsidiary of National Grid North America Inc. (“NGNA”) and an indirect wholly-owned subsidiary of National Grid plc, a public limited company incorporated under the laws of England and Wales.

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), including the accounting principles for rate-regulated entities. The financial statements reflect the ratemaking practices of the applicable regulatory authorities.

The novel coronavirus (COVID-19) pandemic has disrupted the U.S. and global economies and is having a significant impact on global health. In March 2020, COVID-19 was declared a pandemic by the World Health Organization (WHO) and the Centers for Disease Control and Prevention. The COVID-19 pandemic has not had a material financial impact on the Company as of March 31, 2020; however, the extent to which the COVID-19 pandemic will impact the Company in the future is uncertain at this time. Due to this uncertainty, the valuations of certain assets and liabilities are necessarily more subjective. In particular, we identified the recoverability of customer receivables in relation to retail customers, in consideration of the suspension of debt collection activities and customer termination activities as an area of estimation uncertainty. In March 2020, the Company ceased certain customer cash collection activities in response to regulatory instructions and to changes in State, Federal and City level regulations and guidance, and actions to minimize risk to employees. The Company has also ceased customer termination activities as requested by relevant local authorities. The Company is monitoring COVID-19 developments closely.

The Company has evaluated subsequent events and transactions through June 19, 2020, the date of issuance of these financial statements, and concluded that there were no events or transactions that require adjustment to, or disclosure in, the financial statements as of and for the year ended March 31, 2020. The Company continues to evaluate the ongoing impact of COVID-19 on both customers and financial performance and is complying with the request from NYPSC to share relevant information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

In preparing financial statements that conform to U.S. GAAP, the Company must make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, and the disclosure of contingent assets and liabilities included in the financial statements. Such estimates and assumptions include the impact of the ongoing COVID-19 pandemic and are reflected in the accompanying financial statements. Actual results could differ from those estimates.

Regulatory Accounting

The Federal Energy Regulatory Commission (“FERC”) and the New York Public Service Commission (“NYPSC”) regulate the rates the Company charges its customers. In certain cases, the rate actions of the FERC and NYPSC can result in accounting that differs from non-regulated companies. In these cases, the Company defers costs (as regulatory assets) or recognizes obligations (as regulatory liabilities) if it is probable that such amounts will be recovered from, or refunded to, customers

through future rates. In accordance with ASC 980, "Regulated Operations," regulatory assets and liabilities are reflected on the balance sheet consistent with the treatment of the related costs in the ratemaking process.

Revenue Recognition

Revenues are recognized for energy service provided on a monthly billing cycle basis. The Company records unbilled revenues for the estimated amount of services rendered from the time meters were last read to the end of the reporting period (See Note 3, "Revenue" for additional details).

Other Taxes

The Company collects taxes and fees from customers such as sales taxes, other taxes, surcharges, and fees that are levied by state or local governments on the sale or distribution of gas and electricity. The Company accounts for taxes that are imposed on customers (such as sales taxes) on a net basis (excluded from revenues), while taxes imposed on the Company, such as excise taxes, are recognized on a gross basis. Excise taxes collected and paid for the years ended March 31, 2020, 2019, and 2018 were \$35.9 million, \$38.7 million, and \$37.7 million, respectively.

The state of New York imposes on corporations a franchise tax that is computed as the higher of a tax based on income or a tax based on capital. To the extent the Company's state tax based on capital is in excess of the state tax based on income, the Company reports such excess in other taxes and taxes accrued in the accompanying financial statements.

The Company's policy is to accrue for property taxes on a calendar year basis.

Income Taxes

Federal and state income taxes have been computed utilizing the asset and liability approach that requires the recognition of deferred tax assets and liabilities for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. Deferred income taxes also reflect the tax effect of net operating losses, capital losses, and general business credit carryforwards. The Company assesses the available positive and negative evidence to estimate whether sufficient future taxable income of the appropriate tax character will be generated to realize the benefits of existing deferred tax assets. When the evaluation of the evidence indicates that the Company will not be able to realize the benefits of existing deferred tax assets, a valuation allowance is recorded to reduce existing deferred tax assets to the net realizable amount.

The effects of tax positions are recognized in the financial statements when it is more likely than not that the position taken, or expected to be taken, in a tax return will be sustained upon examination by taxing authorities based on the technical merits of the position. The financial effect of changes in tax laws or rates is accounted for in the period of enactment. Deferred investment tax credits are amortized over the useful life of the underlying property.

NGNA files consolidated federal tax returns including all of the activities of its subsidiaries. Each subsidiary determines its tax provision based on the separate return method, modified by a benefits-for-loss allocation pursuant to a tax sharing agreement between NGNA and its subsidiaries. The benefit of consolidated tax losses and credits are allocated to the NGNA subsidiaries giving rise to such benefits in determining each subsidiary's tax expense in the year that the loss or credit arises. In a year that a consolidated loss or credit carryforward is utilized, the tax benefit utilized in consolidation is paid proportionately to the subsidiaries that gave rise to the benefit regardless of whether that subsidiary would have utilized the benefit. The tax sharing agreement also requires NGNA to allocate its parent tax losses, excluding deductions from acquisition indebtedness, to each subsidiary in the consolidated federal tax return with taxable income. The allocation of NGNA's parent tax losses to its subsidiaries is accounted for as a capital contribution and is performed in conjunction with the annual intercompany cash settlement process following the filing of the federal tax return.

Cash and Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at cost which approximates fair value.

Restricted Cash and Special Deposits

Restricted cash consists of collateral paid to the Company's counterparties for outstanding derivative instruments. Special deposits primarily consist of a release of property account for mortgaged property under a mortgage trust indenture and a reserve for potential environmental violations. The Company had restricted cash of \$9.6 million and zero and special deposits of \$3.1 million and \$3.0 million as of March 31, 2020 and 2019, respectively.

Accounts Receivable and Allowance for Doubtful Accounts

The Company recognizes an allowance for doubtful accounts to record accounts receivable at estimated net realizable value. The allowance is determined based on a variety of factors including, for each type of receivable, applying an estimated reserve percentage to each aging category, taking into account historical collection and write-off experience, and management's assessment of collectability from individual customers, as appropriate. The collectability of receivables is continuously assessed and, if circumstances change, the allowance is adjusted accordingly. Receivable balances are written off against the allowance for doubtful accounts when the accounts are disconnected and/or terminated and the balances are deemed to be uncollectible. The Company recorded bad debt expense of \$67.9 million, \$55.2 million, and \$36.2 million for the years ended March 31, 2020, 2019, and 2018, respectively, within operation and maintenance expenses in the accompanying statements of operations and comprehensive income. For the year ended March 31, 2020, the bad debt expense is reflective of an additional provision in relation to the impact of COVID-19.

Inventory

Inventory is composed of materials and supplies, purchased Renewable Energy Certificates ("RECs"), and gas in storage. Materials and supplies are stated at weighted average cost, which represents net realizable value, and are expensed or capitalized as used. Purchased RECs are stated at cost. There were no significant write-offs of obsolete inventory for the years ended March 31, 2020, 2019, or 2018.

Gas in storage is stated at weighted average cost and the related cost is recognized when delivered to customers. Existing rate orders allow the Company to pass directly through to customers the cost of gas purchased, along with any applicable authorized delivery surcharge adjustments. Gas costs passed through to customers are subject to regulatory approvals and are audited annually by the NYPSC.

The Company had materials and supplies of \$54.4 million and \$43.4 million, purchased RECs of \$1.2 million and \$0.1 million, and gas in storage of \$12.6 million and \$10.6 million as of March 31, 2020 and 2019, respectively.

Renewable Energy Standard Obligation

RECs and Zero-Emissions Credits ("ZECs") are stated at cost and are used to measure compliance with State renewable energy standards. RECs support new renewable generation resources whereas ZECs support generation by in-state nuclear power plants. RECs and ZECs are held primarily to be utilized in fulfillment of our compliance obligations. At March 31, 2020 and 2019 the Company recorded a renewable energy standard obligation of \$55.2 million and \$40.5 million, respectively.

Derivative Instruments

The Company uses derivative instruments to manage commodity price risk. All derivative instruments, except those that qualify for the normal purchase normal sale exception, are recorded on the balance sheet at fair value. All commodity costs, including the impact of derivative instruments, are passed on to customers through the Company's commodity rate adjustment mechanisms. Regulatory assets or regulatory liabilities are recorded to defer the recognition of unrealized losses or gains on derivative instruments, respectively. The gains or losses on the settlement of these contracts are recognized as purchased electricity and purchased gas on the statements of operations and comprehensive income and then refunded to, or collected from, customers consistent with regulatory requirements.

The Company has certain non-trading instruments for the physical purchase of electricity that qualify for the normal purchase normal sale exception and are accounted for upon settlement. If the Company were to determine that a contract no longer qualifies for the normal purchase normal sale exception, then the Company would recognize the fair value of the contract and account for the gains and losses using the regulatory accounting described above.

The Company's accounting policy is to not offset fair value amounts recognized for derivative instruments and related cash collateral receivable or payable with the same counterparty under a master netting agreement, but rather to record and present the fair value of the derivative instrument on a gross basis, with related cash collateral recorded within restricted cash and special deposits on the balance sheet.

Fair Value Measurements

The Company measures derivative instruments, securities and pension and postretirement benefit other than pension plan assets at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following is the fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that a company has the ability to access as of the reporting date;
- Level 2: inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data;
- Level 3: unobservable inputs, such as internally-developed forward curves and pricing models for the asset or liability due to little or no market activity for the asset or liability with low correlation to observable market inputs; and
- Not categorized: certain investments are not categorized within the fair value hierarchy. These investments are typically in commingled funds or limited partnerships that are not publicly traded and have ongoing subscription and redemption activity. As a practical expedient, the fair value of these investments is the Net Asset Value ("NAV") per fund share, derived from the underlying securities' quoted prices in active markets.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Company uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Property, Plant and Equipment

Property, plant and equipment is stated at original cost. The cost of repairs and maintenance is charged to expense and the cost of renewals and betterments that extend the useful life of property, plant and equipment is capitalized. The capitalized cost of additions to property, plant and equipment includes costs such as direct material, labor and benefits, and an allowance for funds used during construction ("AFUDC").

Depreciation is computed over the estimated useful life of the asset using the composite straight-line method. Depreciation studies are conducted periodically to update the composite rates and are approved by the NYPSC. The average composite rates for the years ended March 31, 2020, 2019, and 2018 are as follows:

	Composite Rates		
	March 31,		
	2020	2019	2018
Electric	2.4%	2.6%	2.2%
Gas	2.1%	2.3%	2.1%
Common	3.1%	3.3%	3.2%

Depreciation expense includes a component for the estimated cost of removal, which is recovered through rates charged to customers. Any difference in cumulative costs recovered and costs incurred is recognized as a regulatory liability. When property, plant and equipment is retired, the original cost, less salvage, is charged to accumulated depreciation, and the related cost of removal is removed from the associated regulatory liability. The Company recognized a regulatory liability for the amount that was in excess of costs incurred of \$306.5 million and \$303.9 million as of March 31, 2020 and 2019, respectively.

Allowance for Funds Used During Construction

The Company records AFUDC, which represents the debt and equity costs of financing the construction of new property, plant and equipment. The equity component of AFUDC is reported in the accompanying statements of operations and comprehensive income as non-cash income in other income (deductions), net. The debt component of AFUDC is reported as a non-cash offset to other interest, including affiliate interest. After construction is completed, the Company is permitted to recover these costs through their inclusion in rates. The Company recorded AFUDC related to equity of \$6.3 million, \$13.5 million, and \$12.5 million, and AFUDC related to debt of \$7.1 million, \$5.4 million, and \$4.3 million, for the years ended March 31, 2020, 2019, and 2018, respectively. The average AFUDC rates for the years ended March 31, 2020, 2019, and 2018 were 4.4%, 6.7%, and 6.8%, respectively.

Impairment of Long-Lived Assets

The Company tests the impairment of long-lived assets when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If identified, the recoverability of an asset is determined by comparing its carrying value to the estimated undiscounted cash flows that the asset is expected to generate. If the comparison indicates that the carrying value is not recoverable, an impairment loss is recognized for the excess of the carrying value over the estimated fair value. For the years ended March 31, 2020, 2019, and 2018, there were no impairment losses recognized for long-lived assets.

Goodwill

The Company tests goodwill for impairment annually on January 1, and when events occur or circumstances change that would more likely than not reduce the fair value of the Company below its carrying amount. The Company has early adopted Accounting Standards Update (“ASU”) No. 2017-04, “Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment,” which eliminates step two from the two-step goodwill impairment test required under the current standard. The goodwill impairment test requires a recoverability test performed based on the comparison of the Company’s estimated fair value with its carrying value, including goodwill. If the estimated fair value exceeds the carrying value, then goodwill is not considered impaired. If the carrying value exceeds the estimated fair value, the Company is required to recognize an impairment charge for such excess, limited to the carrying amount of goodwill.

As of March 31, 2020 and March 31, 2019, the fair value of the Company was calculated utilizing only the income approach. The Company believes that this approach provides the most reliable information about the Company’s estimated fair value. Based on the resulting fair value from the annual analysis, the Company determined that no adjustment to the goodwill carrying value was required as of March 31, 2020 or 2019.

Employee Benefits

The Company has defined benefit pension plans and postretirement benefit other than pension (“PBOP”) plans for its employees. The Company recognizes all pension and PBOP plans’ funded status on the balance sheet as a net liability or asset with an offsetting adjustment to accumulated other comprehensive income (“AOCI”) in shareholders’ equity. The cost of providing these plans is recovered through rates; therefore, the net funded status is offset by a regulatory asset or liability. The Company measures and records its pension and PBOP funded status at the year-end date. Pension and PBOP plan assets are measured at fair value, using the year-end market value of those assets.

Supplemental Executive Retirement Plans

The Company has corporate assets included in other non-current assets on the balance sheet representing funds designated for Supplemental Executive Retirement Plans, nonqualified retirement and deferred compensation benefits. These funds are invested in corporate owned life insurance policies and securities primarily consisting of equity investments and investments in municipal and corporate bonds. The corporate owned life insurance investments are measured at cash surrender value or at fair value, with increases and decreases in the value of these assets recorded in the accompanying statements of operations and comprehensive income.

New and Recent Accounting Guidance

Accounting Guidance Recently Adopted

Leases

In February 2016, the FASB issued ASU No. 2016-02 “Leases” (“Topic 842”) and further amended the standard in 2018 and 2019. The new standard supersedes the lease accounting guidance under Topic 840. Under the new standard, a lease is defined as a contract, or part of a contract, that conveys the right to control the use of one or more identified assets for a period of time in exchange for consideration. Lessees will need to recognize leases on the balance sheet as a right-of-use (“ROU”) asset and a related lease liability and classify each lease component as either operating or finance. The lease liability will be equal to the present value of the lease payments. The right-of-use asset will be based on the liability, subject to certain adjustments, such as initial direct costs. Lessor accounting under Topic 842 remains largely consistent with Topic 840.

The Company adopted this new guidance on April 1, 2019 using the modified retrospective approach. The Company recognized approximately \$236.9 million of operating lease liabilities and right-of-use assets on the balance sheets upon transition at April 1, 2019. The implementation of the guidance did not have a material impact on the Company’s results of operations or statement of cash flows, as the pattern of recognition of operating lease expense was consistent with Topic 840. The Company’s leases are further discussed in Note 6, “Property, Plant and Equipment” and Note 14, “Leases.”

Comprehensive income – stranded tax effects

In February 2018, the FASB issued ASU No. 2018-02, “Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income,” which allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act. The amendments eliminate the stranded tax effects resulting from the Tax Cuts and Jobs Act and will improve the usefulness of information reported to financial statement users. For the Company, the requirements in this update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company adopted the guidance on April 1, 2019 resulting in a \$0.3 million adjustment to retained earnings which was reclassified from accumulated other comprehensive income.

Accounting Guidance Not Yet Adopted

Financial Instruments – Credit Losses

In June 2016, the FASB issued ASU No. 2016-13 “Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Statements” requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. Credit losses relating to available-for-sale debt securities should be recorded through an allowance for credit losses. In May 2019, the FASB issued ASU 2019-05, “Financial Instruments—Credit Losses (Topic 326): Targeted Transition Relief”, permitting entities to irrevocably elect the fair value option for financial instruments that were previously recorded at amortized cost basis within the scope of Topic 326, with the exception of held-to-maturity debt securities. For the Company, the requirements in these updates, as amended in November 2019 by ASU 2019-10 “Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates”, will be effective for fiscal years beginning after March 31, 2024, including interim periods within those fiscal years. The Company is currently assessing the application of this standard to determine if it will have a material impact on the presentation, results of operations, cash flows, and financial position of the Company.

Reclassifications

Certain reclassifications have been made to the financial statements to conform the prior period’s balances to the current period’s presentation. These reclassifications had no effect on reported income, statement of cash flows, total assets, or stockholders’ equity as previously reported.

3. REVENUE

The following table presents, for the years ended March 31, 2020 and 2019, revenue from contracts with customers, as well as additional revenue from sources other than contracts with customers, disaggregated by major source:

	Years ended March 31	
	2020	2019
	<i>(in thousands of dollars)</i>	
Revenue from contracts with customers:		
Electric services	\$ 2,440,741	\$ 2,557,146
Gas distribution	557,256	644,152
Total revenue from contracts with customers	2,997,997	3,201,298
Revenue from regulatory mechanisms	130,237	193,231
Other revenue	18,367	17,888
Total operating revenues	<u>\$ 3,146,601</u>	<u>\$ 3,412,417</u>

Electric Services and Gas Distribution: Revenue from contracts with customers, includes electric services and gas distribution. Electric services are comprised of electric distribution and transmission services.

The Company owns and maintains an electric and natural gas distribution network in upstate New York. Distribution revenues are primarily from the sale of electricity, gas, and related services to retail customers. Distribution sales are regulated by the NYPSC, which is responsible for determining the prices and other terms of services as part of the rate making process. The arrangement where a utility provides a service to a customer in exchange for a price approved by a regulator is referred to as a tariff sales contract. Gas and electric distribution revenues are derived from the regulated sale and distribution of electricity and natural gas to residential, commercial, and industrial customers within the Company's service territory under the tariff rates. The tariff rates approved by the regulator are designed to recover the costs incurred by the Company for products and services provided and along with a return on investment.

The performance obligation related to distribution sales is to provide electricity and natural gas to the customers on demand. The electricity and natural gas supplied under the respective tariff each represents a single performance obligation as it is a series of distinct goods or services that are substantially the same. The performance obligation is satisfied over time because the customer simultaneously receives and consumes the electricity or natural gas as the Company provides these services. The Company records revenues related to the distribution sales based upon the approved tariff rate and the volume delivered to the customers, which corresponds with the amount the Company has the right to invoice.

The distribution revenue also includes estimated unbilled amounts, which represent the estimated amounts due from retail customers for electricity and natural gas provided to customers by the Company, but not yet billed. Unbilled revenues are determined based on estimated unbilled sales volumes for the respective customer classes and then applying the applicable tariff rate to those volumes. Actual amounts billed to customers when the meter readings occur, may be different from the estimated amounts.

Certain customers have the option to obtain electricity or natural gas from other suppliers. In those circumstances revenue is only recognized for providing delivery of the commodity to the customer.

The Company owns and operates transmission facilities, which is used to transmit electricity on behalf of other parties and is subject to regulation by FERC. The Company provides open access to the transmission facilities based on the rates approved by the FERC, which are designed to recover the cost of providing the service along with a return on the investments made by the Company, including Transmission Congestion Contract auctions. The Company is a participant in the NYISO, the organization designated by the FERC for managing the movement of electricity across the New York electric grid. As a participant in the NYISO the Company is compensated by the NYISO for the use of its facilities to transmit electricity.

Transmission services are provided as demanded by the customers and represents a single performance obligation. The price for the services provided are based on the underlying tariff rates established by FERC related to both the Company and NYISO. The performance obligation is satisfied over time as the transmission services are provided by the Company. The Company records revenue related to transmission services based on the volumes delivered and the approved tariff rates, which corresponds with the amount the Company has the right to invoice, as the Company is entitled to compensation for the performance completed to date.

Revenue from Regulatory Mechanisms: The Company records revenues in accordance with accounting principles for rate-regulated operations for arrangements between the Company and the regulator, which are not accounted for as contracts with customers. These include various deferral mechanisms such as capital trackers, energy efficiency programs, storm deferral, and other programs that also qualify as Alternative Revenue Programs ("ARPs"). ARPs enable the Company to adjust rates in the future, in response to past activities or completed events. The Company's electric and gas distribution rates both have a revenue decoupling mechanism ("RDM") which allows for annual adjustments to the Company's delivery rates as a result of the reconciliation between allowed revenue and billed revenue. The Company also has other ARPs related to the achievement of certain objectives, demand side management initiatives, and certain other rate making mechanisms. The Company recognizes ARP's with a corresponding offset to a regulatory asset or liability account when the regulatory specified events or conditions have been met, when the amounts are determinable, and are probable of recovery (or payment) through future rate adjustments.

Other Revenues: Includes lease income and other transactions that are not considered contracts with customers.

4. REGULATORY ASSETS AND LIABILITIES

The Company records regulatory assets and liabilities that result from the ratemaking process. The following table presents the regulatory assets and regulatory liabilities recorded on the balance sheet:

		March 31,	
		2020	2019
		(in thousands of dollars)	
Regulatory assets			
Current:			
Derivative instruments	\$	97,396	\$ 82
Gas costs adjustment		2,605	2,676
Rate adjustment mechanisms		17,317	18,200
Revenue decoupling mechanism		25,404	-
Other		7,936	1,529
Total		150,658	22,487
Non-current:			
Environmental response costs		356,828	374,038
Postretirement benefits		48,386	41,471
Storm costs		42,075	8,466
Other		53,911	55,807
Total		501,200	479,782
Regulatory liabilities			
Current:			
Energy efficiency		356,299	374,623
Rate adjustment mechanisms		14,037	30,149
Other		18,120	51,663
Total		388,456	456,435
Non-current:			
Cost of removal		306,491	303,882
Rate plan deferral credits		31,073	107,292
Regulatory tax liability, net		801,642	812,303
Other		505,228	461,029
Total	\$	1,644,434	\$ 1,684,506

Cost of removal: Represents cumulative amounts collected, but not yet spent, to dispose of property, plant and equipment. This liability is discharged as removal costs are incurred.

Derivative instruments: The Company evaluates open derivative instruments for regulatory deferral by determining if they are probable of recovery from, or refund to, customers through future rates. Derivative instruments that qualify for recovery are recorded at fair value, with changes in fair value recorded as regulatory assets or regulatory liabilities in the period in which the change occurs.

Energy efficiency: Represents the difference between revenue billed to customers through the Company's energy efficiency charge and the costs of the Company's energy efficiency programs as approved by the NYPSC.

Environmental response costs: The regulatory asset represents deferred costs associated with the Company's share of the estimated costs to investigate and perform certain remediation activities at sites with which it may be associated. The Company's rate plans provide for specific rate allowances for these costs, with variances deferred for future recovery from, or return to, customers. The Company believes future costs, beyond the expiration of current rate plans, will continue to be recovered through rates.

Gas costs adjustment: The Company is subject to rate adjustment mechanisms for commodity costs, whereby an asset or liability is recognized resulting from differences between actual revenues and the underlying cost of supply. These amounts will be refunded to, or recovered from, customers over the next year.

Postretirement benefits: The regulatory asset balance represents the Company's, unamortized, non-cash accrual of net actuarial gains and losses in addition to actual costs associated with Company's pension plans in excess of amounts received in rates that are to be collected in future periods.

Rate adjustment mechanisms: In addition to commodity costs, the Company is subject to a number of additional rate adjustment mechanisms whereby an asset or liability is recognized resulting from differences between actual revenues and the underlying cost being recovered or differences between actual revenues and targeted amounts as approved by the NYPSC.

Rate plan deferral credits: Under the Rate Plan order, the Company will credit electric customers with a portion of the forecast deferral balance in the amount of \$200.4 million and \$56.1 million for electric and gas customers, respectively. These recorded credits allow for a gradual transition to full cost-of-service rates, implemented as step increases from Rate Year One ("RY1") to Rate Year Two ("RY2"), from Rate Year Two to Rate Year Three ("RY3"), and from Rate Year Three to the twelve-months ending March 31, 2022 ("RY4"). The rate plan deferral credit balances are being amortized over the term of the rate plan (\$116.9 million in RY1, \$59.3 million in RY2, \$19.5 million in RY3 and \$4.7 million in RY4 for electric customers, and \$32.3 million in RY1, \$16.9 million in RY2, \$5.3 million in RY3 and \$1.6 million in RY4 for gas customers).

Regulatory tax liability, net: Represents over-recovered federal deferred taxes of the Company primarily as a result of regulatory flow through accounting treatment, state income tax rate changes and excess federal deferred taxes as a result of the Tax Cuts and Jobs Act of 2017 ("Tax Act").

Revenue decoupling mechanism ("RDM"): As approved by the NYPSC, the Company has electric and gas RDM's which allows for an annual adjustment to the Company's delivery rates as a result of the reconciliation between allowed and actual billed revenues. Any difference is recorded as a regulatory asset or regulatory liability.

Storm Costs: The annual electric revenue requirements provide funding for major storm incremental costs of \$23.0 million in each of the Rate Years under the current three-year rate plan. The Company defers the difference between the base rate allowance and the allowable actual major storm incremental costs for future refund to or recovery from customers.

5. RATE MATTERS

Electric and Gas Filing

On April 28, 2017, the Company filed a proposal to reset electric and natural gas delivery prices beginning in April 2018. On January 19, 2018, the Company reached a settlement agreement with the NYPSC Staff and other parties to the case and filed a Joint Proposal for a three-year rate plan. The proposal reflects the new federal tax law changes and provides a cumulative revenue requirement increase of \$240.8 million and \$60.8 million for the electric and gas business, respectively, based on a 9.0% return on equity and 48% common equity ratio. On March 15, 2018, the NYPSC issued a final order approving the Joint Proposal and the new rates took effect on April 1, 2018.

As of March 31, 2018, resulting from the order, a new electric rate plan settlement credit of \$44.9 million and a new gas rate plan settlement credit of \$28.4 million were established. These credits are included in other non-current regulatory liabilities in the preceding table within Note 4, "Regulatory Assets and Liabilities." The Company applied \$38.4 million of existing

regulatory liabilities towards the creation of these credits. As authorized under the order, The Electric Rate Plan Settlement Deferral Credit balances are being amortized at the rate of \$6.2 million per rate year to compensate the write-down of pre-Automated Meter Reading investments. The order authorizes the Company to fund \$14.0 million in gas safety programs and compliance improvement programs from the Gas Rate Plan Settlement Deferral Credit balances. Further amortizations relating to meter investments, gas safety or the settlement of other rate plan issues may be authorized in future proceedings.

Due to the impacts of COVID-19, the Company filed petitions to postpone for four months the electric and gas delivery rate increases that were scheduled to go into effect on April 1, 2020, and recover the increase over the period August 1, 2020 through March 31, 2021. The petitions were approved by the Commission.

