



ESB ESOP

INTERNAL MARKET

29 September 2021

INFORMATION & FREQUENTLY ASKED QUESTIONS

INTERNAL MARKET

Information & Frequently Asked Questions

The following information is designed to cover the most frequently asked questions and queries on the operation of the Internal Market. You should, however, be aware that the Trustee cannot provide advice on potential bid and sale prices that participants may be considering nor can it advise a participant on whether or not (subject to the market rules) to take part in this market.

All references to “shares” are to either the shares that have been appropriated to you (APSS shares) or to shares purchased by you in previous Internal Markets.

FOR FORMER EMPLOYEE PARTICIPANTS, YOUR SALE FORM/PORTAL ACCOUNT MAKES CLEAR WHETHER OR NOT YOU ARE A FORCED SELLER IN THIS MARKET.

Market Portal Update

Background

In June 2021 we advised that a dedicated web portal for the online submission of sale instructions to our Market Administrator, PwC, would be available for those participants with email addresses held on the register.

This will greatly simplify the process of offering shares for sale and we encouraged participants to provide us with an active email address.

The market portal is the second step in improving how we communicate and follows the roll out of online access to your share accounts held by our Registrar, Mercer, through Mercer OneView.

Portal Launch

The market portal has been launched and access has been provided to those participants with email addresses held on the register as at 6 August 2021.

Participants with portal access will receive a notification email from ESOP (esop@esb.ie) followed by an email from PwC (no_reply@registration.pwc.com) with a link to activate your portal account and submit your sale instructions. Current employee participants will also be able to download a bid form to buy shares.

NB: You may offer to sell any appropriated or purchased shares held. Notionally allocated shares cannot be offered for sale.

If we did not hold a registered email address for you as at 6 August 2021, you will receive paper forms from PwC.

Please note that it is not possible to switch between paper and portal submissions during the market period.

To ensure access to the market portal next year, please login to your Mercer OneView account to check contact details held and provide an active email address.

From next year, all voluntary sale instructions will be submitted using the market portal. This will not apply to shares at the point of forced sale.

General Market Questions

Q. What is the Internal Market timetable?

A. An Internal Market will be held on 29 September 2021. The closing date for receipt of all Sale Instructions and Bid Forms is 24 September 2021.

Q. What is the Minimum Reserve Price?

A. The Minimum Reserve Price (MRP) is 85% of the mid-point of the Fair Market Value range. Current employee participants can bid to buy shares at or above the MRP. Voluntary sellers can offer to sell shares at or above the MRP. Forced sellers will, as a minimum, receive the MRP for any forced sale shares sold.

For this market, the Minimum Reserve Price is **€0.97** per share.

NB: In this market, bids to buy and offers to sell shares below €0.97 will be rejected.

Q. What is the Fair Market Value range?

A. The Fair Market Value (FMV) range is an independently assessed valuation of the shares which is advised to participants 30 days before each Market Day. When bidding in the market, the Trustee and ESB will offer to buy shares at a bid price within this announced range. For this market, the Fair Market Value range is €1.06 - €1.22 per share.

Q. How will the Internal Market work?

- A.**
1. Shares are offered for sale by participants at prices equal to or above the Minimum Reserve Price.
 2. Current employee participants can offer to buy shares at prices equal to or above the Minimum Reserve Price.
 3. The Trustee and ESB can offer to buy shares at a price within the published Fair Market Value range.

The market price struck depends on both the number of shares available for sale and the bids received and is the weighted average of the successful bid prices.

All successful sellers receive the market price. All successful buyers pay the price they bid.

Q. How will the market price be calculated?

A. The market price will be calculated as the weighted average of the prices bid by successful buyers.

Q. How often will the Internal Market be held?

A. An Internal Market Day will be held once a year.

Q. Who conducts the market?

A. PricewaterhouseCoopers (PwC) has been appointed by the Trustee to administer the Internal Market.

Q. What are my shares worth?

A. The price you receive when you sell your shares will be set by the market at the time you sell and will be the weighted average of the successful bid prices at that Internal Market.

For information, the market prices achieved in the Internal Markets held to date were:

Internal Market Date	Market Price per Share
21 September 2012	€1.00
31 July 2014	€0.91
24 September 2015	€1.20
22 September 2016	€1.15
22 September 2017	€1.17
24 September 2018	€1.09
27 September 2019	€1.01
25 September 2020	€0.95

NB: the 2012 and 2014 Internal Markets were held under the previous rules.

Q. What happens to my shares if I die?

A. Your appropriated/purchased shares will be offered for sale on behalf of your Personal Representative or Executor and will receive priority in the Internal Market.

Q. Can I transfer my shares to another ESOP participant?

A. No. Shares may only be sold and purchased through the Internal Market process.

Q. If the Trustee buys back shares from Participants, what happens to those shares?

A. The Trustee will either notionally allocate those shares to current employee participants with the required qualifying service at the time of allocation or, alternatively, may offer the shares for sale at future Internal Markets.