Tax Act

On November 21, 2019, the FERC issued Order 864 to address ratemaking and regulatory reporting of excess or deficient Accumulated Deferred Income Taxes ("ADIT"), related to the Tax Act. The order applies to public utility transmission providers with formula rates and stated rates and provides that public utilities with formula rates submit a compliance filing within 30 days of the effective date of the final rule or in the public utilities next annual informational filing following the issuance of the final rule. The compliance filing must demonstrate how the public utilities formula rate adjusts rate base via a Rate Adjustment mechanism, returns or recovers excess or deficient ADIT via an Income Tax Allowance Mechanism and must include an ADIT worksheet to support the excess or deficient ADIT calculation and amortization. The ADIT worksheet must be populated and will be a new and permanent worksheet. The mechanisms and worksheet must remain applicable to any future changes to tax rates that give rise to excess or deficient ADIT, including changes to state and local tax rates. Excess or deficient ADIT associated with future tax rate changes will automatically be included in a public utility's formula rate without the need for a Section 205 filing. The order does not prescribe a recovery/refund period for deficient/excess ADIT for unprotected excess/deficient ADIT that is not subject to the normalization requirements. FERC will evaluate proposed amortization periods on a case by case basis. The Company has submitted a compliance filing with the June 14, 2020 annual informational filing.

On August 9, 2018, the NYPSC issued an order in its generic proceeding considering the impacts of federal tax reform. NYPSC Staff had advocated that unless already reflected in rates all New York utilities implement a sur-credit by October 1, 2018 that would reflect the immediate effects of the Tax Act and also return any deferred benefits to customers. In response, the Company filed a proposal to (i) delay any sur-credit to January 1 to offset scheduled rate increases and (ii) retain any deferred benefits, including accumulated deferred federal income taxes ("ADFIT"), for future rate moderation.

The NYPSC's order effectively approved all aspects of the Company's proposal. The NYPSC agreed that the Company should be allowed to defer both the pass back of calendar year 2018 tax savings (to the extent not already returned in the new rate plan) and the amortization of excess ADFIT balances, and use the benefits as a rate moderator when base rates are next revised. Specifically, the NYPSC directed that no sur-credit is required as the current rate plan already reflects the reduction of the tax rate to 21% and the termination of bonus depreciation. The NYPSC approved the Company's proposal to defer the tax benefit realized for the three-month period (January-March) prior to new rates, of \$18.0 million for electric and \$4.6 million for gas, to offset future rate increases or investments.

New York Management Audit

Under the New York Public Service Law, the NYPSC is required to conduct periodic audits of various aspects of public utility activities. In 2018 the NYPSC initiated a comprehensive management and operations audit of our three New York regulated businesses. New York law requires periodic management audits of all utilities at least once every five years. National Grid's New York regulated business last underwent a New York management audit in 2014 and 2015, when the NYPSC audited our New York gas business.

In September 2018, the NYPSC selected Saleeby Consulting Group as the independent auditor to perform the audit. The Company was fully committed to the audit with the goal of demonstrating its full capabilities and receiving meaningful feedback that would drive useful recommendations to improve the Company's electric and gas operations for the benefit of its customers. The audit began in November 2018 and ran until August 2019, with a final report due in September 2019.

Unexpectedly, in October 2019, the NYPSC employees advised us that they were terminating the contract with the auditors, effective immediately, because of the poor quality of the draft audit report by the auditor, with no fault whatsoever on the part of the Company. NYPSC employees advised of their intention to complete the management audit themselves. The Audit is expected to be complete sometime in the second half of 2020.

6. PROPERTY, PLANT AND EQUIPMENT

The following table summarizes property, plant and equipment at cost and operating leases along with accumulated depreciation and amortization:

	March 31,	
	2020	2019
	<i>(in thousands of dollars)</i>	
Plant and machinery	\$ 12,715,828	\$ 12,077,145
Land and buildings	658,804	646,765
Assets in construction	474,217	466,830
Software and other intangibles	9,102	9,087
Operating leases	271,193	-
Total property, plant and equipment	14,129,144	13,199,827
Accumulated depreciation and amortization	(3,817,347)	(3,692,482)
Operating lease accumulated depreciation	(40,777)	-
Property, plant and equipment, net	\$ 10,271,020	\$ 9,507,345

7. DERIVATIVE INSTRUMENTS

The Company utilizes derivative instruments to manage commodity price risk associated with its natural gas and electricity purchases. The Company's commodity risk management strategy is to reduce fluctuations in firm gas and electricity sales prices to its customers.

The Company's financial exposures are monitored and managed as an integral part of the Company's overall financial risk management policy. The Company engages in risk management activities only in commodities and financial markets where it has an exposure, and only in terms and volumes consistent with its core business.

Volumes

Volumes of outstanding commodity derivative instruments measured in dekatherms ("dths") and megawatt hours ("mwhs") are as follows:

	March 31,	
	2020	2019
	<i>(in thousands)</i>	
Gas derivative contracts (dths)	9,762	12,641
Electric derivative contracts (mwhs)	13,195	13,771

Derivative Financial Instruments

The following tables reflect the gross and net amounts of the Company's derivative assets and liabilities as of March 31, 2020 and 2019:

March 31, 2020 (in thousands of dollars)					
	Gross amounts of recognized assets (liabilities) A	Gross amounts offset in the Balance Sheets B	Net amounts of assets (liabilities) presented in the Balance Sheets C=A+B	Gross amounts not offset in the Balance Sheets D	Net amount E=C-D
ASSETS:					
Current assets					
Gas contracts	\$ 218	\$ -	\$ 218	\$ 90	\$ 128
Electric contracts	4,682	-	4,682	3,205	1,477
Non-current assets					
Gas contracts	6	-	6	-	6
Electric contracts	1,370	-	1,370	730	640
Total	6,276	-	6,276	4,025	2,251
LIABILITIES:					
Current liabilities					
Gas contracts	(419)	-	(419)	(90)	(329)
Electric contracts	(63,097)	-	(63,097)	(3,205)	(59,892)
Non-current liabilities					
Gas contracts	-	-	-	-	-
Electric contracts	(40,157)	-	(40,157)	(10,330)	(29,827)
Total	(103,673)	-	(103,673)	(13,625)	(90,048)
Net liabilities	\$ (97,397)	\$ -	\$ (97,397)	\$ (9,600)	\$ (87,797)
March 31, 2019 (in thousands of dollars)					
	Gross amounts of recognized assets (liabilities) A	Gross amounts offset in the Balance Sheets B	Net amounts of assets (liabilities) presented in the Balance Sheets C=A+B	Gross amounts not offset in the Balance Sheets D	Net amount E=C-D
ASSETS:					
Current assets					
Gas contracts	\$ 290	\$ -	\$ 290	\$ 110	\$ 180
Electric contracts	26,365	-	26,365	11,827	14,538
Non-current assets					
Gas contracts	55	-	55	-	55
Electric contracts	12,101	-	12,101	2,576	9,525
Total	38,811	-	38,811	14,513	24,298
LIABILITIES:					
Current liabilities					
Gas contracts	(428)	-	(428)	(110)	(318)
Electric contracts	(15,203)	-	(15,203)	(11,827)	(3,376)
Non-current liabilities					
Gas contracts	-	-	-	-	-
Electric contracts	(9,852)	-	(9,852)	(2,576)	(7,276)
Total	(25,483)	-	(25,483)	(14,513)	(10,970)
Net assets	\$ 13,328	\$ -	\$ 13,328	\$ -	\$ 13,328

The Company enters into enabling agreements that allow for payment netting with its counterparties, which reduces its exposure to counterparty risk by providing for the offset of amounts payable to the counterparty against amounts receivable from the counterparty.

The changes in fair value of the Company's rate recoverable contracts are offset by changes in regulatory assets and liabilities. As a result, the changes in fair value of those contracts had no impact in the accompanying statements of operations and comprehensive income. All of the Company's derivative instruments are subject to rate recovery as of March 31, 2020 and 2019.

Credit and Collateral

The Company is exposed to credit risk related to transactions entered into for commodity price risk management. Credit risk represents the risk of loss due to counterparty non-performance. Credit risk is managed by assessing each counterparty's credit profile and negotiating appropriate levels of collateral and credit support.

The credit policy for commodity transactions is managed and monitored by the Finance Committee to National Grid plc's Board of Directors ("Finance Committee"), which is responsible for approving risk management policies and objectives for risk assessment, control and valuation, and the monitoring and reporting of risk exposures. NGUSA's Energy Procurement Risk Management Committee ("EPRMC") is responsible for approving transaction strategies, annual supply plans, and counterparty credit approval, as well as all valuation and control procedures. The EPRMC is chaired by the Vice President of U.S. Treasury and reports to both the NGUSA Board of Directors and the Finance Committee.

The EPRMC monitors counterparty credit exposure and appropriate measures are taken to bring such exposures below the limits, including, without limitation, netting agreements, and limitations on the type and tenor of trades. In instances where a counterparty's credit quality has declined, or credit exposure exceeds certain levels, the Company may limit its credit exposure by restricting new transactions with the counterparty, requiring additional collateral or credit support, and negotiating the early termination of certain agreements. Similarly, the Company may be required to post collateral to its counterparties.

The Company's credit exposure for all commodity derivative instruments, and applicable payables and receivables, net of collateral, and instruments that are subject to master netting agreements, was a net liability of \$87.8 million and a net asset of \$13.3 million and as of March 31, 2020 and 2019, respectively.

The aggregate fair value of the Company's commodity derivative instruments with credit-risk-related contingent features that were in a liability position as of March 31, 2020 and 2019 was \$97.8 million and \$5.6 million, respectively. The Company had \$9.6 million and zero collateral posted for these instruments as of March 31, 2020 and 2019, respectively. At March 31, 2020, if the Company's credit rating were to be downgraded by one, two, or three levels, it would be required to post additional collateral to its counterparties of \$8.5 million, \$26.6 million, or \$98.4 million, respectively. At March 31, 2019, if the Company's credit rating had been downgraded by one, two, or three levels, it would have been required to post additional collateral to its counterparties of zero, zero, or \$6.0 million, respectively.

8. FAIR VALUE MEASUREMENTS

The following tables present assets and liabilities measured and recorded at fair value on the balance sheet on a recurring basis and their level within the fair value hierarchy as of March 31, 2020 and 2019:

March 31, 2020				
	Level 1	Level 2	Level 3	Total
	<i>(in thousands of dollars)</i>			
Assets:				
Derivative instruments				
Gas contracts	\$ -	\$ 8	\$ 216	\$ 224
Electric contracts	-	5,089	963	6,052
Securities	21,610	12,747	-	34,357
Total	21,610	17,844	1,179	40,633
Liabilities:				
Derivative instruments				
Gas contracts	-	144	275	419
Electric contracts	-	102,531	723	103,254
Total	-	102,675	998	103,673
Net assets (liabilities)	\$ 21,610	\$ (84,831)	\$ 181	\$ (63,040)

March 31, 2019				
	Level 1	Level 2	Level 3	Total
	<i>(in thousands of dollars)</i>			
Assets:				
Derivative instruments				
Gas contracts	\$ -	\$ 8	\$ 337	\$ 345
Electric contracts	-	37,647	819	38,466
Securities	23,379	12,545	-	35,924
Total	23,379	50,200	1,156	74,735
Liabilities:				
Derivative instruments				
Gas contracts	-	241	187	428
Electric contracts	-	25,055	-	25,055
Total	-	25,296	187	25,483
Net assets	\$ 23,379	\$ 24,904	\$ 969	\$ 49,252

Derivative instruments: The Company's Level 2 fair value derivative instruments primarily consist of over-the-counter ("OTC") electric and gas swap contracts with pricing inputs obtained from the New York Mercantile Exchange and the Intercontinental Exchange ("ICE"), except in cases where the ICE publishes seasonal averages or where there were no transactions within the last seven days. The Company may utilize discounting based on quoted interest rate curves, including consideration of non-performance risk, and may include a liquidity reserve calculated based on bid/ask spread for the Company's Level 2 derivative instruments. Substantially all of these price curves are observable in the marketplace throughout at least 95% of the remaining contractual quantity, or they could be constructed from market observable curves with correlation coefficients of 95% or higher.

The Company's Level 3 fair value derivative instruments consist of gas option and purchase, and electric option and capacity transactions, which are valued based on internally-developed models. Industry-standard valuation techniques, such as the Black-Scholes pricing model, Monte Carlo simulation, and Financial Engineering Associates libraries are used for valuing such instruments. For valuations that include both observable and unobservable inputs, if the unobservable input is determined to be significant to the overall inputs, the entire valuation is categorized in Level 3. This includes derivative instruments valued using indicative price quotations whose contract tenure extends into unobservable periods. In instances where observable data is unavailable, consideration is given to the assumptions that market participants would use in valuing the asset or liability. This includes assumptions about market risks such as liquidity, volatility, and contract duration. Such instruments are categorized in Level 3 as the model inputs generally are not observable. The Company considers non-performance risk and liquidity risk in the valuation of derivative instruments categorized in Level 2 and Level 3.

The significant unobservable inputs used in the fair value measurement of the Company's gas derivative instruments and electric derivative instruments are implied volatility, electric forward curves and gas forward curves. A relative change in commodity price at various locations underlying the open positions can result in significantly different fair value estimates.

Securities: Securities are included in other non-current assets on the balance sheet and primarily include equity and debt investments based on quoted market prices (Level 1) and municipal and corporate bonds based on quoted prices of similar traded assets in open markets (Level 2).

9. EMPLOYEE BENEFITS

The Company participates in two non-contributory defined benefit pension plans (the "Pension Plans") and two PBOP plans (the "PBOP Plans," together with the Pension Plans, the "Plans"). The Company calculates benefits under these plans based on age, years of service and pay using March 31 as a measurement date. In addition, the Company also participates in defined contribution plans for eligible employees. The plans are sponsored by National Grid USA Service Company.

Plan assets are maintained in commingled trusts. In respect of cost determination, plan assets are allocated to the Company based on the Company's proportionate share of the Plan's projected benefit obligation. The Plan's costs are first directly charged to the Company based on the Company's employees that participate in the Plan. Costs associated with affiliated service companies' employees are then allocated as part of the labor burden for work performed on the Company's behalf. The Company applies deferral accounting for pension and PBOP expenses associated with its regulated gas and electric operations. Any differences between actual pension costs and amounts used to establish rates are deferred and collected from, or refunded to, customers in subsequent periods. Pension and PBOP service costs are included within operations and maintenance expense and non-service costs are included within other income (deductions), net in the accompanying statements of operations and comprehensive income. Portions of the net periodic benefit costs disclosed below have been capitalized as a component of property, plant and equipment.

Pension Plans

The Pension Plans are composed of both a qualified and a non-qualified plan. The qualified pension plan provides substantially all union employees, as well as all non-union employees hired before January 1, 2011, with a retirement benefit. The qualified pension plan is a cash balance pension plan design in which pay-based credits are applied based on service time and interest credits are applied at rates set forth in the plan. For non-union employees, effective January 1, 2011, pay-based credits are based on a combination of service time and age. Some employees who met certain age and service requirements (referred to as the Transition Group) were grandfathered into the final average pay formula and upon retirement receive the greater of the final average pay formula or the cash balance formula benefit under the plan. The non-qualified pension plan provide additional pension benefits to certain eligible participants whose compensation levels exceeds IRS limits. The funding policy is determined largely by the Company's rate agreements with the NYPSC. However, the contribution to the qualified pension plan for any year will not be less than the minimum amount required under Internal Revenue Service ("IRS") regulations. During the years ended March 31, 2020, 2019, and 2018, the Company made contributions of zero, zero, and approximately \$30.9 million, respectively, to the qualified pension plans. The Company does not expect to contribute to the Pension Plans during the year ending March 31, 2021.

Benefit payments to Pension Plan participants for the years ended March 31, 2020, 2019, and 2018 were approximately \$101.9 million, \$148.6 million, and \$127.9 million, respectively.

PBOP Plans

The Company's PBOP Plans provide health care and life insurance coverage to eligible retired employees. Eligibility is based on age and length of service requirements and, in most cases, retirees must contribute to the cost of their health coverage. The PBOP Plans are funded based on rate agreements with the NYPSC. During the years ended March 31, 2020, 2019, and 2018, the Company made contributions of zero, zero, and approximately \$48.4 million, respectively, to the PBOP Plans. The Company does not expect to contribute to the PBOP Plans during the year ending March 31, 2021.

Benefit payments to PBOP plan participants for the years ended March 31, 2020, 2019, and 2018 were approximately \$76.1 million, \$69.8 million, and \$71.0 million, respectively.

Defined Contribution Plan

NGUSA has defined contribution retirement plans that covers substantially all employees. For the years ended March 31, 2020, 2019, and 2018, the Company recognized an expense in the accompanying statements of operations and comprehensive income of \$10.7 million, \$10.4 million, and \$9.4 million, respectively, for matching contributions.

Net Periodic Benefit Costs

The Company's total pension cost for the years ended March 31, 2020, 2019, and 2018 are \$10.2 million, \$45.3 million, and \$32.0 million, respectively.

The Company's total PBOP cost for the years ended March 31, 2020, 2019, and 2018 are \$2.2 million, \$11.4 million, and \$28.0 million, respectively.

Amounts Recognized in OCI and Regulatory Assets/Liabilities

The following tables summarize other pre-tax changes in actuarial gains/losses and prior service costs recognized primarily in regulatory assets and other comprehensive income as of March 31, 2020, 2019, and 2018:

	Pension Plans		
	March 31,		
	2020	2019	2018
		<i>(in thousands of dollars)</i>	
Net actuarial losses (gains)	\$ 18,690	\$ (7,386)	\$ (7,179)
Amortization of net actuarial losses	(31,821)	(50,432)	(46,964)
Amortization of prior service cost, net	(1,571)	(2,832)	(3,123)
Total	<u><u>\$ (14,702)</u></u>	<u><u>\$ (60,650)</u></u>	<u><u>\$ (57,266)</u></u>
Change in regulatory assets	\$ (14,734)	\$ (60,162)	\$ (57,261)
Change in AOCI	32	(488)	(5)
Total	<u><u>\$ (14,702)</u></u>	<u><u>\$ (60,650)</u></u>	<u><u>\$ (57,266)</u></u>

	PBOP Plans		
	March 31,		
	2020	2019	2018
		<i>(in thousands of dollars)</i>	
Net actuarial losses (gains)	\$ 107,126	\$ 39,428	\$ (66,621)
Amortization of net actuarial losses	(13,066)	(16,174)	(22,533)
Amortization of prior service benefit, net	-	91	540
Total	<u>\$ 94,060</u>	<u>\$ 23,345</u>	<u>\$ (88,614)</u>
Change in regulatory assets	\$ 95,014	\$ 23,345	\$ (88,614)
Change in AOCI	(954)	-	-
Total	<u>\$ 94,060</u>	<u>\$ 23,345</u>	<u>\$ (88,614)</u>

Amounts Recognized in AOCI and Regulatory Assets/Liabilities – not yet recognized as components of net actuarial loss

The following tables summarize the Company's amounts in regulatory assets and accumulated other comprehensive income on the balance sheet that have not yet been recognized as components of net actuarial loss as of March 31, 2020, 2019, and 2018:

	Pension Plans		
	March 31,		
	2020	2019	2018
		<i>(in thousands of dollars)</i>	
Net actuarial losses	\$ 35,486	\$ 48,617	\$ 106,435
Prior service cost	3,627	5,198	8,030
Total	<u>\$ 39,113</u>	<u>\$ 53,815</u>	<u>\$ 114,465</u>
Included in regulatory assets	\$ 38,337	\$ 53,071	\$ 113,233
Included in AOCI	776	744	1,232
Total	<u>\$ 39,113</u>	<u>\$ 53,815</u>	<u>\$ 114,465</u>

	PBOP Plans		
	March 31,		
	2020	2019	2018
		<i>(in thousands of dollars)</i>	
Net actuarial losses (gains)	\$ 84,565	\$ (9,495)	\$ (32,749)
Prior service benefit	(425)	(425)	(516)
Total	<u>\$ 84,140</u>	<u>\$ (9,920)</u>	<u>\$ (33,265)</u>
Included in regulatory assets	\$ 85,094	\$ (9,920)	\$ (33,265)
Included in AOCI	(954)	-	-
Total	<u>\$ 84,140</u>	<u>\$ (9,920)</u>	<u>\$ (33,265)</u>

The NYPSC's statement of policy requires that prior service costs and gains and losses be amortized over a ten-year period calculated on a vintage year basis. The amount of net actuarial loss and prior service cost to be amortized from regulatory assets during the year ending March 31, 2021 for the Pension Plans is \$17.9 million and \$1.2 million, respectively, and net actuarial loss and prior service benefit to be amortized from regulatory assets as of March 31, 2021 for the PBOP Plans is \$16.3 million and zero, respectively.

Reconciliation of Funded Status to Amount Recognized

	Pension Plans		PBOP Plans	
	March 31,		March 31,	
	2020	2019	2020	2019
	<i>(in thousands of dollars)</i>			
Projected benefit obligation	\$ (1,276,772)	\$ (1,292,020)	\$ (1,674,903)	\$ (1,739,746)
Allocated fair value of assets	1,651,512	1,661,341	1,272,844	1,429,905
Funded status	<u>\$ 374,740</u>	<u>\$ 369,321</u>	<u>\$ (402,059)</u>	<u>\$ (309,841)</u>
Non-current assets	\$ 374,997	\$ 370,431	\$ -	\$ -
Current liabilities	(257)	(272)	(4,074)	(4,942)
Non-current liabilities	-	(838)	(397,985)	(304,899)
Total	<u>\$ 374,740</u>	<u>\$ 369,321</u>	<u>\$ (402,059)</u>	<u>\$ (309,841)</u>

Expected Benefit Payments

Based on current assumptions, the Company expects to make the following benefit payments subsequent to March 31, 2020:

<i>(in thousands of dollars)</i>		
Years Ended March 31,	Pension Plans	PBOP Plans
2021	\$ 142,392	\$ 75,150
2022	119,059	77,077
2023	101,724	78,583
2024	96,284	79,600
2025	91,419	80,080
2026-2030	411,859	406,634
Total	<u>\$ 962,737</u>	<u>\$ 797,124</u>

Assumptions Used for Employee Benefits Accounting

	Pension Plans		
	Years Ended March 31,		
	2020	2019	2018
Benefit obligations:			
Discount rate	3.65%	4.10%	4.10%
Rate of compensation increase	3.50%	3.50%	3.50%
Expected return on plan assets	5.00%	6.00%	6.00%
Net periodic benefit costs:			
Discount rate	4.10%	4.10%-4.50%	4.30%
Rate of compensation increase	3.50%	3.50%	3.50%
Expected return on plan assets	6.00%	6.00%	6.25%
	PBOP Plans		
	Years Ended March 31,		
	2020	2019	2018
Benefit obligations:			
Discount rate	3.65%	4.10%	4.10%
Rate of compensation increase	n/a	n/a	n/a
Expected return on plan assets	6.50%-7.00%	6.50%-7.25%	6.25-6.75%
Net periodic benefit costs:			
Discount rate	4.10%	4.10%	4.30%
Rate of compensation increase	n/a	n/a	n/a
Expected return on plan assets	6.50%-7.25%	6.25-6.75%	6.50%-6.75%

The Company selects its discount rate assumption based upon rates of return on highly rated corporate bond yields in the marketplace as of each measurement date. Specifically, the Company uses the Hewitt AA Above Median Curve along with the expected future cash flows from the Company retirement plans to determine the weighted average discount rate assumption.

The expected rate of return for various passive asset classes is based both on analysis of historical rates of return and forward looking analysis of risk premiums and yields. Current market conditions, such as inflation and interest rates, are evaluated in connection with the setting of the long-term assumptions. A small premium is added for active management of both equity and fixed income securities. The rates of return for each asset class are then weighted in accordance with the actual asset allocation, resulting in a long-term return on asset rate for each plan.

Assumed Health Cost Trend Rate

	Years Ended March 31,	
	2020	2019
Health care cost trend rate assumed for next year		
Pre 65	7.00%	7.25%
Post 65	5.50%	5.75%
Prescription	8.00%	9.75%
Rate to which the cost trend is assumed to decline (ultimate)	4.50%	4.50%
Year that rate reaches ultimate trend		
Pre 65	2031+	2028
Post 65	2031+	2026
Prescription	2031+	2027

Plan Assets

The Pension Plan is a trusted non-contributory defined benefit plan covering all eligible represented employees of the Company and eligible non-represented employees of the participating National Grid companies. The PBOP Plans are both a contributory and non-contributory, trustee, employee life insurance and medical benefit plan sponsored by the Company. Life insurance and medical benefits are provided for eligible retirees, dependents, and surviving spouses of the Company.

The Company manages the benefit plan investments for the exclusive purpose of providing retirement benefits to participants and beneficiaries and paying plan expenses. The benefit plans' named fiduciary is The Retirement Plans Committee ("RPC"). The RPC seeks to minimize the long-term cost of operating the Plans, with a reasonable level of risk. The investment objectives of the plans are to maintain a level and form of assets adequate to meet benefit obligations to participants, to achieve the expected long-term total return on the plans' assets within a prudent level of risk and maintain a level of volatility that is not expected to have a material impact on the Company's expected contribution and expense or the Company's ability to meet plan obligations.

The RPC has established and reviews at least annually the Investment Policy Statement ("IPS") which sets forth the guidelines for how plan assets are to be invested. The IPS contains a strategic asset allocation for each plan which is intended to meet the objectives of the pension plan by diversifying its funds across asset classes, investment styles and fund managers. An asset/liability study typically is conducted periodically to determine whether the current strategic asset allocation continues to represent the appropriate balance of expected risk and reward for the plan to meet expected liabilities. Each study considers the investment risk of the asset allocation and determines the optimal mix of assets for the plan. The target asset allocation for 2020 reflects the results of such a pension study conducted in 2019. As a result of that asset liability study the asset mix for the Niagara Mohawk Pension Plan was changed to further reduce investment risk given the overfunded nature and shorter duration of liabilities in that plan compared to the other pension plans. The PBOP Plan asset liability studies are expected to be run within the next 12 to 18 months.

Individual fund managers operate under written guidelines provided by the RPC, which cover such areas as investment objectives, performance measurement, permissible investments, investment restrictions, trading and execution, and communication and reporting requirements. National Grid management in conjunction with a third party investment advisor, regularly monitors, and reviews asset class performance, total fund performance, and compliance with asset allocation guidelines. This information is reported to the RPC at quarterly meetings. The RPC changes fund managers and rebalances the portfolio as appropriate.

Equity investments are broadly diversified across U.S. and non-U.S. stocks, as well as across growth, value, and small and large capitalization stocks. Likewise, the fixed income portfolio is broadly diversified across market segments and is mainly

invested in investment grade securities. Where investments are made in non-investment grade assets the higher volatility is carefully judged and balanced against the expected higher returns. While the majority of plan assets are invested in equities and fixed income other asset classes are utilized to further diversify the investments. These asset classes include private equity, real estate, and diversified alternatives. The objective of these other investments are enhancing long-term returns while improving portfolio diversification. For the PBOP Plans, since the earnings on a portion of the assets are taxable, those investments are managed to maximize after tax returns consistent with the broad asset class parameters established by the asset liability study. Investment risk and return are reviewed by the plan investment advisors, National Grid management and the RPC on a regular basis. The assets of the plans have no significant concentration of risk in one country (other than the United States), industry or entity.