Q. If ESB buys back shares from Participants, what happens to those shares?

A. The shares will be cancelled. As communicated at the time of the 2015 ballot, it is a condition of ESB's ability to support the market that any shares purchased by ESB will be cancelled.

Q. Where can I find details of my ESOP shares?

A. You can check details of appropriated, purchased and notionally allocated shares held by logging in to your Mercer OneView account (www.merceroneview.ie).

Q. How do I update my contact details?

A. You can check and update your contact details by logging in to your Mercer OneView account (www.merceroneview.ie).

Buying Shares

Q. Who can buy shares?

A. Current employee participants may buy shares in the Internal Market. The Trustee and ESB may also buy shares.

Under the rules of the ESOP, former employee participants are not permitted to buy shares.

Q. Can shares be purchased at the Minimum Reserve Price?

A. Current employee participants may submit a form bidding for shares at the Minimum Reserve Price of €0.97 per share and may be successful.

Q. Can shares be purchased below the Minimum Reserve Price?

A. No. Current employee participants may only bid for shares at bid prices equal to or above the Minimum Reserve Price of €0.97 per share. If you specify a bid price lower than €0.97 your bid form will be rejected.

Q. How do I buy shares in the Internal Market?

A. Complete a Bid Form stating:

- the number of shares you wish to buy
- the price you are willing to pay per share (must be equal to or above MRP of €0.97)
- enclose cheque or bank draft for the total amount payable, made payable to "PwC ESB ESOP"
Please note that the total amount payable includes the total price of the shares plus Stamp Duty at 1% of your total bid rounded up to the nearest euro. A bid calculator is available on the ESOP website (www.esbesop.ie)
- sign and date form (all bid forms must be originally signed and signatures must correspond with the name stated on the form - unsigned forms will be rejected)

and return the completed Bid Form and cheque or bank draft to PwC by 24 September 2021.

NB: You must be a current employee participant to buy shares. If you do not specify both the number of shares you wish to bid for and a bid price, your bid form may be rejected. You must ensure that you have sufficient funds in your bank account for your cheque to clear on initial presentation or your bid form will be rejected.

Q. Is there a limit to the number of shares that I can buy?

A. Current employee participants may offer to buy up to such number of shares as would give them an aggregate holding of up to seven times the maximum share allocation (7 x 15,963 = 111,741 aggregate shares limit).

NB: If you wish to submit bids at different prices you can submit more than one bid form. The highest bid price(s) will be satisfied first up to the aggregate limit.

Q. What price would you suggest inserting on the Bid Form?

A. We cannot advise participants on this but the bid price must be equal to or above the Minimum Reserve Price and highest bid prices are satisfied first for the purposes of the bid matching exercise.

Q. How do I pay for shares I buy?

A. Bank draft or cheque made payable to “PwC ESB ESOP” must be submitted with your bid form. Your cheque must clear when initially presented to the bank for payment or your bid will be rejected.

Q. Do I pay tax if I buy shares?

A. Stamp Duty at 1% is payable on the purchase of shares. Stamp Duty must be rounded up to the nearest euro. A bid calculator is available on the ESOP website (www.esbesop.ie).

Q. Will I receive a dividend on shares that I purchase?

A. Yes. Whenever ESB pays a dividend, you will be entitled to receive that dividend in respect of any shares you have purchased.

Q. If I buy shares, will I be able to offer them for sale at a later date?

A. Yes. You will be able to offer your shares for sale at future markets.

Where ESB buys shares that have been purchased by a participant in the preceding five years, a higher rate of tax may apply to the taxable proceeds in certain circumstances.

Q. If I am successful in buying shares, when will I receive confirmation?

A. The Market Administrator will send you confirmation of any shares purchased within ten working days of the market date.

Selling Shares - General

Q. When will I be able to offer my shares for sale?

A. You may offer to sell shares that have been either appropriated to you or purchased by you in previous markets. Notionally allocated shares cannot be offered for sale.

The Internal Market being held on 29 September 2021 is your next opportunity to put shares forward for sale. Internal Markets will be held annually and there is no opportunity to sell shares between market days.

Q. Do the Internal Market Rules set out a priority for dealing with sale instructions?

A. Yes. The Internal Market Rules set out a priority for dealing with sale instructions as follows:

- Firstly, shares held on behalf of Estates of Deceased Participants
- Secondly, forced sale shares held by former employee participants (Forced Sales)
- Thirdly, all non-forced sale shares and shares (if any) offered for sale by the Trustee (Voluntary Sales)

Q. Will all sellers receive the same price?

A. Yes. All successful sellers - regardless of whether you are a current or former employee or a forced or voluntary seller - will receive the same market price.

Q. How many shares are being offered for sale at this market?

A. That figure will not be known until all sale instructions have been received.

Q. What are the tax implications if I sell my shares in this market?

A. A liability to Capital Gains Tax (CGT) may arise on the sale of your shares. CGT is calculated based on any gain, or increase, made on the sale. The gain is calculated as the difference between the sale proceeds and the locked-in-value of the shares on the date of appropriation or the date of purchase. When calculating CGT, you will be deemed under Revenue rules to be selling the shares you have held the longest. This is known as the First In First Out rule. CGT is a tax that you are required to account for to the Revenue Commissioners in your annual return of income under the self-assessment tax provisions.