The target asset allocations for the benefit plans as of March 31, 2020 and 2019 are as follows:

	Pension Plans		Union PBOP Plans		Non-Union PBOP Plans	
	March 31,		March 31,		March 31,	
	2020	2019	2020	2019	2020	2019
Equity	18%	30%	63%	63%	70%	70%
Diversified alternatives	6%	10%	17%	17%	-	-
Fixed income securities	70%	50%	20%	20%	30%	30%
Private equity	3%	4%	-	-	-	-
Real estate	2%	4%	-	-	-	-
Infrastructure	1%	2%	-	-	-	-
	100%	100%	100%	100%	100%	100%

Fair Value Measurements

The following tables provide the fair value measurements amounts for the pension and PBOP assets at the Plan level:

March 31, 2020					
	Level 1	Level 2	Level 3	Not categorized	Total
	<i>(in thousands of dollars)</i>				
Pension assets:					
Equity	\$ 66,435	\$ -	\$ -	\$ 173,217	\$ 239,652
Diversified alternatives	31,485	-	-	68,995	100,480
Corporate bonds	-	748,253	-	236,612	984,865
Government securities	(4,457)	282,846	-	102,734	381,123
Private equity	-	-	-	101,278	101,278
Real estate	-	-	-	47,659	47,659
Infrastructure	-	-	-	32,268	32,268
Insurance contracts	-	-	-	516	516
Total assets	<u>\$ 93,463</u>	<u>\$1,031,099</u>	<u>\$ -</u>	<u>\$ 763,279</u>	<u>\$ 1,887,841</u>
Pending transactions					<u>(116,726)</u>
Total net assets					<u>\$ 1,771,115</u>
PBOP assets:					
Equity	\$ 159,985	\$ -	\$ -	\$ 610,921	\$ 770,906
Diversified alternatives	84,881	-	-	87,521	172,402
Corporate bonds	-	8,296	-	-	8,296
Government securities	23,374	271,691	-	411	295,476
Total assets	<u>\$ 268,240</u>	<u>\$ 279,987</u>	<u>\$ -</u>	<u>\$ 698,853</u>	<u>\$ 1,247,080</u>
Pending transactions					<u>4,246</u>
Total net assets					<u>\$ 1,251,326</u>

March 31, 2019

	Level 1	Level 2	Level 3	Not categorized	Total
			(in thousands of dollars)		
Pension assets:					
Equity	\$ 102,965	\$ -	\$ -	\$ 420,478	\$ 523,443
Diversified alternatives	47,579	-	-	127,687	175,266
Corporate bonds	-	507,340	-	105,370	612,710
Government securities	341	200,054	-	152,308	352,703
Private equity	-	-	-	94,937	94,937
Real estate	-	-	-	75,722	75,722
Infrastructure	-	-	-	25,663	25,663
Insurance contracts	-	-	-	8,305	8,305
Accounts receivable	59,049	-	-	-	59,049
Accounts payable	(140,311)	-	-	-	(140,311)
Total	<u>\$ 69,623</u>	<u>\$ 707,394</u>	<u>\$ -</u>	<u>\$ 1,010,470</u>	<u>\$ 1,787,487</u>
PBOP assets:					
Equity	\$ 192,759	\$ -	\$ -	\$ 732,534	\$ 925,293
Diversified alternatives	99,567	-	-	93,493	193,060
Corporate bonds	-	9,831	-	-	9,831
Government securities	15,813	282,219	-	685	298,717
Accounts receivables	3,196	-	-	-	3,196
Accounts payable	(1)	-	-	-	(1)
Total	<u>\$ 311,334</u>	<u>\$ 292,050</u>	<u>\$ -</u>	<u>\$ 826,712</u>	<u>\$ 1,430,096</u>

The methods used to fair value pension and PBOP assets are described below:

Equity: Equity includes both actively- and passively-managed assets with investments in domestic equity index funds as well as international equities.

Diversified alternatives: Diversified alternatives consist of holdings of global tactical asset allocation funds that seek to invest opportunistically in a range of asset classes and sectors globally.

Corporate bonds: Corporate bonds consist of debt issued by various corporations and corporate money market funds. Corporate Bonds also includes small investments in preferred securities as these are used in the fixed income portfolios as yield producing investments. In addition, certain fixed income derivatives are included in this category such as credit default swaps to assist in managing credit risk.

Government securities: Government securities includes U.S. agency and treasury securities, as well as state and local municipality bonds. The plans hold a small amount of Non-U.S. government debt which is also captured here. U.S. Government money market funds are also included. In addition, interest rate futures and swaps are included in this category as a tool to manage interest rate risk.

Private equity: Private equity consists of limited partnerships investments where all the underlying investments are privately held. This consists of primarily buy-out investments with smaller allocations to venture capital.

Real estate: Real estate consist of limited partnership investments primarily in U.S. core open end real estate funds as well as some core plus closed end real estate funds.

Infrastructure: Infrastructure consists of limited partnerships investments that seek to invest in physical assets that are considered essential for a society to facilitate the orderly operation of its economy. Investments in infrastructure typically include transportation assets (such as airports and toll roads) and utility type assets. Investments in Infrastructure funds are utilized as a diversifier to other asset classes within the pension portfolio. Infrastructure investments are also typically income producing assets.

Insurance contracts: Insurance contracts consists of Trust Owned Life Insurance.

Pending transactions: Pending transactions are short term cash transactions that are expected to settle within a few days of the measurement date.

10. CAPITALIZATION

The aggregate maturities of long-term debt for the years subsequent to March 31, 2020 are as follows:

<i>(in thousands of dollars)</i>	
<u>March 31,</u>	<u>Maturities of</u>
	<u>Long-Term Debt</u>
2021	\$ -
2022	-
2023	300,000
2024	69,800
2025	500,000
Thereafter	1,654,365
Total	<u>\$ 2,524,165</u>

The Company's debt agreements and banking facilities contain covenants, including those relating to the periodic and timely provision of financial information by the issuing entity and financial covenants such as restrictions on the level of indebtedness. Failure to comply with these covenants, or to obtain waivers of those requirements, could in some cases trigger a right, at the lender's discretion, to require repayment of some of the Company's debt and may restrict the Company's ability to draw upon its facilities or access the capital markets. As of March 31, 2020 and 2019, the Company was in compliance with all such covenants.

Debt Authorizations

The Company has regulatory approval from the FERC to issue up to \$1.0 billion of short-term debt internally or externally that expires on January 10, 2021. The Company had no external short-term debt as of March 31, 2020 and 2019. Refer to Note 15, "Related Party Transactions" under "Intercompany Money Pool" for short-term debt outstanding with associated companies.

The NYPSC authorized the Company to issue up to \$2.1 billion of incremental long-term debt in one or more transactions through March 31, 2020. The authorization includes the option to issue up to \$429.5 million of the total authorization for a refunding of the Company's existing debt.

Under the authorization, the Company converted \$424.2 million of tax-exempt revenue bonds from a variable interest rate into a fixed rate and issued \$500.0 million of unsecured long-term debt at 4.28%. Prior to the expiration, the Company filed and received approval from the NYPSC for a one-year extension of the remaining \$1.1 billion of authorization through March 31, 2021.

In addition, the Company had unsecured long-term debt of \$750.0 million at 4.88% which matured on August 15, 2019.

State Authority Financing Bonds

The Company had approximately \$429.5 million of tax-exempt revenue bonds in a variable interest rate mode (“TE Bonds”) issued by the New York State Energy Research and Development Authority (“NYSERDA”). The Company pledged to NYSERDA collateral, in the form of first mortgage bonds (“Pledged Bonds”), to secure the repayment of the NYSERDA TE bonds. The Pledged Bonds were issued under its 1937 Mortgage Trust Indenture, as amended and supplemented from time to time, that established a blanket lien (the “Indenture”) (i.e. mortgage lien) on substantially all of the Company’s operating properties.

In September and October 2018, the Company requested and received approval from NYSERDA to convert the TE Bonds into a fixed rate mode which was fully completed on October 11, 2018. In connection with the mode conversion the Company i) cancelled the Insurance Policy, ii) replaced the Pledge Bonds with an unsecured note which eliminated the Pledge Bonds and effectively discharged the mortgage lien under the Indenture and iii) made other modifications to NYSERDA TE Bonds transactional documents. The TE bonds were converted from a variable interest rate mode into a fixed rate interest mode ranging from 3.23% to 3.48%. These conversions were accounted for as extinguishments in accordance with ASC 470, “Debt.” Prior to the conversion the bonds bore interest at short-term interest rates ranging from 0.84% to 5.53% as of March 31, 2019.

Dividend Restrictions

The Company is limited by the various rate plans, NYPSC orders, and FERC orders with respect to the amount of dividends the Company can pay. If the Company’s total debt exceeds 55% of its total capital excluding goodwill but does not exceed 57%, then the Company will be permitted to pay dividends up to an amount equal to but no greater than 50% of its net income for the previous twelve months until its average total debt for the most recent six month period is less than or equal to 55%. If the Company’s total capital exceeds 57% then the Company may not pay dividends until the average total debt for the most recent six months ending is less than or equal to 55%. As long as the bond ratings on the least secure forms of debt issued by the Company and National Grid plc remain investment grade and do not fall to the lowest investment grade rating (with one or more negative watch downgrade notices issued with respect to such debt), the Company is allowed to pay dividends. During the years ended March 31, 2020, 2019 and 2018, the Company was in compliance with all such covenants.

The Company’s filed rate plan includes a ratemaking capital structure of approximately 52% debt and 48% equity through the combination of long-term debt issuance and dividend payments. In September 2017, the Company paid dividends on common stock of \$550.0 million to NMHI to align the capital structure more closely to its filed rate plan.

Cumulative Preferred Stock

The Company has certain issues of non-participating cumulative preferred stock outstanding where the security is guaranteed by National Grid plc and can be redeemed at the option of the Company. There are no mandatory redemption provisions on the Company’s cumulative preferred stock. A summary of cumulative preferred stock is as follows:

Series	Shares Outstanding		Amount		Call Price
	March 31,		March 31,		
	2020	2019	2020	2019	
(in thousands of dollars, except per share and number of shares data)					
\$100 par value -					
3.40% Series	57,524	57,524	\$ 5,753	\$ 5,753	\$ 103.50
3.60% Series	137,152	137,152	13,715	13,715	104.85
3.90% Series	95,171	95,171	9,517	9,517	106.00
Golden Share	1	1	-	-	Non-callable
Total	289,848	289,848	\$ 28,985	\$ 28,985	

In connection with the acquisition of KeySpan Corporation by NGUSA, the Company became subject to a requirement to issue a class of preferred stock, having one share (the “Golden Share”), subordinate to any existing preferred stock. The holder of the Golden Share would have voting rights that limit the Company’s right to commence any voluntary bankruptcy, liquidation, receivership, or similar proceeding without the consent of the holder of the Golden Share. The NYPSC subsequently authorized the issuance of the Golden Share to a trustee, GSS Holdings, Inc. (“GSS”), who will hold the Golden Share subject to a Services and Indemnity Agreement requiring GSS to vote the Golden Share in the best interests of NYS. On July 8, 2011, the Company issued the Golden Share with a par value of \$1.

The Company did not redeem any preferred stock as of March 31, 2020, 2019, or 2018. The annual dividend requirement for cumulative preferred stock was \$1.1 million as of March 31, 2020, 2019, and 2018.

11. INCOME TAXES

Components of Income Tax Expense

	Years Ended March 31,		
	2020	2019	2018
	<i>(in thousands of dollars)</i>		
Current tax expense:			
Federal	\$ 19,776	\$ 9,170	\$ 138,572
State	2,262	7,724	24,955
Total current tax expense	22,038	16,894	163,527
Deferred tax expense (benefit):			
Federal	45,676	55,210	(44,716)
State	16,238	11,494	(4,003)
Total deferred tax expense (benefit)	61,914	66,704	(48,719)
Amortized investment tax credits ⁽¹⁾	(1,100)	(1,276)	(1,806)
Total deferred tax expense (benefit)	60,814	65,428	(50,525)
Total income tax expense	\$ 82,852	\$ 82,322	\$ 113,002

(1) Investment tax credits (“ITC”) are accounted for using the deferral and gross up method of accounting and amortized over the depreciable life of the property giving rise to the credits.

Statutory Rate Reconciliation

The Company's effective tax rates for the years ended March 31, 2020, 2019, and 2018 are 23.8%, 22.6%, and 32.7% respectively. The following table presents a reconciliation of income tax expense at the federal statutory tax rate of 21.0%, 21.0%, and 31.6% respectively, to the actual tax expense:

	Years Ended March 31,		
	2020	2019	2018
	<i>(in thousands of dollars)</i>		
Computed tax	\$ 73,005	\$ 76,430	\$ 109,103
Change in computed taxes resulting from:			
Equity-based compensation and dividends	(881)	(978)	(4,112)
Investment tax credits	(1,100)	(1,276)	(1,806)
State income tax, net of federal benefit	14,615	15,183	14,297
Temporary differences flowed through	(3,459)	(4,224)	(3,981)
Other items, net	672	(2,813)	(499)
Total changes	9,847	5,892	3,899
Total income tax expense	\$ 82,852	\$ 82,322	\$ 113,002

The Company is included in the NGNA and subsidiaries consolidated federal income tax return and New York unitary state income tax return. The Company has joint and several liability for any potential assessments against the consolidated group.

Deferred Tax Components

	March 31,	
	2020	2019
	<i>(in thousands of dollars)</i>	
Deferred tax assets:		
Allowance for doubtful accounts	\$ 46,603	\$ 42,569
Environmental remediation costs	93,257	97,755
Postretirement benefits	125,034	101,719
Regulatory liabilities	454,212	483,058
Reserves not currently deducted	73,995	24,639
Other	62,013	34,106
Total deferred tax assets	855,114	783,846
Deferred tax liabilities:		
Postretirement benefits	98,006	96,812
Property-related differences	1,631,510	1,523,899
Regulatory assets	170,363	131,268
Other	2,725	6,439
Total deferred tax liabilities	1,902,604	1,758,418
Net deferred income tax liabilities	1,047,490	974,572
Deferred investment tax credits	12,205	13,228
Deferred income tax liabilities, net	\$ 1,059,695	\$ 987,800

Net Operating Losses

The amounts and expiration dates of the Company's net operating loss carryforwards for year the ended March 31, 2020 are as follows:

<u>Expiration of Net Operating Losses</u>	<u>Carryforward Amount</u> <i>(in thousands of dollars)</i>	<u>Expiration Period</u>
Federal	9,564	2036
New York	21,306	2040

As a result of the accounting for uncertain tax positions, the amount of deferred tax assets reflected in the financial statements is less than the amount of the tax effect of the federal and state net operating loss carryforwards reflected on the income tax returns.

Federal and State Income Tax Audit

During the year ended March 31, 2020, the Company reached a settlement with the IRS for the tax years ended March 31, 2010, 2011 and 2012. The outcome of the settlement did not have a material impact on the Company's results of operations and financial position. As a result of the settlement, the Company made a payment of \$102.4 million for tax and interest.

During the year ended March 31, 2020, the IRS began its examination of the next audit cycle which includes the income tax returns for the years ended March 31, 2013 through March 31, 2015. The examination is expected to conclude in the next fiscal year and result in a settlement agreement with the IRS. The Company does not anticipate the settlement to have a material impact on the Company's results of operations, financial position, or cash flows. The income tax returns for the years ended March 31, 2016 through March 31, 2019 remain subject to examination by the IRS.

The state of New York is in the process of examining the Company's New York State income tax returns for the years ended March 31, 2013 through March 31, 2015. The income tax returns for the subsequent years through March 31, 2019 remain subject to examination by the state of New York.

The following table indicates the earliest tax year subject to examination for each major jurisdiction:

Jurisdiction	Tax Year
Federal	March 31, 2013
New York	March 31, 2013

Uncertain Tax Positions

The Company recognizes interest related to unrecognized tax benefits in other interest, including affiliate interest and related penalties, if applicable, in other income, net, in the accompanying statements of operations and comprehensive income. As of March 31, 2020 and 2019, the Company has accrued for interest related to unrecognized tax benefits of \$16.7 million and \$43.9 million, respectively. During the years ended March 31, 2020, 2019, and 2018 the Company recorded interest expense of \$8.9 million, \$16.3 million, \$6.6 million, respectively. No tax penalties were recognized during the years ended March 31, 2020, 2019 or 2018.

It is reasonably possible that other events will occur during the next twelve months that would cause the total amount of unrecognized tax benefits to increase or decrease. However, the Company does not believe any such increases or decreases would be material to its results of operations, financial position, or cash flows.

12. ENVIRONMENTAL MATTERS

The normal ongoing operations and historic activities of the Company are subject to various federal, state, and local environmental laws and regulations. Under federal and state Superfund laws, potential liability for the historic contamination of property may be imposed on responsible parties jointly and severally, without regard to fault, even if the activities were lawful when they occurred.

The United States Environmental Protection Agency ("EPA"), and the New York State Department of Environmental Conservation ("DEC"), as well as private entities, have alleged that the Company is a potentially responsible party under state or federal law for the remediation of numerous sites. The Company's most significant liabilities relate to former Manufactured Gas Plant ("MGP") facilities formerly owned or operated by the Company. The Company is currently investigating and remediating, as necessary, those MGP sites and certain other properties under agreements with the EPA and the DEC. Expenditures incurred for the years ended March 31, 2020, 2019, and 2018 were \$23.5 million, \$9.8 million, and \$10.2 million, respectively.

The Company estimated the remaining costs of environmental remediation activities were \$356.8 million and \$374.0 million as of March 31, 2020 and 2019, respectively. These costs are expected to be incurred over approximately 41 years, and these

undiscounted amounts have been recorded as estimated liabilities on the balance sheet. However, remediation costs for each site may be materially higher than estimated, depending on changing technologies and regulatory standards, selected end use for each site, and actual environmental conditions encountered. The Company has recovered amounts from certain insurers and potentially responsible parties, and, where appropriate, the Company may seek additional recovery from other insurers and from other potentially responsible parties, but it is uncertain whether, and to what extent, such efforts will be successful.

By rate orders effective April 1, 2018, NYPSC has decreased the annual rate allowance from \$42.0 million to \$32.1 million (\$27.3 million in electric base rates and \$4.8 million in gas base rates). Any annual spend above the \$32.1 million rate allowance is deferred for future recovery. Previous rate orders have provided for similar recovery mechanisms (with different rate allowances and thresholds). Accordingly, as of March 31, 2020 and 2019, the Company has recorded environmental regulatory assets of \$356.8 million and \$374.0 million, respectively, and environmental regulatory liabilities of \$66.9 million and \$59.4 million, respectively.

The Company believes that its ongoing operations, and its approach to addressing conditions at historic sites, are in substantial compliance with all applicable environmental laws. Where the Company has regulatory recovery, it believes that the obligations imposed on it because of the environmental laws will not have a material impact on its results of operations or financial position.

13. COMMITMENTS AND CONTINGENCIES

Purchase Commitments

The Company has several long-term contracts for the purchase of electric power. Substantially all of these contracts require power to be delivered before the Company is obligated to make payment. Additionally, the Company has entered into various contracts for gas delivery, storage, and supply services. Certain of these contracts require payment of annual demand charges, which are recoverable from customers. The Company is liable for these payments regardless of the level of service required from third-parties.

The Company's commitments under these long-term contracts for the years subsequent to March 31, 2020 are summarized in the table below:

<i>(in thousands of dollars)</i>	
<u>March 31,</u>	<u>Energy Purchases</u>
2021	\$ 163,554
2022	157,876
2023	116,066
2024	112,452
2025	105,240
Thereafter	415,587
Total	<u>\$ 1,070,775</u>

Legal Matters

The Company is subject to various legal proceedings arising out of the ordinary course of its business. The Company does not consider any of such proceedings to be material, individually or in the aggregate, to its business or likely to result in a material adverse effect on its results of operations, financial position, or cash flows.

Nuclear Contingencies

As of March 31, 2020 and 2019, the Company had a liability of \$177.6 million and \$174.0 million, recorded in non-current liabilities on the balance sheet, for the disposal of nuclear fuel irradiated prior to 1983. The Nuclear Waste Policy Act of 1982 provides three payment options for liquidating such liability and the Company has elected to delay payment, with interest, until the year in which Constellation Energy Group Inc., which purchased the Company's nuclear assets, initially plans to ship irradiated fuel to an approved Department of Energy ("DOE") disposal facility.

The 2010 Federal budget (which became effective October 1, 2009) eliminated almost all funding for the creation of the Yucca Mountain repository. A BlueRibbon Commission ("BRC") on America's Nuclear Future, appointed by the U.S. Energy Secretary, released a report on January 26, 2012, detailing comprehensive recommendations for creating a safe, long-term solution for managing and disposing of the nation's spent nuclear fuel and high-level radioactive waste.

In early 2013, the DOE issued an updated "Strategy for the Management and Disposal of Used Nuclear Fuel and High-Level Radioactive Waste" in response to the BRC recommendations. This strategy included a consolidated interim storage facility that was planned to be operational in 2025. However, due to continued delays on the part of the DOE, and the amount of time required for DOE to select a site location and develop the necessary infrastructure for long-term spent nuclear fuel storage, the Company cannot predict the date at which the DOE will begin accepting spent nuclear fuel.

Other Contingencies

As of March 31, 2020 and 2019, the Company had accrued an estimate for workers compensation, auto, and general insurance claims which have been incurred but not yet reported ("IBNR") of \$11.9 million, respectively. IBNR reserves are reserves that have been established for claims and/or events that have transpired, but have not yet been reported to the Company for payment.

14. LEASES

The Company has elected the practical expedient "package" under Topic 842 in which any expired contracts need not be reassessed to determine whether they are or contain leases; classification of leases that commenced prior to the adoption of this standard will not be reassessed; and any initial direct costs for existing leases need not be reassessed. The Company elected the practical expedient not to reassess existing easements that were not previously accounted for as leases under Topic 840. Additionally, the Company elected the practical expedient not to evaluate whether sales tax and other similar taxes are lessor and lessee costs. Instead, such costs are deemed lessee costs. The Company elected not to take the "hindsight" practical expedient nor other specific practical expedients to combine lease and non-lease components for contracts in which the Company is the lessee or the lessor. The Company does not reflect short-term leases on the balance sheets. The expense related to short-term leases was not material for the year ended March 31, 2020. The Company, as a regulated entity, will continue to recognize lease expense based on a pattern that conforms to the regulatory ratemaking treatment.

The Company has no finance leases as of March 31, 2020. The Company has various operating leases, primarily related to a transmission line, buildings, land, and fleet vehicles used to support the electric and gas operations, with lease terms ranging between 4 and 48 years. The expense related to operating leases was \$54.7 million for the year ended March 31, 2020. Rent expense for operating leases was \$10.4 million and \$4.4 million for the years ended March 31, 2019 and 2018, respectively.

Certain building leases provide the Company with an option to extend the lease term. The Company has included the periods covered by the extension options in its determination of the lease term as management believes it is reasonably certain the Company will exercise its option.

In measuring lease liabilities, the Company excludes variable lease payments, other than those that depend on an index or a rate, or are in substance fixed payments, and includes lease payments made at or before the commencement date. The variable lease payments were not material for the year ended March 31, 2020.

Lease liabilities are recognized based on the present value of the lease payments over the lease term at the commencement date. For any leases that do not provide an implicit rate, the Company uses an estimate of its collateralized incremental borrowing rate based on the information available at the commencement date to determine the present value of future payments. Operating lease ROU assets are included in property, plant and equipment, net, and operating lease liabilities are included in other current liabilities and other noncurrent liabilities on the balance sheet.

As of March 31, 2020, the Company's operating leases had a weighted average discount rate of 2.94% and a weighted average remaining lease term of 9 years. The Company does not have material rights or obligations under operating leases that have not yet commenced.

The following table presents the components of cash flows arising from lease transactions:

	Year ended
	March 31, 2020
	<i>(in thousands of dollars)</i>
Cash paid for amounts included in lease liabilities	
Operating cash flows from operating leases	\$ 54,686
ROU assets obtained in exchange for new operating lease liabilities	\$ 27,201

The following contains the Company's maturity analysis of its operating lease liabilities as of March 31, 2020, showing the undiscounted cash flows on an annual basis reconciled to the undiscounted cash flows of the operating lease liabilities recognized in the comparative balance sheet:

	Operating Leases
	<i>(in thousands of dollars)</i>
Year Ending March 31,	
2021	\$ 46,904
2022	41,102
2023	36,262
2024	29,064
2025	23,276
Thereafter	89,131
Total future minimum lease payments	265,739
Less: imputed interest	35,323
Total	\$ 230,416
 Reported as of March 31, 2020:	
Current lease liability	\$ 41,086
Non-current lease liability	189,330
Total	\$ 230,416

The future minimum lease commitments as of March 31, 2019 under Topic 840:

Year Ending March 31,	Operating Leases	
	<i>(in thousands of dollars)</i>	
2020	\$	46,747
2021		42,115
2022		35,262
2023		29,221
2024		23,176
Thereafter		67,311
Total future minimum lease payments	\$	243,832

There are certain leases in which the Company is the lessor. Revenue under such leases was immaterial for the year ended March 31, 2020.

15. RELATED PARTY TRANSACTIONS

Accounts Receivable from and Accounts Payable to Affiliates

NGUSA and its affiliates provide various services to the Company, including executive and administrative, customer services, financial (including accounting, auditing, risk management, tax, and treasury/finance), human resources, information technology, legal, and strategic planning, that are charged between the Companies and charged to each company.

The Company records short-term receivables from, and payables to, certain of its affiliates in the ordinary course of business. The amounts receivable from, and payable to, its affiliates do not bear interest and are settled through the intercompany money pool. A summary of net outstanding accounts receivable from affiliates and accounts payable to affiliates is as follows:

	Accounts Receivable from Affiliates		Accounts Payable to Affiliates	
	March 31,		March 31,	
	2020	2019	2020	2019
	<i>(in thousands of dollars)</i>			
NGUSA	\$ -	\$ 5	\$ 9,112	\$ 5,466
NGUSA Service Company	26,506	23,718	116,586	99,466
Niagara Mohawk Holdings	-	-	18,434	-
Other	1,505	565	2,881	716
Total	\$ 28,011	\$ 24,288	\$ 147,013	\$ 105,648

Intercompany Money Pool

The settlement of the Company's various transactions with NGUSA and certain affiliates generally occurs via the intercompany money pool in which it participates. The Company is a participant in the Regulated Money Pool and can both borrow and invest funds. Investments in the Regulated Money Pool bear interest in accordance with the terms of the Regulated Money Pool Agreement. As the Company fully participates in the Regulated Money Pool rather than settling intercompany charges with cash, all changes in the intercompany money pool balance are reflected as investing or financing activities in the accompanying consolidated statements of cash flows. For the purpose of presentation in the statements of cash flows, it is assumed all amounts settled through the intercompany money pool are constructive cash receipts and payments, and therefore are presented as such.

The Regulated Money Pool is funded by operating funds from participants. NGUSA has the ability to borrow up to \$3.0 billion from National Grid plc for working capital needs including funding of the Regulated Money Pool, if necessary. The Company had short-term intercompany money pool borrowings and intercompany money pool investments of \$487.4 million and \$525.4 million as of March 31, 2020 and 2019, respectively. The average interest rates for the intercompany money pool were 2.4%, 2.4%, and 1.6% for the years ended March 31, 2020, 2019, and 2018, respectively.

Service Company Charges

The affiliated service companies of NGUSA provide certain services to the Company at their cost. The service company costs are generally allocated to associated companies through a tiered approach. First and foremost, costs are directly charged to the benefited company whenever practicable. Secondly, in cases where direct charging cannot be readily determined, costs are allocated using cost/causation principles linked to the relationship of that type of service, such as number of employees, number of customers/meters, capital expenditures, value of property owned, and total transmission and distribution expenditures. Lastly, all other costs are allocated based on a general allocator determined using a 3-point formula based on net margin, net property, plant and equipment, and operations and maintenance expense.

Charges from the service companies of NGUSA to the Company, are mostly related to traditional administrative support functions, of which for the years ended March 31, 2020, 2019, and 2018 were \$496.2 million, \$419.9 million, and \$377.2 million, respectively.

REGISTERED OFFICE OF THE ISSUER

Niagara Mohawk Power Corporation

300 Erie Boulevard West
Syracuse, NY 13202
United States of America

JOINT BOOK-RUNNING MANAGERS

BofA Securities, Inc.

One Bryant Park
New York, NY 10036
United States of
America

Credit Suisse Securities (USA) LLC

Eleven Madison
Avenue
New York, NY 10010-
3629
United States of
America

Mizuho Securities USA LLC

1271 Avenue of the
Americas
New York, NY 10020
United States of
America

Morgan Stanley & Co. LLC

1585 Broadway, 29th
Floor
New York, NY 10036
United States of
America

SG Americas Securities, LLC

245 Park Avenue
New York, NY 10167
United States of
America

LEGAL ADVISERS

To the Issuer

Linklaters LLP

1345 Avenue of the Americas
New York, NY 10105
United States of America

To the initial purchasers

Davis Polk & Wardwell London LLP

5 Aldermanbury Square
London EC2V 7HR
United Kingdom

TRUSTEE AND PAYING AGENT

The Bank of New York Mellon, London Branch

Corporate Trust Services
One Canada Square
London E14 5AL
United Kingdom

REGISTRAR

The Bank of New York Mellon

240 Greenwich Street
New York, New York 10286
United States of America

INDEPENDENT ACCOUNTANTS

Deloitte & Touche LLP

30 Rockefeller Plaza
New York, NY 10112
United States of America

Niagara Mohawk Power Corporation

1.960% Senior Notes due June 27, 2030

3.025% Senior Notes due June 27, 2050

Offering Memorandum

June 23, 2020

Joint Book-Running Managers

**BofA
Securities**

Credit Suisse

**Mizuho
Securities**

**Morgan
Stanley**

**SOCIETE
GENERALE**

Co-Managers

Bank of China

**BNY Mellon
Capital
Markets, LLC**

**ICBC Standard
Bank**

**Loop Capital
Markets**

MUFG

**NatWest
Markets**

**Ramirez & Co.,
Inc.**

**RBC Capital
Markets**

SMBC Nikko

TD Securities

Attachment 1(iv)
Executed Sixth Supplemental Indenture

SIXTH SUPPLEMENTAL INDENTURE

June 25, 2020

between

**NIAGARA MOHAWK POWER CORPORATION,
as Company**

and

**THE BANK OF NEW YORK MELLON,
acting through its London Branch,
as Trustee and Paying Agent**

and

**THE BANK OF NEW YORK MELLON,
as Securities Registrar**

\$600,000,000 1.960% Senior Notes Due 2030

\$500,000,000 3.025% Senior Notes Due 2050

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This Sixth Supplemental Indenture, dated as of June 25, 2020 (the “**Sixth Supplemental Indenture**”), between Niagara Mohawk Power Corporation, a New York corporation (the “**Company**”), and The Bank of New York Mellon, a New York banking corporation duly organized and existing under the laws of the State of New York, acting through its London Branch, as trustee (the “**Trustee**”) and paying agent (the “**Paying Agent**”), and The Bank of New York Mellon, as registrar (the “**Securities Registrar**”).

Whereas:

- (A) the Company has heretofore entered into an Indenture, dated as of August 10, 2009 as supplemented by the First Supplemental Indenture dated as of August 10, 2009, the Second Supplemental Indenture dated as of September 29, 2009, the Third Supplemental Indenture dated as of November 28, 2012, the Fourth Supplemental Indenture dated as of September 25, 2015 and the Fifth Supplemental Indenture dated as of December 4, 2018 (the “**Original Indenture**”), with the Trustee;
- (B) the Company wishes to make certain changes to the Original Indenture as it relates to future issuances (including the Securities to be created under this Supplemental Indenture), and the Original Indenture, as supplemented by this Sixth Supplemental Indenture, is herein called the “**Indenture**”;
- (C) pursuant to Sections 3.1 and 10.1 of the Original Indenture, the Company proposes to create a new series of Securities under the Indenture;
- (D) the Company hereby resolves to issue the 2030 Designated Securities and the 2050 Designated Securities (as such terms are defined in Section 3.1 hereof) in an aggregate principal amount of \$600,000,000 and \$500,000,000, respectively, and with the terms and conditions set forth in this Sixth Supplemental Indenture; and
- (E) all things necessary to make this Sixth Supplemental Indenture a valid agreement of the Company, in accordance with its terms, have been done;

Now, therefore, for and in consideration of the premises and the purchases of the Designated Securities by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of Designated Securities, as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions

For all purposes of this Sixth Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

- (a) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;
- (b) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;

- (c) unless the context otherwise requires, any reference to an **“Article”** or a **“Section”** refers to an Article or a Section, as the case may be, of this Sixth Supplemental Indenture;
- (d) the words **“herein”**, **“hereof”** and **“hereunder”** and other words of similar import refer to this Sixth Supplemental Indenture as a whole and not to any particular Article, Section or other subdivision; and
- (e) all terms used but not defined in this Sixth Supplemental Indenture, which are defined in the Original Indenture, shall have the meanings assigned to them in the Original Indenture.

“2030 Designated Securities” has the meaning ascribed in Section 3.1.

“2050 Designated Securities” has the meaning ascribed in Section 3.1.

“Additional Designated Securities” has the meaning ascribed in Section 3.2.

“Applicable Procedures” means, with respect to any transfer or exchange of or for beneficial interests in any Global Security, the rules and procedures of the Depository, Euroclear and/or Clearstream, Luxembourg, that apply to such transfer or exchange.

“Business Day” means each day which is not a Legal Holiday.

“Clearstream, Luxembourg” means Clearstream Banking, Société Anonyme, and its successors.

“Definitive Security” means a certificated Designated Security registered in the name of the Holder thereof and issued in accordance with Section 3.9 hereof, substantially in the form of Exhibit A hereto, except that such Designated Security shall not bear the Global Security Legend and shall not have the “Schedule of Exchanges of Interests in the Global Security” attached thereto.

“Depository” means The Depository Trust Company and its successors.

“Designated Securities” has the meaning ascribed in Section 3.1.

“Euroclear” means Euroclear Bank, S.A./N.V., as operator of the Euroclear System.

“Global Security Legend” means the legend set forth in Section 3.10(f)(ii) hereof, which is required to be placed on all Global Securities issued under this Sixth Supplemental Indenture.

“Global Securities” means, individually and collectively, each of the Restricted Global Securities and the Unrestricted Global Securities deposited with or on behalf of and registered in the name of the Depository or its nominee, substantially in the form of Exhibit A hereto, and that bears the Global Security Legend and that has the “Schedule of Exchanges of Interests in the Global Security” attached thereto, issued in accordance with the Indenture.

“Indirect Participant” means a Person who holds a beneficial interest in a Global Security through a Participant.

“Initial Designated Securities” has the meaning ascribed in Section 3.2.

“Interest Payment Date” has the meaning ascribed in Section 3.4(b).

“Issue Date” means June 25, 2020.

“Legal Holiday” means a Saturday, a Sunday or a day on which commercial banking institutions are not required to be open in the State of New York.

“Non-U.S. Person” means a Person who is not a U.S. Person.

“Participant” means, with respect to the Depository, Euroclear or Clearstream, Luxembourg, a Person who has an account with the Depository, Euroclear or Clearstream, Luxembourg, respectively (and, with respect to DTC, shall include Euroclear and Clearstream, Luxembourg), as Indirect Participant.

“Private Placement Legend” means the legend set forth in Section 3.10(f)(i) hereof.

“QIB” means a “qualified institutional buyer” as defined in Rule 144A.

“Regular Record Date” means, with respect to the applicable Interest Payment Date, the close of business on the preceding June 12 or December 12, as the case may be.

“Regulation S” means Regulation S promulgated under the Securities Act.

“Regulation S Global Security” means a Regulation S Temporary Global Security or Regulation S Permanent Global Security, as appropriate.

“Regulation S Permanent Global Security” means a permanent Global Security in the form of Exhibit A hereto, bearing the Global Security Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depository or its nominee, issued in a denomination equal to the outstanding principal amount of the Regulation S Temporary Global Security upon expiration of the Restricted Period.

“Regulation S Temporary Global Security” means a temporary Global Security in the form of Exhibit A hereto, bearing the Global Security Legend, the Private Placement Legend and the Regulation S Temporary Global Security Legend and deposited with or on behalf of and registered in the name of the Depository or its nominee, issued in a denomination equal to the outstanding principal amount of the Designated Securities initially sold in reliance on Rule 903.

“Regulation S Temporary Global Security Legend” means the legend set forth in Section 3.10(f)(iii) hereof.

“Restricted Definitive Security” means a Definitive Security bearing the Private Placement Legend.

“Restricted Global Security” means a Global Security bearing the Private Placement Legend.

“Restricted Period” means the 40-day distribution compliance period as defined in Regulation S.

“Rule 144” means Rule 144 promulgated under the Securities Act.

“Rule 144A” means Rule 144A promulgated under the Securities Act.

“Rule 903” means Rule 903 promulgated under the Securities Act.

“Rule 904” means Rule 904 promulgated under the Securities Act.

“Stated Maturity” means June 27, 2030 in the case of the 2030 Designated Securities and June 27, 2050 in the case of the 2050 Designated Securities.

“Sixth Supplemental Indenture” means this instrument as originally executed or as it may from time to time be supplemented or amended in accordance with the terms of the Original Indenture.

“Unrestricted Definitive Security” means one or more Definitive Securities that do not bear and are not required to bear the Private Placement Legend.

“Unrestricted Global Security” means a permanent Global Security, substantially in the form of Exhibit A hereto, that bears the Global Security Legend and that has the “Schedule of Exchanges of Interests in the Global Security” attached thereto, and that is deposited with or on behalf of and registered in the name of the Depository, representing Global Securities that do not bear and are not required to bear the Private Placement Legend.

“U.S. Person” means a U.S. person as defined in Rule 902(k) promulgated under the Securities Act.

Section 1.2 Conflict with Trust Indenture Act

If and to the extent that any provision of this Sixth Supplemental Indenture limits, qualifies or conflicts with a provision of the Trust Indenture Act that is required under the Trust Indenture Act to be a part of and govern this Sixth Supplemental Indenture, the latter provision shall control. If any provision of this Sixth Supplemental Indenture modifies or excludes any provision of the Trust Indenture Act that may be so modified or excluded, the former provision shall control.

Section 1.3 Effect of Headings and Table of Contents

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.4 Successors and Assigns

All covenants and agreements in this Sixth Supplemental Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

Section 1.5 Separability Clause

In case any provision in this Sixth Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 1.6 Benefits of Supplemental Indenture

Nothing in the Indenture or the Designated Securities, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder and the Holders of Designated Securities, any benefit or any legal or equitable right, remedy or claim under the Indenture.

Section 1.7 Governing Law

This Sixth Supplemental Indenture and the Designated Securities shall be governed by, and construed in accordance with, the laws of the State of New York.

Section 1.8 Execution in Counterparts

This Sixth Supplemental Indenture may be executed in any number of counterparts by manual, facsimile or electronic signature, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument, and signature pages may be delivered by facsimile, electronic mail (including any electronic signature complying with the U.S. federal E-SIGN Act of 2000, Uniform Electronic Transaction Act, the New York Electronic Signatures and Records Act (N.Y. State Tech. §§ 301-309), as amended from time to time, or other applicable law) or other transmission method.

Section 1.9 Recitals by the Company

The recitals in this Sixth Supplemental Indenture are made by the Company only and not by the Trustee, and all of the provisions contained in the Original Indenture in respect of the rights, privileges, immunities, powers and duties of the Trustee shall be applicable in respect of the Designated Securities and of this Sixth Supplemental Indenture as fully and with like effect as if set forth herein in full.

Section 1.10 Ratification and Incorporation of Original Indenture

As supplemented hereby, the Original Indenture is in all respects ratified and confirmed, and the Original Indenture and this Sixth Supplemental Indenture shall be read, taken and construed as one and the same instrument.

ARTICLE II AMENDMENTS TO THE ORIGINAL INDENTURE

Section 2.1 Certain Terms Defined

With respect to any series of Securities issued under the Original Indenture on or after the date hereof, including the Designated Securities, Section 1.1 of the Original Indenture is hereby amended in part to amend and restate the following definition in its entirety, which shall read as follows:

Section 1.1 Certain Terms Defined

“Corporate Trust Office” means the principal office of the Trustee at which at any particular time its corporate trust business shall be administered, which office, on the date of original execution of this Indenture, is located at The Bank of New York Mellon, London Branch, One Canada Square, London E14 5AL, United Kingdom, Fax: +44-(0)20-7964-2536, Attention: Corporate Trust Administration with a copy to:

The Bank of New York Mellon, 240 Greenwich Street, Floor 7-E, New York, New York 10286, Attention: Corporate Trust Administration or at any other time at such other address as the Trustee may designate from time to time by notice to the parties hereto, or at the principal corporate trust office of any successor trustee as to which such successor trustee may notify the parties hereto in writing.

Section 2.2 Liens

With respect to any series of Securities issued under the Original Indenture on or after the date hereof, including the Designated Securities, Section 4.6 of the Original Indenture is hereby deleted in its entirety.

ARTICLE III DESIGNATED SECURITIES

Section 3.1 Creation of Designated Securities

There is hereby created two new series of Securities to be issued under the Indenture, to be designated as “1.960% Senior Notes due 2030” (the “**2030 Designated Securities**”) and as “3.025% Senior Notes due 2050” (the “**2050 Designated Securities**”, together with the 2030 Designated Securities, the “**Designated Securities**”).

Section 3.2 Aggregate Principal Amount of Designated Securities

The aggregate principal amount of the 2030 Designated Securities and 2050 Designated Securities shall initially be limited to \$600,000,000 and \$500,000,000, respectively (except for Designated Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Designated Securities pursuant to Section 3.6, 3.7, 3.10 or 10.6 of the Original Indenture and except for any Designated Securities which, pursuant to Section 3.3 of the Original Indenture, are deemed never to have been authenticated and delivered under the Indenture) (the “**Initial Designated Securities**”). The Company may create and issue an unlimited amount of additional 2030 Designated Securities and/or 2050 Designated Securities from time to time, without notice to or the consent of the Holders of the 2030 Designated Securities and/or Holders of the 2050 Designated Securities, as applicable, having the same terms and conditions in all material respects as the related Initial Designated Securities (“**Additional Designated Securities**”). Any Additional Designated Securities shall be consolidated with and form a single class with the related Initial Designated Securities and have the same terms as to status, redemption or otherwise as the related Initial Designated Securities. Any Additional Designated Securities issued with the same CUSIP, ISIN or other identifying number as that of the related Initial Designated Securities shall be issued with no more than a *de minimis* amount of original issue discount, or as part of a qualified reopening, in each case for U.S. federal income tax purposes. Unless the context otherwise requires, references to “Designated Securities” for all purposes of this Sixth Supplemental Indenture include the Initial Designated Securities and any Additional Designated Securities actually issued.

Section 3.3 Payment of Principal

The principal of the outstanding Designated Securities shall be due and payable at their respective Stated Maturity.

Section 3.4 Interest and Interest Rate

- (a) The 2030 Designated Securities will bear interest at 1.960% per annum and the 2050 Designated Securities will bear interest at 3.025% per annum from the Issue Date until their respective Stated Maturity.
- (b) The Company will pay interest on the Designated Securities semi-annually in arrears on June 27 and December 27 of each year, commencing December 27, 2020, until the Stated Maturity, and at the Stated Maturity (each an “**Interest Payment Date**”).
- (c) Interest on the Designated Securities will be computed on the basis of a 360-day year comprised of twelve 30-day months. Except as described below for the first Interest Payment Date, on each Interest Payment Date, the Company will pay interest on the Designated Securities for the period commencing on and including the immediately preceding Interest Payment Date and ending on and excluding such Interest Payment Date.
- (d) On the first Interest Payment Date, the Company will pay interest for the period commencing on and including the Issue Date and ending on and excluding the first Interest Payment Date.
- (e) If any Interest Payment Date falls on a day that is not a Business Day, the interest payment shall be postponed to the next day that is a Business Day, without interest accruing on the amount then so payable from such day that is not a Business Day until such Business Day.
- (f) If the Stated Maturity of any Designated Security is not a Business Day, payment of principal, premium, if any, and interest on the applicable Designated Security will be made on the next succeeding day that is a Business Day, without interest accruing on the amount then so payable from such day that is not a Business Day until such Business Day.
- (g) Interest on each Designated Security will be paid only to the Person in whose name such Designated Security was registered at the close of business on the Regular Record Date for the applicable Interest Payment Date.

Section 3.5 Taxation

All payments of principal and interest in respect of the Designated Securities by the Company will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by any governmental authority unless such withholding or deduction is required by law. If an amount in respect of any taxes were legally required to be deducted or withheld from interest, principal or other payments on the Designated Securities, no additional amounts shall be paid as a result of the deduction or withholding.

In order to assist the Trustee and Paying Agent with its compliance with Section 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, and the rules and regulations thereunder (as in effect from time to time, collectively, the “**Applicable Law**”) the Company agrees (i) to provide the Trustee and Paying Agent and any other paying agent reasonably available information collected and stored in the Company’s ordinary course of business regarding holders of the Designated Securities (solely in their capacity as such) and which is necessary for the Trustee and Paying Agent’s and any

paying agent's determination of whether it has tax related obligations under Applicable Law and (ii) that the Trustee and Paying Agent and any paying agent shall be entitled to make any withholding or deduction from payments under the Indenture and the Designated Securities to the extent necessary to comply with Applicable Law. Nothing in the immediately preceding sentence shall be construed as obligating the Company to make any "gross up" payment or similar reimbursement in connection with a payment in respect of which amounts are so withheld or deducted.

Section 3.6 Paying Agent

- (a) Upon the terms and subject to the conditions contained herein, the Company hereby appoints The Bank of New York Mellon, acting through its London Branch, as the initial Paying Agent under the Indenture for the purpose of performing the functions of the Paying Agent with respect to the Designated Securities.
- (b) The Paying Agent shall exercise due care in performing the functions of the Paying Agent for the Designated Securities.
- (c) The Paying Agent accepts its obligations set forth herein, upon the terms and subject to the conditions hereof, including the following, to all of which the Company agrees:
 - (i) The Paying Agent shall be entitled to such compensation as may be agreed in writing with the Company for all services rendered by the Paying Agent, and the Company promises to pay such compensation and to reimburse the Paying Agent for the reasonable out-of-pocket expenses (including reasonable counsel fees and expenses) properly incurred by it in connection with the services rendered by it hereunder upon receipt of such invoices as the Company shall reasonably require. The Company agrees to indemnify the Paying Agent (which for purposes of this subsection shall include its directors, officers, employees and agents) for, and to hold it harmless against, any and all loss, liability, damage, claims or reasonable expenses (including the costs and expenses of defending against any claim of liability) properly incurred by the Paying Agent that arises out of or in connection with its appointment as Paying Agent or its acting as Paying Agent hereunder, except such as has been determined by a court of competent jurisdiction in a final, non-appealable order, to have resulted from the negligence, willful misconduct or bad faith of the Paying Agent or any of its agents or employees. The Paying Agent shall incur no liability and shall be indemnified and held harmless by the Company for, or in respect of, any action taken or omitted by it in good faith in reliance upon written instructions from the Company. The provisions of this paragraph shall survive the termination of this Sixth Supplemental Indenture and the resignation or removal of the Paying Agent.
 - (ii) In acting under the Indenture and in connection with the Designated Securities, the Paying Agent is acting solely as agent of the Company and does not assume any fiduciary duty towards any person or any obligations to, or relationship of agency or trust for or with, any of the Holders of the Designated Securities.
 - (iii) The Paying Agent shall be protected and shall incur no liability for or in respect of any action taken or omitted to be taken or anything suffered by it in reliance

upon the terms of the Designated Securities or any document, including any resolution, Officer's Certificate or any other certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture, note, coupon or security (whether in original or facsimile form), believed by it to be genuine and to have been signed or presented by the proper party or parties.

- (iv) The duties and obligations of the Paying Agent shall be determined solely by the express provisions of the Indenture, and the Paying Agent shall not be liable except for the performance of such duties and obligations as are specifically set forth in the Indenture, and no implied covenants or obligations shall be read into the Indenture against the Paying Agent.
 - (v) Unless herein otherwise specifically provided, any request, direction, order or demand of the Company mentioned herein shall be sufficiently evidenced by an Officer's Certificate (unless other evidence in respect thereof be herein specifically prescribed).
 - (vi) The Paying Agent may, upon obtaining the prior written consent of the Company (which consent shall not be unreasonably withheld) perform any duties hereunder either directly or by or through agents or attorneys not regularly in its employ, and the Paying Agent shall not be responsible for any misconduct or negligence on the part of any such agent or attorney appointed with due care by it hereunder.
 - (vii) Sections 7.2(c), 7.2(e), 7.2(i) and 7.2(j) of the Original Indenture are also deemed applicable to the Paying Agent.
 - (viii) None of the provisions hereunder shall require the Paying Agent to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that the repayment of such funds or adequate indemnity against such liability is not reasonably assured to it.
 - (ix) In no event shall the Paying Agent be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused by, directly or indirectly, forces beyond its reasonable control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software or hardware) services; it being understood that the Paying Agent shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.
- (d) (i) The Paying Agent may at any time resign as Paying Agent by giving written notice to the Company of such intention on its part, specifying the date on which its desired resignation shall become effective; provided, however, that such date shall not be earlier than 60 days after the receipt of such notice by the Company, unless the Company agrees in writing to accept less notice. The Paying Agent may be removed (with or

without cause) at any time by the filing with it of any instrument in writing signed on behalf of the Company by any proper officer or an authorized person thereof and specifying such removal and the date when it is intended to become effective (such date shall not be earlier than 60 days after the receipt of such instrument by the Paying Agent, unless otherwise agreed by the parties), subject to (if such Paying Agent is not also the Trustee) the written consent of the Trustee, which consent shall not be unreasonably withheld. Notwithstanding the provisions of this Section 3.6(d)(i), such resignation or removal shall take effect only upon the date of the appointment by the Company, as hereinafter provided, and the acceptance thereof, of a successor Paying Agent. If within 30 days after notice of resignation or removal has been received, a successor Paying Agent has not been appointed, the Paying Agent may petition a court of competent jurisdiction to appoint a successor Paying Agent at the Company's cost, as per Section 3.6(c)(i) hereof. A successor Paying Agent shall be appointed by the Company by an instrument in writing signed on behalf of the Company by any proper officer or an authorized person thereof and the successor Paying Agent. Upon the appointment of a successor Paying Agent and acceptance by it of such appointment, the Paying Agent so succeeded shall cease to be such Paying Agent hereunder. Upon its resignation or removal, the Paying Agent shall be entitled to the payment by the Company of its compensation, if any is owed to it, for services rendered hereunder and to the reimbursement of all reasonable and properly incurred out-of-pocket expenses incurred in connection with the services rendered by it hereunder, in each case as per Section 3.6(c)(i) hereof.

- (ii) Any successor Paying Agent appointed hereunder shall execute and deliver to its predecessor and to the Company an instrument accepting such appointment hereunder, and thereupon such successor Paying Agent, without any further act, deed or conveyance, shall become vested with all the authority, rights, powers, trusts, immunities, duties and obligations of such predecessor with like effect as if originally named as such Paying Agent hereunder, and such predecessor, upon payment by the Company of its charges and disbursements then unpaid, shall thereupon become obliged to transfer and deliver, and such successor Paying Agent shall be entitled to receive, copies of any relevant records maintained by such predecessor Paying Agent.
- (iii) Any Person into which the Paying Agent may be merged or converted or with which the Paying Agent may be consolidated, or any Person resulting from any merger, conversion or consolidation to which the Paying Agent shall be a party, or any Person succeeding to all or substantially all of the assets and business of the Paying Agent, or all or substantially all of the corporate trust business of the Paying Agent shall, to the extent permitted by applicable law and provided that it shall have an established place of business in New York, New York, be the successor Paying Agent under the Indenture without the execution or filing of any paper or any further act on the part of any of the parties hereto. Notice of any such merger, conversion, consolidation or sale shall be given to the Company as promptly as practicable following such merger, conversion, consolidation or sale.

- (iv) Any notice required to be given by the Paying Agent to any other Person hereunder shall be given in accordance with Section 13.5 of the Original Indenture. Any notice to be given to the Paying Agent shall be delivered in person, sent by first class mail or overnight air courier guaranteeing next day delivery or communicated by facsimile, to the following address (or to any other address of which the Paying Agent shall have notified the Company in writing): The Bank of New York Mellon, London Branch, One Canada Square, London E14 5AL, United Kingdom, Fax: +44 (0) 20-7964-2536, Attention: Corporate Trust Administration, with a copy to: The Bank of New York Mellon, London Branch, Merck House, Seldown Poole BH15 1PX, United Kingdom, Fax: +44-(0)20-7964-2536, Attention: EMEA Conventional Debt 4. All notices shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five calendar days after being deposited in the mail, postage prepaid, if mailed by first-class mail; when receipt acknowledged, if faxed; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

Section 3.7 Place of Payment

The place or places where, subject to the provisions of Section 4.2 of the Original Indenture, the principal of, premium, if any, and interest, if any, on the Designated Securities shall be payable, Designated Securities may be surrendered for registration, transfer or exchange and notices and demands to or upon the Company in respect of the Designated Securities and the Indenture may be served shall be the Corporate Trust Office of the Trustee in the United States.

Section 3.8 Denominations

The Designated Securities shall be issued in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

Section 3.9 Form; Terms

- (a) The Designated Securities shall be substantially in the form of Exhibit A hereto. The Designated Securities may have notations, legends or endorsements required by law, stock exchange rules or usage.
- (b) Designated Securities issued in global form shall be substantially in the form of Exhibit A hereto (including the Global Security Legend thereon and the "Schedule of Exchanges of Interests in the Global Security" attached thereto). Designated Securities issued in definitive form shall be substantially in the form of Exhibit A hereto (but without, in each case, the Global Security Legend thereon and without the "Schedule of Exchanges of Interests in the Global Security" attached thereto). Each Global Security shall represent such of the outstanding Designated Securities as shall be specified in the "Schedule of Exchanges of Interests in the Global Security" attached thereto and each shall provide that it shall represent up to the aggregate principal amount of Designated Securities from time to time endorsed thereon and that the aggregate principal amount of outstanding Designated Securities represented thereby may from time to time be reduced or increased, as applicable, to reflect exchanges and redemptions. Any endorsement of a Global Security to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Designated Securities represented

thereby shall be made by the Trustee, in accordance with instructions given by the Holder thereof as required by Section 3.10 hereof.

- (c) Designated Securities offered and sold in reliance on Regulation S shall be issued initially in the form of the Regulation S Temporary Global Security, which shall be deposited on behalf of the purchasers of the Designated Securities represented thereby with the Trustee, as custodian for the Depository, and registered in the name of the Depository or the nominee of the Depository for the accounts of designated agents holding on behalf of Euroclear or Clearstream, Luxembourg, duly executed by the Company and authenticated by the Trustee as hereinafter provided. The Restricted Period shall be terminated upon the receipt by the Trustee of:
 - (i) a written certificate from the Depository (if available), together with copies of certificates from Euroclear and Clearstream, Luxembourg (if available) certifying that they have received certification of non-United States beneficial ownership of 100% of the aggregate principal amount of each Regulation S Temporary Global Security (except to the extent of any beneficial owners thereof who acquired an interest therein during the Restricted Period pursuant to another exemption from registration under the Securities Act and who shall take delivery of a beneficial ownership interest in a 144A Global Security bearing a Private Placement Legend, all as contemplated by Section 3.10(b) hereof); and
 - (ii) an Officer's Certificate from the Company.

Following the termination of the Restricted Period, beneficial interests in each Regulation S Temporary Global Security shall be exchanged for beneficial interests in the Regulation S Permanent Global Security of the same series pursuant to the Applicable Procedures. Simultaneously with the authentication of the corresponding Regulation S Permanent Global Security, the Trustee shall cancel the corresponding Regulation S Temporary Global Security. The aggregate principal amount of a Regulation S Temporary Global Security and the Regulation S Permanent Global Security may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depository or its nominee, as the case may be, in connection with transfers of interest as hereinafter provided.

- (d) The terms and provisions contained in the Designated Securities shall constitute, and are hereby expressly made, a part of the Indenture, and the Company and the Trustee, by their execution and delivery of this Sixth Supplemental Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Designated Security conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling.
- (e) The provisions of the "Operating Procedures of the Euroclear System" and "Terms and Conditions Governing Use of Euroclear" and the "General Terms and Conditions of Clearstream Banking" and "Customer Handbook" of Clearstream, Luxembourg shall be applicable to transfers of beneficial interests in the Regulation S Temporary Global Security and the Regulation S Permanent Global Securities that are held by Participants through Euroclear or Clearstream, Luxembourg.

Section 3.10 Transfer and Exchange

The transfer or exchange of Designated Securities shall be effected in accordance with Section 3.6 of the Original Indenture and this Section 3.10.

- (a) **Transfer and Exchange of Global Securities** Except as otherwise set forth in this Section 3.10, a Global Security may be transferred, in whole and not in part, only to another nominee of the Depository or to a successor Depository or a nominee of such successor Depository. A beneficial interest in a Global Security may not be exchanged for a Definitive Security unless (i) the Depository (x) notifies the Company that it is unwilling or unable to continue as Depository for such Global Security or (y) has ceased to be a clearing agency registered under the Exchange Act and, in either case, a successor Depository is not appointed by the Company within 120 days or (ii) there shall have occurred and be continuing an Event of Default with respect to the Designated Securities. Upon the occurrence of any of the preceding events in (i) or (ii) above, Definitive Securities delivered in exchange for any Global Security or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of the Depository (in accordance with its customary procedures). Global Securities also may be exchanged or replaced, in whole or in part, as provided in Sections 3.7 and 3.10 of the Original Indenture. Every Designated Security authenticated and delivered in exchange for, or in lieu of, a Global Security or any portion thereof, pursuant to this Section 3.10 or Sections 3.7 or 3.10 of the Original Indenture, shall be authenticated and delivered in the form of, and shall be, a Global Security, except for Definitive Securities issued subsequent to any of the preceding events in (i) or (ii) above and pursuant to Section 3.10(c) hereof. A Global Security may not be exchanged for another Designated Security other than as provided in this Section 3.10(a); provided, however, beneficial interests in a Global Security may be transferred and exchanged as provided in Section 3.10(b), (c) or (d) hereof.
- (b) **Transfer and Exchange of Beneficial Interests in the Global Securities** The transfer and exchange of beneficial interests in the Global Securities shall be effected through the Depository, in accordance with the provisions of this Indenture and the Applicable Procedures. Beneficial interests in the Restricted Global Securities shall be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Transfers of beneficial interests in the Global Securities also shall require compliance with either subparagraph (i) or (ii) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:
 - (i) **Transfer of Beneficial Interests in the Same Global Security** Beneficial interests in any Restricted Global Security may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Security in accordance with the transfer restrictions set forth in the Private Placement Legend; provided, however, that prior to the expiration of the Restricted Period, transfers of beneficial interests in the Regulation S Temporary Global Security may not be made to a U.S. Person or for the account or benefit of a U.S. Person. Beneficial interests in any Unrestricted Global Security may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Security. No written orders or instructions shall

be required to be delivered to the Securities Registrar to effect the transfers described in this Section 3.10(b)(i).

- (ii) **All Other Transfers and Exchanges of Beneficial Interests in Global Securities** In connection with all transfers and exchanges of beneficial interests that are not subject to Section 3.10(b)(i) hereof, the transferor of such beneficial interest must deliver to the Securities Registrar either (A) both (1) a written order from a Participant or an Indirect Participant given to the Depository in accordance with the Applicable Procedures directing the Depository to credit or cause to be credited a beneficial interest in another Global Security in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase or (B) both (1) a written order from a Participant or an Indirect Participant given to the Depository in accordance with the Applicable Procedures directing the Depository to cause to be issued a Definitive Security of the same series in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given by the Depository to the Securities Registrar containing information regarding the Person in whose name such Definitive Security shall be registered to effect the transfer or exchange referred to in (1) above; provided that in no event shall Definitive Securities be issued upon the transfer or exchange of beneficial interests in the Regulation S Temporary Global Security prior to (A) the expiration of the Restricted Period and (B) the receipt by the Securities Registrar of any certificates required pursuant to Rule 903. Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Securities contained in this Indenture and the Designated Securities or otherwise applicable under the Securities Act, the Trustee shall adjust the principal amount of the relevant Global Securities pursuant to Section 3.10(g) hereof.
- (iii) **Transfer of Beneficial Interests to Another Restricted Global Security** A beneficial interest in any Restricted Global Security may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Security if the transfer complies with the requirements of Section 3.10(b)(ii) hereof and the Securities Registrar receives the following:
 - (A) if the transferee will take delivery in the form of a beneficial interest in a 144A Global Security, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof; or
 - (B) if the transferee will take delivery in the form of a beneficial interest in the Regulation S Global Security, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof.
- (iv) **Transfer and Exchange of Beneficial Interests in a Restricted Global Security for Beneficial Interests in an Unrestricted Global Security** A

beneficial interest in any Restricted Global Security may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Security or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Security if the exchange or transfer complies with the requirements of Section 3.10(b)(ii) hereof the Securities Registrar receives the following:

- (A) if the holder of such beneficial interest in a Restricted Global Security proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Security of the same series, a certificate from such Holder substantially in the form of Exhibit C hereto, including the certifications in item (1)(a) thereof; or
- (B) if the holder of such beneficial interest in a Restricted Global Security proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Security of the same series, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in subparagraph (A) or (B), if the Securities Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Securities Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to clause (iv) above at a time when an Unrestricted Global Security has not yet been issued, the Company shall issue and, upon receipt of a Company Order in accordance with Section 3.3 of the Original Indenture, the Trustee shall authenticate one or more Unrestricted Global Securities in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to subparagraph (A) or (B) above.

Beneficial interests in an Unrestricted Global Security cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Security.

(c) **Transfer or Exchange of Beneficial Interests for Definitive Securities**

- (i) **Beneficial Interests in Restricted Global Securities to Restricted Definitive Securities** If any holder of a beneficial interest in a Restricted Global Security proposes to exchange such beneficial interest for a Restricted Definitive Security or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Security, then, upon the occurrence of any of the events in paragraph (i) or (ii) of Section 3.10(a) hereof and receipt by the Securities Registrar of the following documentation:

- (A) if the holder of such beneficial interest in a Restricted Global Security proposes to exchange such beneficial interest for a Restricted Definitive

Security, a certificate from such holder substantially in the form of Exhibit C hereto, including the certifications in item (2)(a) thereof;

- (B) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (1) thereof;
- (C) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (2) thereof;
- (D) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(a) thereof;
- (E) if such beneficial interest is being transferred to the Company or any of its Restricted Subsidiaries, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(b) thereof; or
- (F) if such beneficial interest is being transferred pursuant to an effective registration statement under the Securities Act, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee shall cause the aggregate principal amount of the applicable Global Security to be reduced accordingly pursuant to Section 3.10(g) hereof, and the Company shall execute and the Trustee shall authenticate and mail to the Person designated in the instructions a Definitive Security in the applicable principal amount. Any Definitive Security issued in exchange for a beneficial interest in a Restricted Global Security pursuant to this Section 3.10(c)(i) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Securities Registrar through instructions from the Depository and the Participant or Indirect Participant. The Trustee shall mail such Definitive Securities to the Persons in whose names such Designated Securities are so registered at the address appearing in the Securities Register. Any Definitive Security issued in exchange for a beneficial interest in a Restricted Global Security pursuant to this Section 3.10(c)(i) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

- (ii) **Beneficial Interests in Regulation S Temporary Global Security to Definitive Securities** Notwithstanding Section 3.10(c)(i)(A) and (C) hereof, a beneficial interest in the Regulation S Temporary Global Security may not be exchanged for a Definitive Security or transferred to a Person who takes delivery thereof in the form of a Definitive Security prior to (A) the expiration of the Restricted Period and (B) the receipt by the Securities Registrar of any certificates required pursuant to Rule 903 of the Securities Act, except in the

case of a transfer pursuant to an exemption from the registration requirements of the Securities Act other than Rule 903 or Rule 904.

(iii) **Beneficial Interests in Restricted Global Securities to Unrestricted Definitive Securities** A holder of a beneficial interest in a Restricted Global Security may exchange such beneficial interest for an Unrestricted Definitive Security or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Security only upon the occurrence of any of the events in subsection (i) or (ii) of Section 3.10(a) hereof and if the Securities Registrar receives the following:

- (A) if the holder of such beneficial interest in a Restricted Global Security proposes to exchange such beneficial interest for an Unrestricted Definitive Security, a certificate from such holder substantially in the form of Exhibit C hereto, including the certifications in item (1)(b) thereof; or
- (B) if the holder of such beneficial interest in a Restricted Global Security proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Security, a certificate from such holder substantially in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (A) or (B) above, if the Securities Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Securities Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(iv) **Beneficial Interests in Unrestricted Global Securities to Unrestricted Definitive Securities** If any holder of a beneficial interest in an Unrestricted Global Security proposes to exchange such beneficial interest for a Definitive Security or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Security, then, upon the occurrence of any of the events in subsection (i) or (ii) of Section 3.10(a) hereof and satisfaction of the conditions set forth in Section 3.10(b)(ii) hereof, the Trustee shall cause the aggregate principal amount of the applicable Global Security to be reduced accordingly pursuant to Section 3.10(g) hereof, and the Company shall execute and the Trustee shall authenticate and mail to the Person designated in the instructions a Definitive Security in the applicable principal amount. Any Definitive Security issued in exchange for a beneficial interest pursuant to this Section 3.10(c)(iv) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Securities Registrar through instructions from or through the Depository and the Participant or Indirect Participant. The Trustee shall mail such Definitive Securities to the Persons in whose names such Securities are so registered. Any Definitive Security issued in exchange for a

beneficial interest pursuant to this Section 3.10(c)(iv) shall not bear the Private Placement Legend.

(d) **Transfer and Exchange of Definitive Securities for Beneficial Interests**

(i) **Restricted Definitive Securities to Beneficial Interests in Restricted Global Securities**

If any Holder of a Restricted Definitive Security proposes to exchange such Designated Security for a beneficial interest in a Restricted Global Security or to transfer such Restricted Definitive Security to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Security, then, upon receipt by the Securities Registrar of the following documentation:

- (A) if the Holder of such Restricted Definitive Security proposes to exchange such Designated Security for a beneficial interest in a Restricted Global Security, a certificate from such Holder substantially in the form of Exhibit C hereto, including the certifications in item (2)(b) thereof;
- (B) if such Restricted Definitive Security is being transferred to a QIB in accordance with Rule 144A, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (1) thereof;
- (C) if such Restricted Definitive Security is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (2) thereof;
- (D) if such Restricted Definitive Security is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(a) thereof;
- (E) if such Restricted Definitive Security is being transferred to the Company or any of its Restricted Subsidiaries, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(b) thereof; or
- (F) if such Restricted Definitive Security is being transferred pursuant to an effective registration statement under the Securities Act, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee shall cancel the Restricted Definitive Security, increase or cause to be increased the aggregate principal amount of, in the case of clause (A) above, the applicable Restricted Global Security, in the case of clause (B) above, the applicable 144A Global Security, and in the case of clause (C) above, the applicable Regulation S Global Security.

(ii) **Restricted Definitive Securities to Beneficial Interests in Unrestricted Global Securities**

A Holder of a Restricted Definitive Security may exchange such Designated Security for a beneficial interest in an Unrestricted Global

Security or transfer such Restricted Definitive Security to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Security only if the Securities Registrar receives the following:

- (A) if the Holder of such Definitive Securities proposes to exchange such Designated Securities for a beneficial interest in the Unrestricted Global Security, a certificate from such Holder substantially in the form of Exhibit C hereto, including the certifications in item (1)(c) thereof; or
- (B) if the Holder of such Definitive Securities proposes to transfer such Designated Securities to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Security, a certificate from such Holder substantially in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subsection (A) or (B) above, if the Securities Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Securities Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

Upon satisfaction of the conditions of any of the subparagraphs in this Section 3.10(d)(ii), the Trustee shall cancel the Definitive Securities and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Security.

- (iii) **Unrestricted Definitive Securities to Beneficial Interests in Unrestricted Global Securities** A Holder of an Unrestricted Definitive Security may exchange such Designated Security for a beneficial interest in an Unrestricted Global Security or transfer such Definitive Securities to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Security at any time. Upon receipt of a request for such an exchange or transfer, the Trustee shall cancel the applicable Unrestricted Definitive Security and increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Securities.

If any such exchange or transfer from a Definitive Security to a beneficial interest is effected pursuant to clauses (ii) or (iii) above at a time when an Unrestricted Global Security has not yet been issued, the Company shall issue and, upon receipt of a Company Order in accordance with Section 3.3 of the Original Indenture, the Trustee shall authenticate one or more Unrestricted Global Securities in an aggregate principal amount equal to the principal amount of Definitive Securities so transferred.

- (e) **Transfer and Exchange of Definitive Securities for Definitive Securities** Upon request by a Holder of Definitive Securities and such Holder's compliance with the provisions of this Section 3.10(e), the Securities Registrar shall register the transfer or exchange of Definitive Securities. Prior to such registration of transfer or exchange, the requesting Holder shall present or surrender to the Securities Registrar the Definitive Securities duly endorsed or accompanied by a written instruction of transfer in form

satisfactory to the Securities Registrar duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder shall provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 3.10(e):

(i) **Restricted Definitive Securities to Restricted Definitive Securities** Any Restricted Definitive Security may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Security if the Securities Registrar receives the following:

- (A) if the transfer will be made to a QIB in accordance with Rule 144A, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;
- (B) if the transfer will be made pursuant to Rule 903 or Rule 904, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; or
- (C) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications required by item (3) thereof, if applicable.

(ii) **Restricted Definitive Securities to Unrestricted Definitive Securities** Any Restricted Definitive Security may be exchanged by the Holder thereof for an Unrestricted Definitive Security or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Security if the Securities Registrar receives the following:

- (A) if the Holder of such Restricted Definitive Securities proposes to exchange such Designated Securities for an Unrestricted Definitive Security, a certificate from such Holder substantially in the form of Exhibit C hereto, including the certifications in item (1)(d) thereof; or
- (B) if the Holder of such Restricted Definitive Securities proposes to transfer such Designated Securities to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Security, a certificate from such Holder substantially in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subsection (A) or (B) above, if the Securities Registrar so requests, an Opinion of Counsel in form reasonably acceptable to the Securities Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(iii) **Unrestricted Definitive Securities to Unrestricted Definitive Securities** A Holder of Unrestricted Definitive Securities may transfer such Designated Securities to a Person who takes delivery thereof in the form of an Unrestricted

Definitive Security. Upon receipt of a request to register such a transfer, the Securities Registrar shall register the Unrestricted Definitive Securities pursuant to the instructions from the Holder thereof.

- (f) **Legends** The following legends shall appear on the face of all Global Securities and Definitive Securities issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture:

(i) **Private Placement Legend**

- (A) Except as permitted by subparagraph (B) below, each Global Security and each Definitive Security (and all Designated Securities issued in exchange therefor or substitution therefor) shall bear the legend in substantially the following form:

“THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH BELOW. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (A) TO NIAGARA MOHAWK POWER CORPORATION OR ANY SUBSIDIARY THEREOF, (B) INSIDE THE UNITED STATES TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) INSIDE THE UNITED STATES TO AN ACCREDITED INVESTOR (AS DEFINED IN RULE 501(a)(1), (2), (3), OR (7) UNDER THE SECURITIES ACT, AN “**ACCREDITED INVESTOR**”) THAT, PRIOR TO SUCH TRANSFER, FURNISHES (OR HAS FURNISHED ON ITS BEHALF BY A U.S. BROKER-DEALER) TO THE TRUSTEE A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS SECURITY (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM THE TRUSTEE FOR THIS SECURITY), (D) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT (IF AVAILABLE), (E) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (F) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF NIAGARA MOHAWK

POWER CORPORATION SO REQUESTS), OR (G) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALE OF THE SECURITY EVIDENCED HEREBY. IN CONNECTION WITH ANY TRANSFER OF THIS SECURITY WITHIN ONE YEAR AFTER THE ORIGINAL ISSUANCE OF THIS SECURITY, IF THE PROPOSED TRANSFEREE IS AN ACCREDITED INVESTOR, THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE TRUSTEE AND NIAGARA MOHAWK POWER CORPORATION SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS ANY OF THEM MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANING GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT."

- (B) Notwithstanding the foregoing, any Global Security or Definitive Security issued pursuant to subparagraph (b)(iv), (c)(iii), (c)(iv), (d)(ii), (d)(iii), (e)(ii) or (e)(iii) of this Section 3.10 (and all Designated Securities issued in exchange therefor or substitution thereof) shall not bear the Private Placement Legend.
- (ii) **Global Security Legend** Each Global Security shall bear a legend in substantially the following form:

"THIS GLOBAL SECURITY IS HELD BY THE DEPOSITORY (AS DEFINED IN THE INDENTURE GOVERNING THIS SECURITY) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO Section 3.10(g) OF THE SIXTH SUPPLEMENTAL INDENTURE, (II) THIS GLOBAL SECURITY MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO Section 3.10(a) OF THE SIXTH SUPPLEMENTAL INDENTURE, (III) THIS GLOBAL SECURITY MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 3.9 OF THE ORIGINAL INDENTURE AND (IV) THIS GLOBAL SECURITY MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITORY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE FORM, THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY OR BY THE DEPOSITORY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITORY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITORY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) (“DTC”) TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.”

- (iii) **Regulation S Temporary Global Security Legend** The Regulation S Temporary Global Security shall bear a legend in substantially the following form:

“BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON, NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON, AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.”

- (g) **Cancellation and/or Adjustment of Global Securities** At such time as all beneficial interests in a particular Global Security have been exchanged for Definitive Securities or a particular Global Security has been redeemed, repurchased or canceled in whole and not in part, each such Global Security shall be returned to or retained and canceled by the Trustee in accordance with Section 3.9 of the Original Indenture. At any time prior to such cancellation, if any beneficial interest in a Global Security is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Security or for Definitive Securities, the principal amount of Securities represented by such Global Security shall be reduced accordingly and an endorsement shall be made on such Global Security by the Trustee or by the Depository at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Security, such other Global Security shall be increased accordingly and an endorsement shall be made on such Global Security by the Trustee or by the Depository at the direction of the Trustee to reflect such increase.

- (h) **Automatic Exchange from Restricted Global Security to Unrestricted Global Security** At the option of the Company and upon compliance with the following procedures, beneficial interests in a Restricted Global Security shall be exchanged for beneficial interests in an Unrestricted Global Security. In order to effect such exchange, the Company shall provide written notice to the Trustee instructing the Trustee to (i) direct the Depository to transfer the specified amount of the outstanding beneficial interests in a particular Restricted Global Security to an Unrestricted Global Security and provide the Depository with all such information as is necessary for the Depository to appropriately credit and debit the relevant Holder accounts and (ii) provide prior written notice to all Holders of such exchange, which notice must include the date such exchange is proposed to occur, the CUSIP number of the relevant Restricted Global Security and the CUSIP number of the Unrestricted Global Security into which such Holders' beneficial interests will be exchanged. As a condition to any such exchange pursuant to this Section 3.10(h), the Trustee shall be entitled to receive from the Company, and rely conclusively without any liability, upon an Officer's Certificate and an Opinion of Counsel to the Company, in form and in substance reasonably satisfactory to the Trustee, to the effect that such transfer of beneficial interests to the Unrestricted Global Security shall be effected in compliance with the Securities Act. The Company may request from Holders such information it reasonably determines is required in order to be able to deliver such Officer's Certificate and Opinion of Counsel. Upon such exchange of beneficial interests pursuant to this Section 3.10(h), the Securities Registrar shall reflect on its books and records the date of such transfer and a decrease and increase, respectively, in the principal amount of the applicable Restricted Global Securities and the Unrestricted Global Securities, respectively, equal to the principal amount of beneficial interests transferred. Following any such transfer pursuant to this Section 3.10(h) of all of the beneficial interests in a Restricted Global Security, such Restricted Global Security shall be cancelled.
- (i) **Transfers of Securities Held by Affiliates** Any certificate (i) evidencing a Designated Security that has been transferred to an affiliate (as defined in Rule 405 of the Securities Act) of the Company, as evidenced by a notation on the certificate of transfer and certificate of exchange for such transfer or in the representation letter delivered in respect thereof or (ii) evidencing a Designated Security that has been acquired from an affiliate (other than by an affiliate) in a transaction or a chain of transactions not involving any public offering, shall, until one year after the last date on which either the Company or any affiliate of the Company was an owner of such Designated Security, in each case, be in the form of a permanent definitive security and bear the private placement legend subject to the restrictions in this Section 3.10. The Securities Registrar shall retain copies of all letters, notices and other written communications received pursuant to this Section 3.10. The Company, at its sole cost and expense, shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable advance written notice to the Trustee.

In witness whereof, each of the parties hereto has caused this Sixth Supplemental Indenture to be duly executed on its behalf as of the date first above written.

NIAGARA MOHAWK POWER CORPORATION,
as Company

By: 
Name: DAVID CAMPBELL
Title: VP, US Treasurer

THE BANK OF NEW YORK MELLON,
acting through its London Branch
as Trustee and Paying Agent

By: _____
Name:
Title:

THE BANK OF NEW YORK MELLON,
as Securities Registrar

By: _____
Name:
Title:

[Signature Page to the Sixth Supplemental Indenture]

Exhibit A
Form of Designated Security

[Face of Designated Security]

[Insert Global Security Legend, if applicable pursuant to the provisions of the Sixth Supplemental Indenture.]

[Insert Private Placement Legend, if applicable pursuant to the provisions of the Sixth Supplemental Indenture.]

[Insert Regulation S Temporary Global Security Legend, if applicable pursuant to the provisions of the Sixth Supplemental Indenture.]

CUSIP: [●]

ISIN: [●]

NIAGARA MOHAWK POWER CORPORATION

[●]% Senior Notes due 20[●]

No. ____

[\$_____]

NIAGARA MOHAWK POWER CORPORATION, a New York corporation (the “**Company**”), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum [of \$_____] [set forth on the Schedule of Exchanges of Interests in the Global Security attached hereto] on [●], 20[●] and to pay interest thereon from [●], 2020 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually in arrears on [●] and [●] of each year, commencing [●], 2020, at the rate of [●]% per annum until the Stated Maturity, and at the Stated Maturity.

Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Except as described below for the first Interest Payment Date, on each Interest Payment Date, the Company will pay interest on the Designated Securities for the period commencing on and including the immediately preceding Interest Payment Date and ending on and excluding such Interest Payment Date. On the first Interest Payment Date, the Company will pay interest for the period commencing on and including the Issue Date and ending on and excluding the first Interest Payment Date. If any Interest Payment Date falls on a day that is not a Business Day, the interest payment shall be postponed to the next day that is a Business Day, without interest accruing on the amount then so payable from such day that is not a Business Day until such Business Day. If the Stated Maturity of any Designated Security is not a Business Day, payment of principal, premium, if any, and interest on the applicable Designated Security will be made on the next succeeding day that is a Business Day, without interest accruing on the amount then so payable from such day that is not a Business Day until such Business Day.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the Person in whose name the Designated Securities represented hereby (or one or more Predecessor Securities) are registered at the close of business on the Regular Record Date for such Interest Payment Date, which shall be the [●] or [●], as the case may be, preceding the applicable Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name the Designated Securities represented hereby (or one or more Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by or on behalf of the Company, notice whereof shall be given to Holders of Designated Securities not less than 15 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Designated Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

The Bank of New York Mellon, acting through its London Branch, shall initially act as Trustee and Paying Agent, and The Bank of New York Mellon shall initially act as Securities Registrar, with respect to the Designated Securities.

Reference is hereby made to the further provisions of the Designated Securities set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee, directly or through an Authenticating Agent, by manual, facsimile or electronic signature of an authorized signatory, the Designated Securities represented hereby shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

In witness whereof, the Company has caused this instrument to be duly executed manually or in facsimile.

Dated: [●], 2020

NIAGARA MOHAWK POWER CORPORATION

By: _____

Name:

Title:

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated: [●], 2020

THE BANK OF NEW YORK MELLON,
acting through its London Branch,

as Trustee

By: _____
Authorized Signatory

[Reverse of Designated Security]

NIAGARA MOHAWK POWER CORPORATION

This Designated Security represents a duly authorized issue of [●]% Senior Notes due 20[●] (the “**Designated Securities**”), issued under an Indenture, dated as of August 10, 2009, as supplemented from time to time (the “**Original Indenture**”), between the Company and The Bank of New York Mellon as Trustee (the “**Trustee**,” which term includes any successor trustee under the Indenture), as supplemented with respect to the Designated Securities by the Sixth Supplemental Indenture, dated as of [●], 2020, between the Company and The Bank of New York Mellon, acting through its London Branch, as Trustee and Paying Agent (together with the Original Indenture, the “**Indenture**”). Reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Designated Securities and of the terms upon which the Designated Securities are, and are to be, authenticated and delivered.

At any time and from time to time, the Company may redeem all or a part of the Designated Securities, upon not less than 30 nor more than 60 days’ prior notice delivered to the registered address of each Holder of Designated Securities or otherwise in accordance with the procedures of the Depository. If the Company elects to redeem the Designated Securities prior to [●], 20[●], the Company shall pay a Redemption Price, as calculated by the Company, equal to the greater of (1) 100% of the principal amount of the Designated Securities redeemed and (2) the present value at such Redemption Date of (i) the principal amount of such Designated Securities on the Redemption Date, plus (ii) all required interest payments due on such Designated Securities through [●], 20[●] (the date that is [●] months prior to the maturity date), computed using a discount rate equal to the Treasury Rate determined on the second Business Day preceding the Redemption Date plus [●] basis points, less accrued and unpaid interest, plus, in each case, accrued and unpaid interest, if any, to the Redemption Date, subject to the rights of Holders of Designated Securities at the close of business on the relevant Regular Record Date to receive interest due on the relevant Interest Payment Date. If the Company elects to redeem the Designated Securities on or after [●], 20[●] (the date that is [●] months prior to the maturity date), the Company shall pay a Redemption Price equal to 100% of the principal amount of the Designated Securities to be redeemed plus accrued and unpaid interest thereon to, but not including, the Redemption Date, subject to the rights of Holders of Designated Securities at the close of business on the relevant record date to receive interest due on the relevant Interest Payment Date.

“**Treasury Rate**” means, as calculated by the Company, as of any Redemption Date, the yield to maturity (computed as of the second Business Day immediately preceding that Redemption Date) of United States Treasury securities with a constant maturity most nearly equal to the period from the Redemption Date to [●], 20[●] (the date that is [●] months prior to the maturity date); provided, however, that if the period from the Redemption Date to such date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

If an Event of Default with respect to the Designated Securities shall occur and be continuing, principal of, premium, if any, and accrued but unpaid interest on the Designated Securities may be declared due and payable in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of the Designated Securities represented by this Designated Security shall be conclusive and binding upon such Holder and upon all future Holders of the Designated Securities represented by this Designated Security and of the Designated Securities represented by any Designated Security issued upon the registration of transfer of the Designated Securities represented by this Designated Security or in exchange thereof or in lieu thereof, whether or not notation of such consent or waiver is made upon this Designated Security.

No reference herein to the Indenture and no provision of the Designated Securities or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, premium, if any, and interest and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal or premium or any overdue interest, on the Designated Securities at the rate or rates herein prescribed.

As provided in the Indenture, the Company shall cause to be kept at the Corporate Trust Office of the Trustee a Register in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Designated Securities and of transfers of Designated Securities.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange, other than as set forth in the Indenture.

Prior to due presentment of this Designated Security for registration of transfer of any Designated Security represented hereby, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Designated Security is registered as the owner of this Designated Security for the purpose of receiving payment of principal of and any premium and (subject to Section 3.8 of the Original Indenture) any interest on such Security and for all other purposes whatsoever, whether or not this Designated Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

THE INDENTURE AND THE DESIGNATED SECURITIES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

All capitalized terms used herein which are not otherwise defined herein shall have the meanings assigned to them in the Indenture.

Schedule of Exchanges of Interests in the Global Security¹

The initial outstanding principal amount of this Global Security is \$_____. The following exchanges of a part of this Global Security for an interest in another Global Security or for a Definitive Security, or exchanges of a part of another Global or Definitive Security for an interest in this Global Security, have been made:

Date of Exchange	Amount of decrease in Principal Amount	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following each decrease or increase	Signature of authorized signatory of Trustee or Custodian

¹ This schedule should be included only if the Designated Security is issued in global form.

Exhibit B
Form of Certificate of Transfer

Niagara Mohawk Power Corporation
c/o National Grid plc
1-3 Strand
London WC2N 5EH
United Kingdom
Attention: Treasury Department

The Bank of New York Mellon, acting through its London Branch
Corporate Trust Services
One Canada Square
London E14 5AL
United Kingdom
Facsimile No.: +-44-(0) 207 964 2536
Attention: Corporate Trust Administration

Re: [●]% Senior Notes due 20[●]

Reference is hereby made to the Indenture, dated as of August 10, 2009, as supplemented from time to time, between Niagara Mohawk Power Corporation and the Trustee, as supplemented by the Sixth Supplemental Indenture, dated as of [●], 2020, between Niagara Mohawk Power Corporation and the Trustee (the “**Indenture**”). Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____ (the “**Transferor**”) owns and proposes to transfer the Designated Securities or interests in such Designated Securities specified in Annex A, in the principal amount of \$_____ in such Designated Securities or interests (the “**Transfer**”), to _____ (the “**Transferee**”), as further specified in Annex A. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

- 1** ☐ **Check if Transferee will take delivery of a beneficial interest in the 144A Global Security or a Definitive Security pursuant to Rule 144A.** The Transfer is being effected pursuant to and in accordance with Rule 144A under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Definitive Security is being transferred to a Person that the Transferor reasonably believes is purchasing the beneficial interest or Definitive Security for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a “**qualified institutional buyer**” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States.

2 ☐ **Check if Transferee will take delivery of a beneficial interest in the Regulation S Global Security or a Definitive Security pursuant to Regulation S.** The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act, (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act and (iv) if the proposed transfer is being made prior to the expiration of the Restricted Period, the transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Security will be subject to the restrictions on Transfer enumerated in the Indenture and the Securities Act.

3 ☐ **Check and complete if Transferee will take delivery of a beneficial interest in the Restricted Definitive Security pursuant to any provision of the Securities Act other than Rule 144A or Regulation S.** The Transfer is being effected in compliance with the transfer restrictions applicable to beneficial interests in Restricted Global Securities and Restricted Definitive Securities and pursuant to and in accordance with the Securities Act and any applicable blue sky securities laws of any state of the United States, and accordingly the Transferor hereby further certifies that (check one):

(a) ☐ such Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act;

OR

(b) ☐ such Transfer is being effected to the Company or a subsidiary thereof;

OR

(c) ☐ such Transfer is being effected pursuant to an effective registration statement under the Securities Act and in compliance with the prospectus delivery requirements of the Securities Act.

4 ☐ **Check if Transferee will take delivery of a beneficial interest in an Unrestricted Global Security or of an Unrestricted Definitive Security.**

(a) ☐ **Check if Transfer is Pursuant to Rule 144.** (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed

Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Security will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Securities, on Restricted Definitive Securities and in the Indenture.

- (b) ☐ **Check if Transfer is Pursuant to Regulation S.** (i) The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Security will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Securities, on Restricted Definitive Securities and in the Indenture.
- (c) ☐ **Check if Transfer is Pursuant to Other Exemption.** (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144, Rule 903 or Rule 904 and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Security will not be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Securities or Restricted Definitive Securities and in the Indenture.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

[Insert Name of Transferor]

By: _____

Name:

Title:

Dated: _____

Annex A to Certificate of Transfer

1 The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (a) OR (b)]

- (a) ☐ a beneficial interest in the:
- (i) ☐ 144A Global Security (CUSIP [] []), or
- (ii) ☐ Regulation S Global Security (CUSIP [] []), or
- (b) ☐ a Restricted Definitive Security.

2 After the Transfer the Transferee will hold:

[CHECK ONE]

- (a) ☐ a beneficial interest in the:
- (i) ☐ 144A Global Security (CUSIP [] []), or
- (ii) ☐ Regulation S Global Security (CUSIP [] []),
or
- (iii) ☐ Unrestricted Global Security (CUSIP [] []);
- or
- (b) ☐ a Restricted Definitive Security; or
- (c) ☐ an Unrestricted Definitive Security, in accordance with the terms of the Indenture.

Exhibit C

Form of Certificate of Exchange

Niagara Mohawk Power Corporation
c/o National Grid plc
1-3 Strand
London WC2N 5EH
Attention: Treasury Department

The Bank of New York Mellon
Corporate Trust Services
One Canada Square
London E14 5AL
United Kingdom
Facsimile No.: +44 (0)207 964 2536
Attention: Corporate Trust Administration

Re: [●]% Senior Notes due 20[●]

Reference is hereby made to the Indenture, dated as of August 10, 2009, as supplemented from time to time, between Niagara Mohawk Power Corporation and the Trustee, as supplemented by the Sixth Supplemental Indenture, dated as of [●], 2020, between Niagara Mohawk Power Corporation and the Trustee (the "Indenture"). Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Indenture.

_____ (the "Owner") owns and proposes to exchange the Designated Securities or interests in such Designated Securities specified herein, in the principal amount of \$_____ in such Designated Securities or interests (the "Exchange"). In connection with the Exchange, the Owner hereby certifies that:

1 Exchange of Restricted Definitive Securities or Beneficial Interests in a Restricted Global Security for Unrestricted Definitive Securities or Beneficial Interests in an Unrestricted Global Security

- (a) ☐ **Check if Exchange is from beneficial interest in a Restricted Global Security to beneficial interest in an Unrestricted Global Security.** In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Security for a beneficial interest in an Unrestricted Global Security in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Global Security and pursuant to and in accordance with the United States Securities Act of 1933, as amended (the "**Securities Act**"), (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest in an Unrestricted Global Security is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

- (b) ☐ **Check if Exchange is from beneficial interest in a Restricted Global Security to Unrestricted Definitive Security.** In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Security for an Unrestricted Definitive Security, the Owner hereby certifies (i) the Definitive Security is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Securities and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Definitive Security is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.
- (c) ☐ **Check if Exchange is from Restricted Definitive Security to beneficial interest in an Unrestricted Global Security.** In connection with the Owner's Exchange of a Restricted Definitive Security for a beneficial interest in an Unrestricted Global Security, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Securities and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.
- (d) ☐ **Check if Exchange is from Restricted Definitive Security to Unrestricted Definitive Security.** In connection with the Owner's Exchange of a Restricted Definitive Security for an Unrestricted Definitive Security, the Owner hereby certifies (i) the Unrestricted Definitive Security is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Securities and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Unrestricted Definitive Security is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

2 Exchange of Restricted Definitive Securities or Beneficial Interests in Restricted Global Securities for Restricted Definitive Securities or Beneficial Interests in Restricted Global Securities

- (a) ☐ **Check if Exchange is from beneficial interest in a Restricted Global Security to Restricted Definitive Security.** In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Security for a Restricted Definitive Security with an equal principal amount, the Owner hereby certifies that the Restricted Definitive Security is being acquired for the Owner's own account without transfer. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the Restricted Definitive Security issued will continue to be subject to the restrictions on

transfer enumerated in the Private Placement Legend printed on the Restricted Definitive Security and in the Indenture and the Securities Act.

- (b) ☐ **Check if Exchange is from Restricted Definitive Security to beneficial interest in a Restricted Global Security.** In connection with the Exchange of the Owner's Restricted Definitive Security for a beneficial interest in the [CHECK ONE] ☐ 144A Global Security ☐ Regulation S Global Security, with an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer and (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Securities and pursuant to and in accordance with the Securities Act, and in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the beneficial interest issued will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the relevant Restricted Global Security and in the Indenture and the Securities Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company and are dated _____.

[Insert Name of Transferor]

By: _____

Name:

Title:

Dated: _____

Attachment 1(v)

Rule 144A and Regulation S Global Notes

THIS GLOBAL SECURITY IS HELD BY THE DEPOSITORY (AS DEFINED IN THE INDENTURE GOVERNING THIS SECURITY) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 3.10(g) OF THE SIXTH SUPPLEMENTAL INDENTURE, (II) THIS GLOBAL SECURITY MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 3.10(a) OF THE SIXTH SUPPLEMENTAL INDENTURE, (III) THIS GLOBAL SECURITY MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 3.9 OF THE ORIGINAL INDENTURE AND (IV) THIS GLOBAL SECURITY MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITORY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE FORM, THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY OR BY THE DEPOSITORY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITORY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITORY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC") TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH BELOW. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (A) TO NIAGARA MOHAWK POWER CORPORATION OR ANY SUBSIDIARY THEREOF, (B) INSIDE THE UNITED STATES TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) INSIDE THE UNITED STATES TO AN ACCREDITED INVESTOR (AS DEFINED IN RULE 501(a)(1), (2), (3), OR (7) UNDER THE SECURITIES ACT, AN "ACCREDITED INVESTOR") THAT, PRIOR TO SUCH TRANSFER, FURNISHES (OR HAS FURNISHED ON ITS BEHALF BY A U.S. BROKER-DEALER) TO THE TRUSTEE A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS SECURITY (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM THE TRUSTEE FOR THIS SECURITY), (D) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT (IF AVAILABLE), (E) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (F) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF NIAGARA MOHAWK POWER CORPORATION SO REQUESTS), OR (G) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A

NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALE OF THE SECURITY EVIDENCED HEREBY. IN CONNECTION WITH ANY TRANSFER OF THIS SECURITY WITHIN ONE YEAR AFTER THE ORIGINAL ISSUANCE OF THIS SECURITY, IF THE PROPOSED TRANSFEREE IS AN ACCREDITED INVESTOR, THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE TRUSTEE AND NIAGARA MOHAWK POWER CORPORATION SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS ANY OF THEM MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANING GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

CUSIP: 65364UAN6

ISIN: US65364UAN63

RULE 144A GLOBAL NOTE

NIAGARA MOHAWK POWER CORPORATION

1.960% Senior Notes due 2030

No. 1

\$500,000,000

NIAGARA MOHAWK POWER CORPORATION, a New York corporation (the “**Company**”), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum set forth on the Schedule of Exchanges of Interests in the Global Security attached hereto on June 27, 2030 and to pay interest thereon from June 25, 2020 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually in arrears on June 27 and December 27 of each year, commencing December 27, 2020, at the rate of 1.960% per annum until the Stated Maturity, and at the Stated Maturity.

Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Except as described below for the first Interest Payment Date, on each Interest Payment Date, the Company will pay interest on the Designated Securities for the period commencing on and including the immediately preceding Interest Payment Date and ending on and excluding such Interest Payment Date. On the first Interest Payment Date, the Company will pay interest for the period commencing on and including the Issue Date and ending on and excluding the first Interest Payment Date. If any Interest Payment Date falls on a day that is not a Business Day, the interest payment shall be postponed to the next day that is a Business Day, without interest accruing on the amount then so payable from such day that is not a Business Day until such Business Day. If the Stated Maturity of any Designated Security is not a Business Day, payment of principal, premium, if any, and interest on the applicable Designated Security will be made on the next succeeding day that is a Business Day, without interest accruing on the amount then so payable from such day that is not a Business Day until such Business Day.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the Person in whose name the Designated Securities represented hereby (or one or more Predecessor Securities) are registered at the close of business on the Regular Record Date for such Interest Payment Date, which shall be the June 12 or December 12, as the case may be, preceding the applicable Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name the Designated Securities represented hereby (or one or more Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by or on behalf of the Company, notice whereof shall be given to Holders of Designated Securities not less than 15 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Designated Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

The Bank of New York Mellon, acting through its London Branch, shall initially act as Trustee and Paying Agent, and The Bank of New York Mellon shall initially act as Securities Registrar, with respect to the Designated Securities.

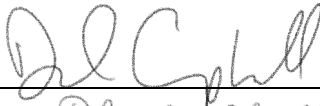
Reference is hereby made to the further provisions of the Designated Securities set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee, directly or through an Authenticating Agent, by manual, facsimile or electronic signature of an authorized signatory, the Designated Securities represented hereby shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

In witness whereof, the Company has caused this instrument to be duly executed manually, electronically or in facsimile.

Dated: June 25, 2020

NIAGARA MOHAWK POWER CORPORATION

By: 
Name: DAVID CAMPBELL
Title: VP, Treasurer

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated: June 25, 2020

THE BANK OF NEW YORK MELLON,
acting through its London Branch,

as Trustee

I  Digitally
By:  signed by
Title: Authorised Signatory
Marilyn Chau
Vice President
Authorised Signatory
Marilyn Chau

[Reverse of Designated Security]

NIAGARA MOHAWK POWER CORPORATION

This Designated Security represents a duly authorized issue of 1.960% Senior Notes due 2030 (the “**Designated Securities**”), issued under an Indenture, dated as of August 10, 2009, as supplemented from time to time (the “**Original Indenture**”), between the Company and The Bank of New York Mellon as Trustee (the “**Trustee**,” which term includes any successor trustee under the Indenture), as supplemented with respect to the Designated Securities by the Sixth Supplemental Indenture, dated as of June 25, 2020, between the Company and The Bank of New York Mellon, acting through its London Branch, as Trustee and Paying Agent (together with the Original Indenture, the “**Indenture**”). Reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Designated Securities and of the terms upon which the Designated Securities are, and are to be, authenticated and delivered.

At any time and from time to time, the Company may redeem all or a part of the Designated Securities, upon not less than 30 nor more than 60 days' prior notice delivered to the registered address of each Holder of Designated Securities or otherwise in accordance with the procedures of the Depository. If the Company elects to redeem the Designated Securities prior to March 27, 2030, the Company shall pay a Redemption Price, as calculated by the Company, equal to the greater of (1) 100% of the principal amount of the Designated Securities redeemed and (2) the present value at such Redemption Date of (i) the principal amount of such Designated Securities on the Redemption Date, plus (ii) all required interest payments due on such Designated Securities through March 27, 2030 (the date that is three months prior to the maturity date), computed using a discount rate equal to the Treasury Rate determined on the second Business Day preceding the Redemption Date plus 20 basis points, less accrued and unpaid interest, plus, in each case, accrued and unpaid interest, if any, to the Redemption Date, subject to the rights of Holders of Designated Securities at the close of business on the relevant Regular Record Date to receive interest due on the relevant Interest Payment Date. If the Company elects to redeem the Designated Securities on or after March 27, 2030 (the date that is three months prior to the maturity date), the Company shall pay a Redemption Price equal to 100% of the principal amount of the Designated Securities to be redeemed plus accrued and unpaid interest thereon to, but not including, the Redemption Date, subject to the rights of Holders of Designated Securities at the close of business on the relevant record date to receive interest due on the relevant Interest Payment Date.

“**Treasury Rate**” means, as calculated by the Company, as of any Redemption Date, the yield to maturity (computed as of the second Business Day immediately preceding that Redemption Date) of United States Treasury securities with a constant maturity most nearly equal to the period from the Redemption Date to March 27, 2030 (the date that is three months prior to the maturity date); provided, however, that if the period from the Redemption Date to such date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

If an Event of Default with respect to the Designated Securities shall occur and be continuing, principal of, premium, if any, and accrued but unpaid interest on the Designated Securities may be declared due and payable in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of the Designated Securities represented by this Designated Security shall be conclusive and binding upon such Holder and upon all future Holders of the Designated Securities represented by this Designated Security and of the Designated Securities represented by any Designated Security issued upon the registration of transfer of the Designated Securities represented by this Designated Security or in exchange thereof or in lieu thereof, whether or not notation of such consent or waiver is made upon this Designated Security.

No reference herein to the Indenture and no provision of the Designated Securities or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, premium, if any, and interest and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal or premium or any overdue interest, on the Designated Securities at the rate or rates herein prescribed.

As provided in the Indenture, the Company shall cause to be kept at the Corporate Trust Office of the Trustee a Register in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Designated Securities and of transfers of Designated Securities.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange, other than as set forth in the Indenture.

Prior to due presentment of this Designated Security for registration of transfer of any Designated Security represented hereby, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Designated Security is registered as the owner of this Designated Security for the purpose of receiving payment of principal of and any premium and (subject to Section 3.8 of the Original Indenture) any interest on such Security and for all other purposes whatsoever, whether or not this Designated Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

THE INDENTURE AND THE DESIGNATED SECURITIES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

All capitalized terms used herein which are not otherwise defined herein shall have the meanings assigned to them in the Indenture.

Schedule of Exchanges of Interests in the Global Security

The initial outstanding principal amount of this Global Security is \$500,000,000. The following exchanges of a part of this Global Security for an interest in another Global Security or for a Definitive Security, or exchanges of a part of another Global or Definitive Security for an interest in this Global Security, have been made:

Date of Exchange	Amount of decrease in Principal Amount	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following each decrease or increase	Signature of authorized signatory of Trustee or Custodian

THIS GLOBAL SECURITY IS HELD BY THE DEPOSITORY (AS DEFINED IN THE INDENTURE GOVERNING THIS SECURITY) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 3.10(g) OF THE SIXTH SUPPLEMENTAL INDENTURE, (II) THIS GLOBAL SECURITY MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 3.10(a) OF THE SIXTH SUPPLEMENTAL INDENTURE, (III) THIS GLOBAL SECURITY MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 3.9 OF THE ORIGINAL INDENTURE AND (IV) THIS GLOBAL SECURITY MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITORY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE FORM, THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY OR BY THE DEPOSITORY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITORY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITORY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC") TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH BELOW. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (A) TO NIAGARA MOHAWK POWER CORPORATION OR ANY SUBSIDIARY THEREOF, (B) INSIDE THE UNITED STATES TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) INSIDE THE UNITED STATES TO AN ACCREDITED INVESTOR (AS DEFINED IN RULE 501(a)(1), (2), (3), OR (7) UNDER THE SECURITIES ACT, AN "ACCREDITED INVESTOR") THAT, PRIOR TO SUCH TRANSFER, FURNISHES (OR HAS FURNISHED ON ITS BEHALF BY A U.S. BROKER-DEALER) TO THE TRUSTEE A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS SECURITY (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM THE TRUSTEE FOR THIS SECURITY), (D) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT (IF AVAILABLE), (E) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (F) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF NIAGARA MOHAWK POWER CORPORATION SO REQUESTS), OR (G) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A

NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALE OF THE SECURITY EVIDENCED HEREBY. IN CONNECTION WITH ANY TRANSFER OF THIS SECURITY WITHIN ONE YEAR AFTER THE ORIGINAL ISSUANCE OF THIS SECURITY, IF THE PROPOSED TRANSFEREE IS AN ACCREDITED INVESTOR, THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE TRUSTEE AND NIAGARA MOHAWK POWER CORPORATION SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS ANY OF THEM MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANING GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

CUSIP: 65364UAN6

ISIN: US65364UAN63

RULE 144A GLOBAL NOTE

NIAGARA MOHAWK POWER CORPORATION

1.960% Senior Notes due 2030

No. 2

\$81,000,000

NIAGARA MOHAWK POWER CORPORATION, a New York corporation (the “**Company**”), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum set forth on the Schedule of Exchanges of Interests in the Global Security attached hereto on June 27, 2030 and to pay interest thereon from June 25, 2020 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually in arrears on June 27 and December 27 of each year, commencing December 27, 2020, at the rate of 1.960% per annum until the Stated Maturity, and at the Stated Maturity.

Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Except as described below for the first Interest Payment Date, on each Interest Payment Date, the Company will pay interest on the Designated Securities for the period commencing on and including the immediately preceding Interest Payment Date and ending on and excluding such Interest Payment Date. On the first Interest Payment Date, the Company will pay interest for the period commencing on and including the Issue Date and ending on and excluding the first Interest Payment Date. If any Interest Payment Date falls on a day that is not a Business Day, the interest payment shall be postponed to the next day that is a Business Day, without interest accruing on the amount then so payable from such day that is not a Business Day until such Business Day. If the Stated Maturity of any Designated Security is not a Business Day, payment of principal, premium, if any, and interest on the applicable Designated Security will be made on the next succeeding day that is a Business Day, without interest accruing on the amount then so payable from such day that is not a Business Day until such Business Day.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the Person in whose name the Designated Securities represented hereby (or one or more Predecessor Securities) are registered at the close of business on the Regular Record Date for such Interest Payment Date, which shall be the June 12 or December 12, as the case may be, preceding the applicable Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name the Designated Securities represented hereby (or one or more Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by or on behalf of the Company, notice whereof shall be given to Holders of Designated Securities not less than 15 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Designated Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

The Bank of New York Mellon, acting through its London Branch, shall initially act as Trustee and Paying Agent, and The Bank of New York Mellon shall initially act as Securities Registrar, with respect to the Designated Securities.

Reference is hereby made to the further provisions of the Designated Securities set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

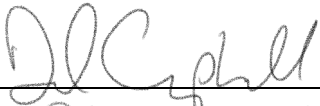
Unless the certificate of authentication hereon has been executed by the Trustee, directly or through an Authenticating Agent, by manual, facsimile or electronic signature of an authorized signatory, the Designated Securities represented hereby shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

In witness whereof, the Company has caused this instrument to be duly executed manually, electronically or in facsimile.

Dated: June 25, 2020

NIAGARA MOHAWK POWER CORPORATION

By: _____


Name: DAVID CAMPBELL
Title: VP, Treasurer

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated: June 25, 2020

THE BANK OF NEW YORK MELLON,
acting through its London Branch,

as Trustee

By: 
Marilyn Chau
Vice President
Title: Authorised Signatory

Digitally
signed by
Marilyn Chau

[Reverse of Designated Security]

NIAGARA MOHAWK POWER CORPORATION

This Designated Security represents a duly authorized issue of 1.960% Senior Notes due 2030 (the “**Designated Securities**”), issued under an Indenture, dated as of August 10, 2009, as supplemented from time to time (the “**Original Indenture**”), between the Company and The Bank of New York Mellon as Trustee (the “**Trustee**,” which term includes any successor trustee under the Indenture), as supplemented with respect to the Designated Securities by the Sixth Supplemental Indenture, dated as of June 25, 2020, between the Company and The Bank of New York Mellon, acting through its London Branch, as Trustee and Paying Agent (together with the Original Indenture, the “**Indenture**”). Reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Designated Securities and of the terms upon which the Designated Securities are, and are to be, authenticated and delivered.

At any time and from time to time, the Company may redeem all or a part of the Designated Securities, upon not less than 30 nor more than 60 days' prior notice delivered to the registered address of each Holder of Designated Securities or otherwise in accordance with the procedures of the Depository. If the Company elects to redeem the Designated Securities prior to March 27, 2030, the Company shall pay a Redemption Price, as calculated by the Company, equal to the greater of (1) 100% of the principal amount of the Designated Securities redeemed and (2) the present value at such Redemption Date of (i) the principal amount of such Designated Securities on the Redemption Date, plus (ii) all required interest payments due on such Designated Securities through March 27, 2030 (the date that is three months prior to the maturity date), computed using a discount rate equal to the Treasury Rate determined on the second Business Day preceding the Redemption Date plus 20 basis points, less accrued and unpaid interest, plus, in each case, accrued and unpaid interest, if any, to the Redemption Date, subject to the rights of Holders of Designated Securities at the close of business on the relevant Regular Record Date to receive interest due on the relevant Interest Payment Date. If the Company elects to redeem the Designated Securities on or after March 27, 2030 (the date that is three months prior to the maturity date), the Company shall pay a Redemption Price equal to 100% of the principal amount of the Designated Securities to be redeemed plus accrued and unpaid interest thereon to, but not including, the Redemption Date, subject to the rights of Holders of Designated Securities at the close of business on the relevant record date to receive interest due on the relevant Interest Payment Date.

“**Treasury Rate**” means, as calculated by the Company, as of any Redemption Date, the yield to maturity (computed as of the second Business Day immediately preceding that Redemption Date) of United States Treasury securities with a constant maturity most nearly equal to the period from the Redemption Date to March 27, 2030 (the date that is three months prior to the maturity date); provided, however, that if the period from the Redemption Date to such date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

If an Event of Default with respect to the Designated Securities shall occur and be continuing, principal of, premium, if any, and accrued but unpaid interest on the Designated Securities may be declared due and payable in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of the Designated Securities represented by this Designated Security shall be conclusive and binding upon such Holder and upon all future Holders of the Designated Securities represented by this Designated Security and of the Designated Securities represented by any Designated Security issued upon the registration of transfer of the Designated Securities represented by this Designated Security or in exchange thereof or in lieu thereof, whether or not notation of such consent or waiver is made upon this Designated Security.

No reference herein to the Indenture and no provision of the Designated Securities or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, premium, if any, and interest and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal or premium or any overdue interest, on the Designated Securities at the rate or rates herein prescribed.

As provided in the Indenture, the Company shall cause to be kept at the Corporate Trust Office of the Trustee a Register in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Designated Securities and of transfers of Designated Securities.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange, other than as set forth in the Indenture.

Prior to due presentment of this Designated Security for registration of transfer of any Designated Security represented hereby, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Designated Security is registered as the owner of this Designated Security for the purpose of receiving payment of principal of and any premium and (subject to Section 3.8 of the Original Indenture) any interest on such Security and for all other purposes whatsoever, whether or not this Designated Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

THE INDENTURE AND THE DESIGNATED SECURITIES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

All capitalized terms used herein which are not otherwise defined herein shall have the meanings assigned to them in the Indenture.

Schedule of Exchanges of Interests in the Global Security

The initial outstanding principal amount of this Global Security is \$81,000,000. The following exchanges of a part of this Global Security for an interest in another Global Security or for a Definitive Security, or exchanges of a part of another Global or Definitive Security for an interest in this Global Security, have been made:

Date of Exchange	Amount of decrease in Principal Amount	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following each decrease or increase	Signature of authorized signatory of Trustee or Custodian

THIS GLOBAL SECURITY IS HELD BY THE DEPOSITORY (AS DEFINED IN THE INDENTURE GOVERNING THIS SECURITY) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 3.10(g) OF THE SIXTH SUPPLEMENTAL INDENTURE, (II) THIS GLOBAL SECURITY MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 3.10(a) OF THE SIXTH SUPPLEMENTAL INDENTURE, (III) THIS GLOBAL SECURITY MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 3.9 OF THE ORIGINAL INDENTURE AND (IV) THIS GLOBAL SECURITY MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITORY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE FORM, THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY OR BY THE DEPOSITORY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITORY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITORY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC") TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH BELOW. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (A) TO NIAGARA MOHAWK POWER CORPORATION OR ANY SUBSIDIARY THEREOF, (B) INSIDE THE UNITED STATES TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) INSIDE THE UNITED STATES TO AN ACCREDITED INVESTOR (AS DEFINED IN RULE 501(a)(1), (2), (3), OR (7) UNDER THE SECURITIES ACT, AN "ACCREDITED INVESTOR") THAT, PRIOR TO SUCH TRANSFER, FURNISHES (OR HAS FURNISHED ON ITS BEHALF BY A U.S. BROKER-DEALER) TO THE TRUSTEE A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS SECURITY (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM THE TRUSTEE FOR THIS SECURITY), (D) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT (IF AVAILABLE), (E) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (F) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF NIAGARA MOHAWK POWER CORPORATION SO REQUESTS), OR (G) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A

NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALE OF THE SECURITY EVIDENCED HEREBY. IN CONNECTION WITH ANY TRANSFER OF THIS SECURITY WITHIN ONE YEAR AFTER THE ORIGINAL ISSUANCE OF THIS SECURITY, IF THE PROPOSED TRANSFEREE IS AN ACCREDITED INVESTOR, THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE TRUSTEE AND NIAGARA MOHAWK POWER CORPORATION SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS ANY OF THEM MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANING GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON, NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON, AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.

CUSIP: U65354AK5

ISIN: USU65354AK53

REGULATION S GLOBAL NOTE

NIAGARA MOHAWK POWER CORPORATION

1.960% Senior Notes due 2030

No. 1

\$19,000,000

NIAGARA MOHAWK POWER CORPORATION, a New York corporation (the “**Company**”), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum set forth on the Schedule of Exchanges of Interests in the Global Security attached hereto on June 27, 2030 and to pay interest thereon from June 25, 2020 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually in arrears on June 27 and December 27 of each year, commencing December 27, 2020, at the rate of 1.960% per annum until the Stated Maturity, and at the Stated Maturity.

Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Except as described below for the first Interest Payment Date, on each Interest Payment Date, the Company will pay interest on the Designated Securities for the period commencing on and including the immediately preceding Interest Payment Date and ending on and excluding such Interest Payment Date. On the first Interest Payment Date, the Company will pay interest for the period commencing on and including the Issue Date and ending on and excluding the first Interest Payment Date. If any Interest Payment Date falls on a day that is not a Business Day, the interest payment shall be postponed to the next day that is a Business Day, without interest accruing on the amount then so payable from such day that is not a Business Day until such Business Day. If the Stated Maturity of any Designated Security is not a Business Day, payment of principal, premium, if any, and interest on the applicable Designated Security will be made on the next succeeding day that is a Business Day, without interest accruing on the amount then so payable from such day that is not a Business Day until such Business Day.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the Person in whose name the Designated Securities represented hereby (or one or more Predecessor Securities) are registered at the close of business on the Regular Record Date for such Interest Payment Date, which shall be the June 12 or December 12, as the case may be, preceding the applicable Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name the Designated Securities represented hereby (or one or more Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by or on behalf of the Company, notice whereof shall be given to Holders of Designated Securities not less than 15 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Designated Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

The Bank of New York Mellon, acting through its London Branch, shall initially act as Trustee and Paying Agent, and The Bank of New York Mellon shall initially act as Securities Registrar, with respect to the Designated Securities.

Reference is hereby made to the further provisions of the Designated Securities set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

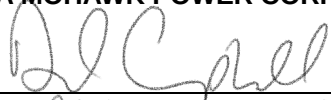
Unless the certificate of authentication hereon has been executed by the Trustee, directly or through an Authenticating Agent, by manual, facsimile or electronic signature of an authorized signatory, the Designated Securities represented hereby shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

In witness whereof, the Company has caused this instrument to be duly executed manually, electronically or in facsimile.

Dated: June 25, 2020

NIAGARA MOHAWK POWER CORPORATION

By: _____


Name: DAVID CAMPBELL
Title: VP, TREASURY

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated: June 25, 2020

THE BANK OF NEW YORK MELLON,
acting through its London Branch,

as Trustee

By:  Digitally
signed by
Marilyn Chau

By: Marilyn Chau
Vice President
Authorised Signatory

[Reverse of Designated Security]

NIAGARA MOHAWK POWER CORPORATION

This Designated Security represents a duly authorized issue of 1.960% Senior Notes due 2030 (the “**Designated Securities**”), issued under an Indenture, dated as of August 10, 2009, as supplemented from time to time (the “**Original Indenture**”), between the Company and The Bank of New York Mellon as Trustee (the “**Trustee**,” which term includes any successor trustee under the Indenture), as supplemented with respect to the Designated Securities by the Sixth Supplemental Indenture, dated as of June 25, 2020, between the Company and The Bank of New York Mellon, acting through its London Branch, as Trustee and Paying Agent (together with the Original Indenture, the “**Indenture**”). Reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Designated Securities and of the terms upon which the Designated Securities are, and are to be, authenticated and delivered.

At any time and from time to time, the Company may redeem all or a part of the Designated Securities, upon not less than 30 nor more than 60 days' prior notice delivered to the registered address of each Holder of Designated Securities or otherwise in accordance with the procedures of the Depository. If the Company elects to redeem the Designated Securities prior to March 27, 2030, the Company shall pay a Redemption Price, as calculated by the Company, equal to the greater of (1) 100% of the principal amount of the Designated Securities redeemed and (2) the present value at such Redemption Date of (i) the principal amount of such Designated Securities on the Redemption Date, plus (ii) all required interest payments due on such Designated Securities through March 27, 2030 (the date that is three months prior to the maturity date), computed using a discount rate equal to the Treasury Rate determined on the second Business Day preceding the Redemption Date plus 20 basis points, less accrued and unpaid interest, plus, in each case, accrued and unpaid interest, if any, to the Redemption Date, subject to the rights of Holders of Designated Securities at the close of business on the relevant Regular Record Date to receive interest due on the relevant Interest Payment Date. If the Company elects to redeem the Designated Securities on or after March 27, 2030 (the date that is three months prior to the maturity date), the Company shall pay a Redemption Price equal to 100% of the principal amount of the Designated Securities to be redeemed plus accrued and unpaid interest thereon to, but not including, the Redemption Date, subject to the rights of Holders of Designated Securities at the close of business on the relevant record date to receive interest due on the relevant Interest Payment Date.

“**Treasury Rate**” means, as calculated by the Company, as of any Redemption Date, the yield to maturity (computed as of the second Business Day immediately preceding that Redemption Date) of United States Treasury securities with a constant maturity most nearly equal to the period from the Redemption Date to March 27, 2030 (the date that is three months prior to the maturity date); provided, however, that if the period from the Redemption Date to such date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

If an Event of Default with respect to the Designated Securities shall occur and be continuing, principal of, premium, if any, and accrued but unpaid interest on the Designated Securities may be declared due and payable in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of the Designated Securities represented by this Designated Security shall be conclusive and binding upon such Holder and upon all future Holders of the Designated Securities represented by this Designated Security and of the Designated Securities represented by any Designated Security issued upon the registration of transfer of the Designated Securities represented by this Designated Security or in exchange thereof or in lieu thereof, whether or not notation of such consent or waiver is made upon this Designated Security.

No reference herein to the Indenture and no provision of the Designated Securities or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, premium, if any, and interest and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal or premium or any overdue interest, on the Designated Securities at the rate or rates herein prescribed.

As provided in the Indenture, the Company shall cause to be kept at the Corporate Trust Office of the Trustee a Register in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Designated Securities and of transfers of Designated Securities.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange, other than as set forth in the Indenture.

Prior to due presentment of this Designated Security for registration of transfer of any Designated Security represented hereby, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Designated Security is registered as the owner of this Designated Security for the purpose of receiving payment of principal of and any premium and (subject to Section 3.8 of the Original Indenture) any interest on such Security and for all other purposes whatsoever, whether or not this Designated Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

THE INDENTURE AND THE DESIGNATED SECURITIES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

All capitalized terms used herein which are not otherwise defined herein shall have the meanings assigned to them in the Indenture.

Schedule of Exchanges of Interests in the Global Security

The initial outstanding principal amount of this Global Security is \$19,000,000. The following exchanges of a part of this Global Security for an interest in another Global Security or for a Definitive Security, or exchanges of a part of another Global or Definitive Security for an interest in this Global Security, have been made:

Date of Exchange	Amount of decrease in Principal Amount	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following each decrease or increase	Signature of authorized signatory of Trustee or Custodian

THIS GLOBAL SECURITY IS HELD BY THE DEPOSITORY (AS DEFINED IN THE INDENTURE GOVERNING THIS SECURITY) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 3.10(g) OF THE SIXTH SUPPLEMENTAL INDENTURE, (II) THIS GLOBAL SECURITY MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 3.10(a) OF THE SIXTH SUPPLEMENTAL INDENTURE, (III) THIS GLOBAL SECURITY MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 3.9 OF THE ORIGINAL INDENTURE AND (IV) THIS GLOBAL SECURITY MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITORY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE FORM, THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY OR BY THE DEPOSITORY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITORY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITORY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC") TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH BELOW. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (A) TO NIAGARA MOHAWK POWER CORPORATION OR ANY SUBSIDIARY THEREOF, (B) INSIDE THE UNITED STATES TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) INSIDE THE UNITED STATES TO AN ACCREDITED INVESTOR (AS DEFINED IN RULE 501(a)(1), (2), (3), OR (7) UNDER THE SECURITIES ACT, AN "ACCREDITED INVESTOR") THAT, PRIOR TO SUCH TRANSFER, FURNISHES (OR HAS FURNISHED ON ITS BEHALF BY A U.S. BROKER-DEALER) TO THE TRUSTEE A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS SECURITY (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM THE TRUSTEE FOR THIS SECURITY), (D) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT (IF AVAILABLE), (E) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (F) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF NIAGARA MOHAWK POWER CORPORATION SO REQUESTS), OR (G) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A

NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALE OF THE SECURITY EVIDENCED HEREBY. IN CONNECTION WITH ANY TRANSFER OF THIS SECURITY WITHIN ONE YEAR AFTER THE ORIGINAL ISSUANCE OF THIS SECURITY, IF THE PROPOSED TRANSFEREE IS AN ACCREDITED INVESTOR, THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE TRUSTEE AND NIAGARA MOHAWK POWER CORPORATION SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS ANY OF THEM MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANING GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

CUSIP: 65364UAP1

ISIN: US65364UAP12

RULE 144A GLOBAL NOTE

NIAGARA MOHAWK POWER CORPORATION

3.025% Senior Notes due 2050

No. 1

\$497,245,000

NIAGARA MOHAWK POWER CORPORATION, a New York corporation (the “**Company**”), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum set forth on the Schedule of Exchanges of Interests in the Global Security attached hereto on June 27, 2050 and to pay interest thereon from June 25, 2020 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually in arrears on June 27 and December 27 of each year, commencing December 27, 2020, at the rate of 3.025% per annum until the Stated Maturity, and at the Stated Maturity.

Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Except as described below for the first Interest Payment Date, on each Interest Payment Date, the Company will pay interest on the Designated Securities for the period commencing on and including the immediately preceding Interest Payment Date and ending on and excluding such Interest Payment Date. On the first Interest Payment Date, the Company will pay interest for the period commencing on and including the Issue Date and ending on and excluding the first Interest Payment Date. If any Interest Payment Date falls on a day that is not a Business Day, the interest payment shall be postponed to the next day that is a Business Day, without interest accruing on the amount then so payable from such day that is not a Business Day until such Business Day. If the Stated Maturity of any Designated Security is not a Business Day, payment of principal, premium, if any, and interest on the applicable Designated Security will be made on the next succeeding day that is a Business Day, without interest accruing on the amount then so payable from such day that is not a Business Day until such Business Day.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the Person in whose name the Designated Securities represented hereby (or one or more Predecessor Securities) are registered at the close of business on the Regular Record Date for such Interest Payment Date, which shall be the June 12 or December 12, as the case may be, preceding the applicable Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name the Designated Securities represented hereby (or one or more Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by or on behalf of the Company, notice whereof shall be given to Holders of Designated Securities not less than 15 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Designated Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

The Bank of New York Mellon, acting through its London Branch, shall initially act as Trustee and Paying Agent, and The Bank of New York Mellon shall initially act as Securities Registrar, with respect to the Designated Securities.

Reference is hereby made to the further provisions of the Designated Securities set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee, directly or through an Authenticating Agent, by manual, facsimile or electronic signature of an authorized signatory, the Designated Securities represented hereby shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

In witness whereof, the Company has caused this instrument to be duly executed manually, electronically or in facsimile.

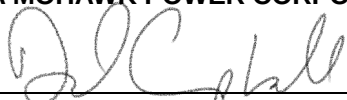
Dated: June 25, 2020

NIAGARA MOHAWK POWER CORPORATION

By: _____

Name:

Title:


DAVID CAMPBELL
VP, Treasurer

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated: June 25, 2020

THE BANK OF NEW YORK MELLON,
acting through its London Branch,

as Trustee

By:


Marilyn Chau
Vice President
Title: Authorised Signatory

Digitally
Signed by
Marilyn Chau

[Reverse of Designated Security]

NIAGARA MOHAWK POWER CORPORATION

This Designated Security represents a duly authorized issue of 3.025% Senior Notes due 2050 (the “**Designated Securities**”), issued under an Indenture, dated as of August 10, 2009, as supplemented from time to time (the “**Original Indenture**”), between the Company and The Bank of New York Mellon as Trustee (the “**Trustee**,” which term includes any successor trustee under the Indenture), as supplemented with respect to the Designated Securities by the Sixth Supplemental Indenture, dated as of June 25, 2020, between the Company and The Bank of New York Mellon, acting through its London Branch, as Trustee and Paying Agent (together with the Original Indenture, the “**Indenture**”). Reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Designated Securities and of the terms upon which the Designated Securities are, and are to be, authenticated and delivered.

At any time and from time to time, the Company may redeem all or a part of the Designated Securities, upon not less than 30 nor more than 60 days' prior notice delivered to the registered address of each Holder of Designated Securities or otherwise in accordance with the procedures of the Depository. If the Company elects to redeem the Designated Securities prior to December 27, 2049, the Company shall pay a Redemption Price, as calculated by the Company, equal to the greater of (1) 100% of the principal amount of the Designated Securities redeemed and (2) the present value at such Redemption Date of (i) the principal amount of such Designated Securities on the Redemption Date, plus (ii) all required interest payments due on such Designated Securities through December 27, 2049 (the date that is six months prior to the maturity date), computed using a discount rate equal to the Treasury Rate determined on the second Business Day preceding the Redemption Date plus 25 basis points, less accrued and unpaid interest, plus, in each case, accrued and unpaid interest, if any, to the Redemption Date, subject to the rights of Holders of Designated Securities at the close of business on the relevant Regular Record Date to receive interest due on the relevant Interest Payment Date. If the Company elects to redeem the Designated Securities on or after December 27, 2049 (the date that is six months prior to the maturity date), the Company shall pay a Redemption Price equal to 100% of the principal amount of the Designated Securities to be redeemed plus accrued and unpaid interest thereon to, but not including, the Redemption Date, subject to the rights of Holders of Designated Securities at the close of business on the relevant record date to receive interest due on the relevant Interest Payment Date.

“**Treasury Rate**” means, as calculated by the Company, as of any Redemption Date, the yield to maturity (computed as of the second Business Day immediately preceding that Redemption Date) of United States Treasury securities with a constant maturity most nearly equal to the period from the Redemption Date to December 27, 2049 (the date that is six months prior to the maturity date); provided, however, that if the period from the Redemption Date to such date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

If an Event of Default with respect to the Designated Securities shall occur and be continuing, principal of, premium, if any, and accrued but unpaid interest on the Designated Securities may be declared due and payable in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of the Designated Securities represented by this Designated Security shall be conclusive and binding upon such Holder and upon all future Holders of the Designated Securities represented by this Designated Security and of the Designated Securities represented by any Designated Security issued upon the registration of transfer of the Designated Securities represented by this Designated Security or in exchange thereof or in lieu thereof, whether or not notation of such consent or waiver is made upon this Designated Security.

No reference herein to the Indenture and no provision of the Designated Securities or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, premium, if any, and interest and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal or premium or any overdue interest, on the Designated Securities at the rate or rates herein prescribed.

As provided in the Indenture, the Company shall cause to be kept at the Corporate Trust Office of the Trustee a Register in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Designated Securities and of transfers of Designated Securities.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange, other than as set forth in the Indenture.

Prior to due presentment of this Designated Security for registration of transfer of any Designated Security represented hereby, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Designated Security is registered as the owner of this Designated Security for the purpose of receiving payment of principal of and any premium and (subject to Section 3.8 of the Original Indenture) any interest on such Security and for all other purposes whatsoever, whether or not this Designated Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

THE INDENTURE AND THE DESIGNATED SECURITIES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

All capitalized terms used herein which are not otherwise defined herein shall have the meanings assigned to them in the Indenture.

Schedule of Exchanges of Interests in the Global Security

The initial outstanding principal amount of this Global Security is \$497,245,000. The following exchanges of a part of this Global Security for an interest in another Global Security or for a Definitive Security, or exchanges of a part of another Global or Definitive Security for an interest in this Global Security, have been made:

Date of Exchange	Amount of decrease in Principal Amount	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following each decrease or increase	Signature of authorized signatory of Trustee or Custodian

THIS GLOBAL SECURITY IS HELD BY THE DEPOSITORY (AS DEFINED IN THE INDENTURE GOVERNING THIS SECURITY) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 3.10(g) OF THE SIXTH SUPPLEMENTAL INDENTURE, (II) THIS GLOBAL SECURITY MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 3.10(a) OF THE SIXTH SUPPLEMENTAL INDENTURE, (III) THIS GLOBAL SECURITY MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 3.9 OF THE ORIGINAL INDENTURE AND (IV) THIS GLOBAL SECURITY MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITORY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE FORM, THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY OR BY THE DEPOSITORY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITORY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITORY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC") TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH BELOW. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (A) TO NIAGARA MOHAWK POWER CORPORATION OR ANY SUBSIDIARY THEREOF, (B) INSIDE THE UNITED STATES TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) INSIDE THE UNITED STATES TO AN ACCREDITED INVESTOR (AS DEFINED IN RULE 501(a)(1), (2), (3), OR (7) UNDER THE SECURITIES ACT, AN "ACCREDITED INVESTOR") THAT, PRIOR TO SUCH TRANSFER, FURNISHES (OR HAS FURNISHED ON ITS BEHALF BY A U.S. BROKER-DEALER) TO THE TRUSTEE A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS SECURITY (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM THE TRUSTEE FOR THIS SECURITY), (D) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT (IF AVAILABLE), (E) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (F) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF NIAGARA MOHAWK POWER CORPORATION SO REQUESTS), OR (G) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A

NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALE OF THE SECURITY EVIDENCED HEREBY. IN CONNECTION WITH ANY TRANSFER OF THIS SECURITY WITHIN ONE YEAR AFTER THE ORIGINAL ISSUANCE OF THIS SECURITY, IF THE PROPOSED TRANSFEREE IS AN ACCREDITED INVESTOR, THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE TRUSTEE AND NIAGARA MOHAWK POWER CORPORATION SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS ANY OF THEM MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANING GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON, NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON, AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.

CUSIP: U65354AL3

ISIN: USU65354AL37

REGULATION S GLOBAL NOTE

NIAGARA MOHAWK POWER CORPORATION

3.025% Senior Notes due 2050

No. 1

\$2,755,000

NIAGARA MOHAWK POWER CORPORATION, a New York corporation (the “**Company**”), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum set forth on the Schedule of Exchanges of Interests in the Global Security attached hereto on June 27, 2050 and to pay interest thereon from June 25, 2020 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually in arrears on June 27 and December 27 of each year, commencing December 27, 2020, at the rate of 3.025% per annum until the Stated Maturity, and at the Stated Maturity.

Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Except as described below for the first Interest Payment Date, on each Interest Payment Date, the Company will pay interest on the Designated Securities for the period commencing on and including the immediately preceding Interest Payment Date and ending on and excluding such Interest Payment Date. On the first Interest Payment Date, the Company will pay interest for the period commencing on and including the Issue Date and ending on and excluding the first Interest Payment Date. If any Interest Payment Date falls on a day that is not a Business Day, the interest payment shall be postponed to the next day that is a Business Day, without interest accruing on the amount then so payable from such day that is not a Business Day until such Business Day. If the Stated Maturity of any Designated Security is not a Business Day, payment of principal, premium, if any, and interest on the applicable Designated Security will be made on the next succeeding day that is a Business Day, without interest accruing on the amount then so payable from such day that is not a Business Day until such Business Day.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the Person in whose name the Designated Securities represented hereby (or one or more Predecessor Securities) are registered at the close of business on the Regular Record Date for such Interest Payment Date, which shall be the June 12 or December 12, as the case may be, preceding the applicable Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name the Designated Securities represented hereby (or one or more Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by or on behalf of the Company, notice whereof shall be given to Holders of Designated Securities not less than 15 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Designated Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

The Bank of New York Mellon, acting through its London Branch, shall initially act as Trustee and Paying Agent, and The Bank of New York Mellon shall initially act as Securities Registrar, with respect to the Designated Securities.

Reference is hereby made to the further provisions of the Designated Securities set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee, directly or through an Authenticating Agent, by manual, facsimile or electronic signature of an authorized signatory, the Designated Securities represented hereby shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

In witness whereof, the Company has caused this instrument to be duly executed manually, electronically or in facsimile.

Dated: June 25, 2020

NIAGARA MOHAWK POWER CORPORATION

By: _____

Name:

Title:


DAVID CAMPBELL
VP, Treasurer

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated: June 25, 2020

THE BANK OF NEW YORK MELLON,
acting through its London Branch,

as Trustee

By:  Digitally signed
by Marilyn
Chau

Title: 
Marilyn Chau
Vice President
Authorised Signatory

[Reverse of Designated Security]

NIAGARA MOHAWK POWER CORPORATION

This Designated Security represents a duly authorized issue of 3.025% Senior Notes due 2050 (the “**Designated Securities**”), issued under an Indenture, dated as of August 10, 2009, as supplemented from time to time (the “**Original Indenture**”), between the Company and The Bank of New York Mellon as Trustee (the “**Trustee**,” which term includes any successor trustee under the Indenture), as supplemented with respect to the Designated Securities by the Sixth Supplemental Indenture, dated as of June 25, 2020, between the Company and The Bank of New York Mellon, acting through its London Branch, as Trustee and Paying Agent (together with the Original Indenture, the “**Indenture**”). Reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Designated Securities and of the terms upon which the Designated Securities are, and are to be, authenticated and delivered.

At any time and from time to time, the Company may redeem all or a part of the Designated Securities, upon not less than 30 nor more than 60 days' prior notice delivered to the registered address of each Holder of Designated Securities or otherwise in accordance with the procedures of the Depository. If the Company elects to redeem the Designated Securities prior to December 27, 2049, the Company shall pay a Redemption Price, as calculated by the Company, equal to the greater of (1) 100% of the principal amount of the Designated Securities redeemed and (2) the present value at such Redemption Date of (i) the principal amount of such Designated Securities on the Redemption Date, plus (ii) all required interest payments due on such Designated Securities through December 27, 2049 (the date that is six months prior to the maturity date), computed using a discount rate equal to the Treasury Rate determined on the second Business Day preceding the Redemption Date plus 25 basis points, less accrued and unpaid interest, plus, in each case, accrued and unpaid interest, if any, to the Redemption Date, subject to the rights of Holders of Designated Securities at the close of business on the relevant Regular Record Date to receive interest due on the relevant Interest Payment Date. If the Company elects to redeem the Designated Securities on or after December 27, 2049 (the date that is six months prior to the maturity date), the Company shall pay a Redemption Price equal to 100% of the principal amount of the Designated Securities to be redeemed plus accrued and unpaid interest thereon to, but not including, the Redemption Date, subject to the rights of Holders of Designated Securities at the close of business on the relevant record date to receive interest due on the relevant Interest Payment Date.

“**Treasury Rate**” means, as calculated by the Company, as of any Redemption Date, the yield to maturity (computed as of the second Business Day immediately preceding that Redemption Date) of United States Treasury securities with a constant maturity most nearly equal to the period from the Redemption Date to December 27, 2049 (the date that is six months prior to the maturity date); provided, however, that if the period from the Redemption Date to such date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

If an Event of Default with respect to the Designated Securities shall occur and be continuing, principal of, premium, if any, and accrued but unpaid interest on the Designated Securities may be declared due and payable in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of the Designated Securities represented by this Designated Security shall be conclusive and binding upon such Holder and upon all future Holders of the Designated Securities represented by this Designated Security and of the Designated Securities represented by any Designated Security issued upon the registration of transfer of the Designated Securities represented by this Designated Security or in exchange thereof or in lieu thereof, whether or not notation of such consent or waiver is made upon this Designated Security.

No reference herein to the Indenture and no provision of the Designated Securities or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, premium, if any, and interest and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal or premium or any overdue interest, on the Designated Securities at the rate or rates herein prescribed.

As provided in the Indenture, the Company shall cause to be kept at the Corporate Trust Office of the Trustee a Register in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Designated Securities and of transfers of Designated Securities.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange, other than as set forth in the Indenture.

Prior to due presentment of this Designated Security for registration of transfer of any Designated Security represented hereby, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Designated Security is registered as the owner of this Designated Security for the purpose of receiving payment of principal of and any premium and (subject to Section 3.8 of the Original Indenture) any interest on such Security and for all other purposes whatsoever, whether or not this Designated Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

THE INDENTURE AND THE DESIGNATED SECURITIES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

All capitalized terms used herein which are not otherwise defined herein shall have the meanings assigned to them in the Indenture.

Schedule of Exchanges of Interests in the Global Security

The initial outstanding principal amount of this Global Security is \$2,755,000. The following exchanges of a part of this Global Security for an interest in another Global Security or for a Definitive Security, or exchanges of a part of another Global or Definitive Security for an interest in this Global Security, have been made:

Date of Exchange	Amount of decrease in Principal Amount	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following each decrease or increase	Signature of authorized signatory of Trustee or Custodian

Attachment 1(vi)

Comparative Analysis of Similar Utility Financings

USD Utility Issuance - 01/01/2020 - 15/07/2020

Date	Issuer						CUSIP	ISIN	Deal							
Pricing Date	Issuer	Issuer Parent	Moody's	S&P	Fitch	Rating			Secured	Tranche Size (USDm)	Tenor	Maturity Date	Coupon Rate (Fixed %)	Spread (bps)	Yield (%)	Price (%)
06-Jan-20	Southern Company	Southern Co/The	Baa3	BBB	BBB-	Baa3 / BBB / BBB-	842587800	US8425878001	N	1000	60	1/30/2080	4.950	495	4.950	25.000
06-Jan-20	Duke Energy Carolinas LLC	Duke Energy Corp	Aa2	A	NR	Aa2 / A / NR	26442CBA1	US26442CBA18	Y	500	10	2/1/2030	2.450	68	2.486	99.680
06-Jan-20	Duke Energy Carolinas LLC	Duke Energy Corp	Aa2	A	NR	Aa2 / A / NR	26442CAZ7	US26442CAZ77	Y	400	30	8/15/2049	3.200	88	3.214	99.732
06-Jan-20	Southern California Gas Co	Sempra Energy	Aa2	A+	AA-	Aa2 / A+ / AA-	842434CU4	US842434CU45	Y	650	10	2/1/2030	2.550	77	2.576	99.770
06-Jan-20	Southern California Edison	Edison International	A3	A-	BBB+	A3 / A- / BBB+	842400GS6	US842400GS60	Y	100	10	8/1/2029	2.850	90	2.706	101.179
06-Jan-20	Southern California Edison	Edison International	A3	A-	BBB+	A3 / A- / BBB+	842400GT4	US842400GT44	Y	500	30	2/1/2050	3.650	140	3.686	99.347
07-Jan-20	Public Service Electric & Gas Co	Public Service Enterprise Grou	Aa3	A	NR	Aa3 / A / NR	74456QC80	US74456QC805	Y	300	10	1/15/2030	2.450	65	2.476	99.770
07-Jan-20	Public Service Electric & Gas Co	Public Service Enterprise Grou	Aa3	A	NR	Aa3 / A / NR	74456QCC8	US74456QCC87	Y	300	30	1/1/2050	3.150	85	3.158	99.846
07-Jan-20	Eversource Energy	Eversource Energy	Baa1	BBB+	BBB+	Baa1 / BBB+ / BBB+	300400WAH1	US300400WAH1E	N	350	30	1/15/2050	3.450	115	3.460	99.814
08-Jan-20	Georgia Power	Southern Co/The	Baa1	A-	A-	Baa1 / A- / A-	2P3669345	US373334KM26	N	700	3.5	7/30/2023	2.100	50	2.106	99.979
08-Jan-20	Georgia Power	Southern Co/The	Baa1	A-	A-	Baa1 / A- / A-	373334KL4	US373334KL43	N	300	10	9/15/2029	2.650	95	2.664	99.877
08-Jan-20	Georgia Power	Southern Co/The	Baa1	A-	A-	Baa1 / A- / A-	373334KN0	US373334KN09	N	500	30	1/30/2050	3.700	135	3.718	99.674
22-Jan-20	National Rural Utilities Cooperative Finance Corporation	National Rural Utilities Coope	A2	A	A	A2 / A / A	63743HET5	US63743HET59	N	500	2	1/21/2022	1.750	27	1.796	99.912
22-Jan-20	National Rural Utilities Cooperative Finance Corporation	National Rural Utilities Coope	A1	A	A+	A1 / A / A+	637432NV3	US637432NV39	N	500	10	3/15/2030	2.400	68	2.449	99.562
28-Jan-20	Nevada Power Company	Berkshire Hathaway Inc	A2	A+	NR	A2 / A+ / NR	641423CD8	US641423CD86	Y	425	10	5/1/2030	2.400	78	2.429	99.740
28-Jan-20	Nevada Power Company	Berkshire Hathaway Inc	A2	A+	NR	A2 / A+ / NR	641423CE6	US641423CE69	Y	300	30	8/1/2050	3.125	102	3.127	99.961
11-Feb-20	DTE Electric Company	DTE Energy Co	Aa3	A	A+	Aa3 / A / A+	23338VAK2	US23338VAK26	Y	600	10	3/1/2030	2.250	68	2.263	99.884
11-Feb-20	DTE Electric Company	DTE Energy Co	Aa3	A	A+	Aa3 / A / A+	23338VAL0	US23338VAL09	Y	500	30	3/1/2050	2.950	90	2.952	99.960
18-Feb-20	Commonwealth Edison Company	Exelon Corp	A1	A	A	A1 / A / A	202795JR2	US202795JR27	Y	350	10	3/1/2030	2.200	68	2.234	99.696
18-Feb-20	Commonwealth Edison Company	Exelon Corp	A1	A	A	A1 / A / A	202795JS0	US202795JS00	Y	650	50	3/1/2050	3.000	100	3.007	99.862
18-Feb-20	FirstEnergy Corp	FirstEnergy Corp	Baa3	BBB-	BBB	Baa3 / BBB- / BBB	337932AK3	US337932AK39	N	300	5	3/1/2025	2.050	70	2.093	99.795
18-Feb-20	FirstEnergy Corp	FirstEnergy Corp	Baa3	BBB-	BBB	Baa3 / BBB- / BBB	337932AL1	US337932AL12	N	600	10	3/1/2030	2.650	110	2.658	99.929
18-Feb-20	FirstEnergy Corp	FirstEnergy Corp	Baa3	BBB-	BBB	Baa3 / BBB- / BBB	337932AM9	US337932AM94	N	850	30	3/1/2050	3.400	140	3.408	99.849
03-Mar-20	American Electric Power Company	American Electric Power Co Inc	Baa1	BBB	BBB+	Baa1 / BBB / BBB+	025537AN1	US025537AN10	N	400	10	3/1/2030	2.300	130	2.305	99.956
03-Mar-20	American Electric Power Company	American Electric Power Co Inc	Baa1	BBB	BBB+	Baa1 / BBB / BBB+	025537AP6	US025537AP67	N	400	30	3/1/2050	3.250	165	3.259	99.829
03-Mar-20	Entergy Louisiana LLC	Entergy Corp	A2	A	NR	A2 / A / NR	29364WB09	US29364WB092	N	350	31	3/1/2051	2.900	130	2.912	99.755
04-Mar-20	Southern California Edison Company	Edison International	A3	A-	BBB+	A3 / A- / BBB+	842400GU1	US842400GU17	Y	400	10	3/15/2030	2.250	125	2.260	99.905
04-Mar-20	Southern California Edison Company	Edison International	A3	A-	BBB+	A3 / A- / BBB+	842400GT4	US842400GT44	Y	700	30	2/1/2050	3.650	170	3.356	105.461
05-Mar-20	Entergy Texas Inc	Entergy Corp	Baa1	A	NR	Baa1 / A / NR	29365TAJ3	US29365TAJ34	Y	175	29	9/30/2049	3.550	138	2.925	112.176
10-Mar-20	Duke Energy Indiana Inc	Duke Energy Corp	Aa3	A	NR	Aa3 / A / NR	26443TAC0	US26443TAC09	Y	550	30	4/1/2050	2.750	165	2.756	99.877
13-Mar-20	Ohio Power Company	American Electric Power Co Inc	A2	A-	NR	A2 / A- / NR	677415CS8	US677415CS83	N	350	10	4/1/2030	2.600	170	2.612	99.894
13-Mar-20	Entergy Arkansas LLC	Entergy Corp	A2	A	NR	A2 / A / NR	29364DAV2	US29364DAV29	Y	100	10	6/1/2028	4.000	175	2.670	109.473
17-Mar-20	Dominion Energy, Inc.	Dominion Energy Inc	Baa2	BBB	BBB+	Baa2 / BBB / BBB+	25746UDE6	US25746UDE64	N	400	5	3/15/2025	3.300	265	3.335	99.841
17-Mar-20	Dominion Energy, Inc.	Dominion Energy Inc	Baa2	BBB	BBB+	Baa2 / BBB / BBB+	25746UDF3	US25746UDF30	N	350	7	3/15/2027	3.600	275	3.670	99.572
17-Mar-20	Union Electric Co	Ameren Corp	A2	A	NR	A2 / A / NR	906548CR1	US906548CR12	Y	465	10	3/15/2030	2.950	200	2.960	99.914
17-Mar-20	Consumers Energy Company	CMS Energy Corp	Aa3	AA+	NR	Aa3 / AA+ / NR	21051BDH6	US21051BDH65	Y	575	31	8/1/2051	3.500	215	3.521	99.606
17-Mar-20	Oncor Electric Delivery Co	Sempra Energy	A2	A+	A	A2 / A+ / A	68233JB52	US68233JB524	N	400	10	5/15/2030	2.750	175	2.762	99.891
17-Mar-20	Oncor Electric Delivery Co	Sempra Energy	A2	A+	A	A2 / A+ / A	68233JB70	US68233JB707	N	400	30	5/15/2050	3.700	205	3.716	99.705
20-Mar-20	Berkshire Hathaway Energy	Berkshire Hathaway Inc	A3	A-	NR	A3 / A- / NR	084659AS0	US084659AS06	N	1250	5	4/15/2025	4.050	355	4.078	99.871
23-Mar-20	Nstar Electric Company	Eversource Energy	A1	A	A+	A1 / A / A+	67021CAP2	US67021CAP23	N	400	10	4/1/2030	3.950	325	4.017	99.452
24-Mar-20	Florida Power & Light Company	NextEra Energy Inc	Aa2	A+	AA-	Aa2 / A+ / AA-	341081FZ5	US341081FZ53	Y	1100	5	4/1/2025	2.850	238	2.872	99.898
25-Mar-20	Berkshire Hathaway Energy	Berkshire Hathaway Inc	A3	A-	NR	A3 / A- / NR	084659AU5	US084659AU51	N	1100	10	7/15/2030	3.700	285	3.700	99.984
25-Mar-20	Berkshire Hathaway Energy	Berkshire Hathaway Inc	A3	A-	NR	A3 / A- / NR	084659AW1	US084659AW18	N	900	30.5	10/15/2050	4.250	285	4.282	99.455
26-Mar-20	Northwest Natural Gas Company	Northwest Natural Holding Co	A2	AA-	NR	A2 / AA- / NR	66765RCJ3	US66765RCJ32	Y	150	30	3/15/2050	3.600	225	3.622	99.601
26-Mar-20	Consolidated Edison Co of NY Inc	Consolidated Edison Inc	Baa1	A-	A-	Baa1 / A- / A-	209111FX6	US209111FX66	N	600	10	4/1/2030	3.350	255	3.377	99.772
26-Mar-20	Consolidated Edison Co of NY Inc	Consolidated Edison Inc	Baa1	A-	A-	Baa1 / A- / A-	209111FY4	US209111FY40	N	1000	30	4/1/2050	3.700	255	3.743	99.111
27-Mar-20	Xcel Energy Inc	Xcel Energy Inc	Baa1	BBB+	BBB+	Baa1 / BBB+ / BBB+	98389BAY6	US98389BAY65	N	600	10	6/1/2030	3.400	270	2.438	99.670
30-Mar-20	Oklahoma Gas & Electric Co	OGE Energy Corp	A3	A-	A	A3 / A- / A	67885BBV2	US67885BBV24	N	300	10	4/1/2030	3.250	260	3.256	99.949
30-Mar-20	AEP Transmission Company LLC	American Electric Power Co Inc	A2	A-	A	A2 / A- / A	00115AAM1	US00115AAM18	N	525	30	4/1/2050	3.650	235	3.652	99.964
30-Mar-20	Exelon Corp	Exelon Corp	Baa2	BBB	BBB+	Baa2 / BBB / BBB+	30161NAX9	US30161NAX93	N	1250	10	4/15/2030	4.050	338	4.075	99.794
30-Mar-20	Exelon Corp	Exelon Corp	Baa2	BBB	BBB+	Baa2 / BBB / BBB+	30161NAY7	US30161NAY76	N	750	30	4/15/2050	4.700	338	4.707	99.866
30-Mar-20	Southern California Edison	Edison International	A3	A-	BBB+	A3 / A- / BBB+	842400GN7	US842400GN73	Y	600	5	8/1/2025	3.700	275	3.141	102.645
30-Mar-20	Wisconsin Power & Light Company	Alliant Energy Corp	A3	A	NR	A3 / A / NR	976826BN6	US976826BN62	N	350	30	4/1/2050	3.650	235	3.657	99.873
31-Mar-20	Dominion Energy, Inc.	Dominion Energy Inc	Baa2	BBB	BBB+	Baa2 / BBB / BBB+	25746UDG1	US25746UDG13	N	1500	10	4/1/2030	3.375	280	2.495	98.995
31-Mar-20	DTE Electric Company	DTE Energy Co	Aa3	A	A+	Aa3 / A / A+	23338VAM8	US23338VAM81	Y	600	11	3/1/2031	2.625	195	2.643	99.832
31-Mar-20	Edison International	Edison International	Baa3	BBB-	BBB-	Baa3 / BBB- / BBB-	281020AR8	US281020AR84	N	400	5	4/15/2025	4.950	463	5.002	99.769
31-Mar-20	San Diego Gas & Electric Company	Sempra Energy	A2	A	A	A2 / A / A	797440BY9	US797440BY99	Y	400	30	4/15/2050	3.320	200	3.327	99.867
31-Mar-20	Idaho Power Company	IDACORP Inc	A1	A-	NR	A1 / A- / NR	45138LBF9	US45138LBF94	Y	230	30	3/1/2048	4.200	210	3.422	113.760
31-Mar-20	Ameren Corp	Ameren Corp	Baa1	BBB	NR	Baa1 / BBB / NR	023608AJ1	US023608AJ15	N	800	10	1/15/2031	3.500	285	3.527	99.763
01-Apr-20	NextEra Energy Capital Holdings	NextEra Energy Inc	Baa1	BBB+	A-	Baa1 / BBB+ / A-	65339KBQ2	US65339KBQ22	N	1250	5	5/1/2025	2.750	240	2.780	99.858
01-Apr-20	PPL Capital Funding Inc	PPL Corp	Baa2	BBB+	NR	Baa2 / BBB+ / NR	69352PAQ6	US69352PAQ63	N	1000	5	4/15/2030	4.125	350	4.129	99.966
01-Apr-20	Southern Company	Sou														

Date	Issuer					CUSIP	ISIN	Deal								
Pricing Date	Issuer	Issuer Parent	Moody's	S&P	Fitch	Rating		Secured	Tranche Size (USDm)	Tenor	Maturity Date	Coupon Rate (Fixed %)	Spread (bps)	Yield (%)	Price (%)	
13-Apr-20	Essential Utilities Inc	Essential Utilities Inc	Baa2	A-	NR	Baa2 / A- / NR	29670GAD4	US29670GAD43	N	500	10	4/15/2030	2.704	195	2.704	100.000
13-Apr-20	Essential Utilities Inc	Essential Utilities Inc	Baa2	A-	NR	Baa2 / A- / NR	29670GAE2	US29670GAE26	N	600	30	4/15/2050	3.351	195	3.351	100.000
27-Apr-20	Emerson Electric Company	Emerson Electric Co	A2	A	NR	A2 / A / NR	291011BL7	US291011BL71	N	500	7	10/15/2027	1.800	125	1.813	99.910
27-Apr-20	Emerson Electric Company	Emerson Electric Co	A2	A	NR	A2 / A / NR	291011BN3	US291011BN38	N	500	10	10/15/2030	1.950	135	2.009	99.446
27-Apr-20	Emerson Electric Company	Emerson Electric Co	A2	A	NR	A2 / A / NR	291011BM5	US291011BM54	N	500	30	10/15/2050	2.750	150	2.756	99.878
29-Apr-20	Consumers Energy Company	CMS Energy Corp	Aa3	A	A+	Aa3 / A / A+	210518DJ2	US210518DJ22	Y	525	40	5/1/2060	2.500	130	2.534	99.149
29-Apr-20	One Gas Inc	ONE Gas Inc	A2	A	NR	A2 / A / NR	68235PAH1	US68235PAH10	N	300	10	5/15/2030	2.000	145	2.058	99.476
05-May-20	NextEra Energy Capital Holdings	NextEra Energy Inc	Baa1	BBB+	A-	Baa1 / BBB+ / A-	65339KB00	US65339KB005	N	2000	10	6/1/2030	2.250	160	2.254	99.963
06-May-20	Public Service Electric & Gas Co	Public Service Enterprise Grou	Aa3	A	NR	Aa3 / A / NR	74456QCD6	US74456QCD60	Y	375	30	5/1/2050	2.700	130	2.720	99.592
08-May-20	Public Service Co Of Colorado	Xcel Energy Inc	A1	A	A+	A1 / A / A+	744448CT6	US744448CT65	Y	375	10	1/15/2031	1.900	125	1.933	99.681
08-May-20	Public Service Co Of Colorado	Xcel Energy Inc	A1	A	A+	A1 / A / A+	744448CU3	US744448CU39	Y	375	30	1/15/2051	2.700	140	2.785	98.251
11-May-20	ITC Holdings Corp	Fortis Inc/Canada	Baa2	BBB+	NR	Baa2 / BBB+ / NR	465685AQ8	US465685AQ80	N	700	10	5/14/2030	2.950	225	2.974	99.794
11-May-20	Southwestern Public Service Co	Xcel Energy Inc	A3	A	AAA	A3 / A / AAA	845743BU6	US845743BU60	N	350	30	5/1/2050	3.150	175	3.195	99.138
12-May-20	Exelon Generation Co LLC	Exelon Corp	Baa2	BBB+	BBB	Baa2 / BBB+ / BBB	30161MAS2	US30161MAS26	N	900	5	6/1/2025	3.250	295	3.290	99.814
12-May-20	Appalachian Power Co	American Electric Power Co Inc	Baa1	A-	A-	Baa1 / A- / A-	037735CY1	US037735CY10	N	500	30	5/1/2050	3.700	235	3.733	99.409
13-May-20	Duke Energy Corporation	Duke Energy Corp	Baa1	BBB+	NR	Baa1 / BBB+ / NR	26441CBH7	US26441CBH79	N	500	10	6/1/2030	2.450	185	2.486	99.681
13-May-20	Entergy Corporation	Entergy Corp	Baa2	BBB	NR	Baa2 / BBB / NR	29364GAL7	US29364GAL77	N	600	10	6/15/2030	2.800	225	2.890	99.217
13-May-20	Entergy Corporation	Entergy Corp	Baa2	BBB	NR	Baa2 / BBB / NR	29364GAK9	US29364GAK94	N	600	30	6/15/2050	3.750	250	3.840	98.400
14-May-20	Puget Energy Inc	Puget Holdings LLC	Baa3	BBB-	BBB	Baa3 / BBB- / BBB	745310AJ1	US745310AJ12	Y	650	10	6/15/2030	4.100	350	4.120	99.833
15-May-20	Cms Energy Corp	CMS Energy Corp	Baa2	BBB+	NR	Baa2 / BBB+ / NR	125896BU3	US125896BU39	N	500	30	6/1/2050	4.750	475	4.750	100.000
18-May-20	Eversky Metro Inc	Eversky Inc	A2	A+	NR	A2 / A+ / NR	30037DAA3	US30037DAA37	Y	400	10	6/1/2030	2.250	155	2.263	99.884
18-May-20	Duke Energy Ohio Inc	Duke Energy Corp	A2	A	NR	A2 / A / NR	26442EAH3	US26442EAH36	Y	400	10	6/1/2030	2.125	140	2.132	99.937
18-May-20	Piedmont Natural Gas Company Inc	Duke Energy Corp	A3	A-	NR	A3 / A- / NR	720186AM7	US720186AM78	N	400	30	6/1/2050	3.350	195	3.388	99.287
18-May-20	Northern States Power Company	Xcel Energy Inc	Aa3	A	A+	Aa3 / A / A+	665789BB8	US665789BB86	Y	100	31	5/1/2051	3.050	170	3.109	98.834
19-May-20	Arizona Public Service Co	Pinnacle West Capital Corp	A2	A-	A	A2 / A- / A	040555DB7	US040555DB74	N	600	30	5/15/2050	3.350	195	3.375	99.531
19-May-20	Kentucky Utilities Company	PPL Corp	A1	A	NR	A1 / A / NR	491674BM8	US491674BM82	Y	500	30	6/1/2050	3.300	190	3.326	99.509
19-May-20	National Fuel Gas Company	National Fuel Gas Co	Baa3	BBB-	BBB	Baa3 / BBB- / BBB	636180BK3	US636180BK36	N	500	5	1/15/2026	5.500	525	5.599	99.518
19-May-20	Entergy Mississippi Inc	Entergy Corp	A2	A	NR	A2 / A / NR	29366WAB2	US29366WAB28	Y	170	31	6/1/2051	3.500	215	3.576	98.582
26-May-20	Interstate Power And Light Company	Alliant Energy Corp	Baa1	A-	NR	Baa1 / A- / NR	461070AS3	US461070AS31	N	400	10	6/1/2030	2.300	165	2.348	99.575
01-Jun-20	Southwest Gas Corporation	Southwest Gas Holdings Inc	A3	A-	A	A3 / A- / A	845011AC9	US845011AC92	N	450	10	6/15/2030	2.200	155	2.214	99.874
01-Jun-20	PECO Energy Company	Exelon Corp	Aa3	A	A+	Aa3 / A / A+	693304AY3	US693304AY39	Y	350	30	6/15/2050	2.800	135	2.805	99.899
02-Jun-20	Baltimore Gas & Electric Co (BGE)	Exelon Corp	A3	A	A	A3 / A / A	059165EM8	US059165EM80	N	400	30	6/15/2050	2.900	147	2.949	99.028
02-Jun-20	East Ohio Gas Company, The	Dominion Energy Inc	A2	BBB+	A-	A2 / BBB+ / A-	27409LAA1	US27409LAA17	N	500	5	6/15/2025	1.300	100	1.321	99.899
02-Jun-20	East Ohio Gas Company, The	Dominion Energy Inc	A2	BBB+	A-	A2 / BBB+ / A-	27409LAC7	US27409LAC72	N	500	10	6/15/2030	2.000	135	2.034	99.694
02-Jun-20	East Ohio Gas Company, The	Dominion Energy Inc	A2	BBB+	A-	A2 / BBB+ / A-	27409LAE3	US27409LAE39	N	800	30	6/15/2050	3.000	160	3.073	98.576
02-Jun-20	CenterPoint Energy Houston Electric LLC	CenterPoint Energy Inc	A2	A	A	A2 / A / A	15189XAU2	US15189XAU28	Y	300	30	7/1/2050	2.900	143	2.910	99.799
03-Jun-20	FirstEnergy Corp	FirstEnergy Corp	Baa3	BBB-	BBB	Baa3 / BBB- / BBB	337932AN7	US337932AN77	N	300	5	1/15/2026	1.600	125	1.628	99.850
03-Jun-20	FirstEnergy Corp	FirstEnergy Corp	Baa3	BBB-	BBB	Baa3 / BBB- / BBB	337932AP2	US337932AP26	N	450	10	9/1/2030	2.250	150	2.266	99.850
08-Jun-20	Northern States Power Company	Xcel Energy Inc	Aa3	A	A+	Aa3 / A / A+	665772CS6	US665772CS69	Y	700	31	6/1/2051	2.600	105	2.690	98.118
08-Jun-20	Duke Energy Florida Inc	Duke Energy Corp	A1	A	NR	A1 / A / NR	26444HAJ0	US26444HAJ05	Y	500	10	6/15/2030	1.750	90	1.765	99.863
10-Jun-20	Pinnacle West Capital	Pinnacle West Capital Corp	A3	BBB+	A-	A3 / BBB+ / A-	723484AH4	US723484AH45	N	500	5	6/15/2025	1.300	95	1.302	99.990
10-Jun-20	Sempra Energy	Sempra Energy	Ba1	BBB-	BBB-	Ba1 / BBB- / BBB-	816851BK4	US816851BK46	N	900	-	-	4.875	488	4.875	100.000
12-Jun-20	Black Hills Corp	Black Hills Corp	Baa2	BBB+	BBB+	Baa2 / BBB+ / BBB+	092113AT6	US092113AT65	N	400	10	6/15/2030	2.500	185	2.539	99.658
16-Jun-20	Pacific Gas & Electric Co (PG&E)	PG&E Corp	Baa3	BBB-	BBB-	Baa3 / BBB- / BBB-	694308IE8	US694308IE87	Y	2500	2	6/16/2022	1.750	155	1.753	99.994
16-Jun-20	Pacific Gas & Electric Co (PG&E)	PG&E Corp	Baa3	BBB-	BBB-	Baa3 / BBB- / BBB-	694308JD0	US694308JD05	Y	500	2	6/16/2022	-	148	0.000	100.000
16-Jun-20	Pacific Gas & Electric Co (PG&E)	PG&E Corp	Baa3	BBB-	BBB-	Baa3 / BBB- / BBB-	694308JF5	US694308JF52	Y	1000	7	8/1/2027	2.100	155	2.128	99.814
16-Jun-20	Pacific Gas & Electric Co (PG&E)	PG&E Corp	Baa3	BBB-	BBB-	Baa3 / BBB- / BBB-	694308JG3	US694308JG36	Y	2000	10	2/1/2031	2.500	175	2.511	99.896
16-Jun-20	Pacific Gas & Electric Co (PG&E)	PG&E Corp	Baa3	BBB-	BBB-	Baa3 / BBB- / BBB-	694308JH1	US694308JH19	Y	1000	20	8/1/2040	3.300	180	3.334	99.501
16-Jun-20	Pacific Gas & Electric Co (PG&E)	PG&E Corp	Baa3	BBB-	BBB-	Baa3 / BBB- / BBB-	694308JJ7	US694308JJ74	Y	1925	30	8/1/2050	3.500	200	3.534	99.369
17-Jun-20	Idaho Power Company	IDACORP Inc	A1	A-	NR	A1 / A- / NR	45138LBG7	US45138LBG77	Y	80	10	7/15/2030	1.900	120	1.945	99.590
23-Jun-20	Niagara Mohawk Power Corp	National Grid PLC	A3	A-	NR	A3 / A- / NR	65364UANG	US65364UANG3	N	600	10	6/27/2030	1.960	125	1.960	100.000
23-Jun-20	Niagara Mohawk Power Corp	National Grid PLC	A3	A-	NR	A3 / A- / NR	65364UAP1	US65364UAP12	N	500	30	6/27/2050	3.025	155	3.025	100.000
29-Jun-20	AEP Texas Inc	American Electric Power Co Inc	Baa1	A-	A-	Baa1 / A- / A-	00108WAM2	US00108WAM21	N	600	10	7/1/2030	2.100	150	2.145	99.597

Attachment 2

Schedule of Costs Associated with Issuance & Deferrals and Amortizations

Schedule of Costs Associated with NMPC Issuance (\$)

Underwriters Fees	6,150,000.00
Legal Fees	146,241.93
Auditors' Fees	200,000.00
Trustee & Paying Agent Fees:	
- Set-up fee (one-off)	10,000.00

Deferral and Amortization (\$)

Underwriters Fees	2,400,000.00 Amortized over 10 years
	3,750,000.00 Amortized over 30 years
Legal Fees	57,070.02 Amortized over 10 years
	89,171.91 Amortized over 30 years
Auditors' Fees	78,048.78 Amortized over 10 years
	121,951.22 Amortized over 30 years
Trustee & Paying Agent Fees:	
- Set-up fee (one-off)	3,902.44 Amortized over 10 years
	6,097.56 Amortized over 30 years