The current rate of CGT is 33%. Each individual has an annual CGT allowance (currently €1,270) which can be set against any gains from the disposal of assets, including shares, in that tax year for the purposes of calculating CGT.

Participants may also be eligible for other deductions or loss relief depending on their personal circumstances.

NB: The above is for general information purposes only and applies to Irish residents. If you are not an Irish resident, different rules may apply and you should consult your local tax authority or seek professional advice. If you are in any doubt as to the tax consequences for you, you should seek professional advice.

Q. Will I have a Capital Gains Tax liability if I sell my appropriated shares at the appropriation value or less?

A. If the sale price is below the appropriation value, no CGT would be payable on that transaction.

Q. What are the locked-in-values (appropriation values) of my shares?

A. For shares appropriated to you in 2012, the locked-in-value is €1.05 per share.

For shares appropriated to you in 2016, the locked-in-value is €1.15 per share.

For shares appropriated to you in 2020, the locked-in-value is €1.01 per share.

For shares purchased in the Internal Market, the locked-in-value is the price you paid per share.

Q. If I am successful in selling shares, when will I receive the sale proceeds?

A. The Market Administrator will issue sale proceeds to successful sellers within ten working days of the market date.

Selling Shares – Forced Seller

Q. What is a Forced Seller?

A. A Forced Seller is a participant who is required to sell their appropriated/purchased shares over a period of time because they are either no longer employed by a participating company in the ESB Group or have been adjudged bankrupt.

Q. What will happen to my forced sale shares?

A. Your forced sale shares will automatically go forward for sale. No action is required.

Q. As a Forced Seller, do I have to sell all my shares at this market?

A. No. You are only required to sell the portion of your appropriated/purchased shares at the point of forced sale.

Your sale form/portal account will make clear whether or not you are a Forced Seller in this market and, if so, how many shares are subject to forced sale.

Q. As a Forced Seller, what priority do I have in the market?

A. The Internal Market Rules set out a priority for dealing with sale instructions. Shares held on behalf of Estates of Deceased Participants are dealt with first, followed by forced sale shares held by former employee participants (Forced Sales).

Q. What price will I receive for forced sale shares?

A. Forced sellers will receive the market price - which will be at least the Minimum Reserve Price - for any forced sale shares sold.

Q. Can I be both a Forced Seller and a Voluntary Seller?

A. Yes. You may be at the point where you have to sell some of your appropriated/purchased shares (Forced Sale) but you also have the option of offering the remainder of your appropriated/purchased shares for sale if you so wish (Voluntary Sale).

Q. As a Forced Seller, if I also offer shares for voluntary sale will they be sold?

A. The Internal Market Rules set out a priority for dealing with sale instructions. If any bid money remains after the Estates of Deceased Participants and Forced Sales have been dealt with, then Voluntary Sales will be considered next and you may be successful in selling part or all of your shares offered for voluntary sale.

Q. Why do I have to sell my shares as a Forced Seller?

A. It has always been a feature of the ESOP that all participants who are no longer employed by a participating company in the ESB Group become Forced Sellers and are required to sell their shares over a period of time.

Q. As a Forced Seller, how long do I have to sell my appropriated shares?

A. Forced Sellers, other than those who have been adjudged bankrupt, have six years from the later of either the date of appropriation or the date of leaving to sell their appropriated shares.

At markets held in years 1-3 you are not required to sell your shares but you may choose to put your shares forward for sale and specify a minimum price. At markets held in each of years 4-6 you will be required to offer for sale one-third of your remaining appropriated shares.

Q. As a Forced Seller, how long do I have to sell any shares I purchased in previous markets?

A. Forced Sellers, other than those who have been adjudged bankrupt, have six years from the date of leaving to sell their purchased shares.

At markets held in years 1-3 you are not required to sell your shares but you may choose to put your shares forward for sale and specify a minimum price. At markets held in each of years 4-6 you will be required to offer for sale one-third of your remaining purchased shares.

Q. What do I have to do in order to offer my remaining shares for voluntary sale?

A. Sale instructions can be submitted in one of two ways:

(1) If you have access to the market portal you should login to submit your sale instructions.

Sale instructions must be submitted by 5.00pm on 24 September 2021.

or

(2) Complete a Sale Form stating:

- the number of shares you wish to offer for voluntary sale
- the minimum price you will accept per share (this must be equal to or above the MRP of €0.97)
- sign and date (all sale forms must be originally signed and signatures must correspond with the name stated on the form - unsigned forms will be rejected)

and return the completed Sale Form to PwC by 24 September 2021.

NB: If you do not specify both the number of shares you wish to offer for sale and a minimum price, your sale form will be rejected. If you wish to offer shares for sale at different minimum prices, additional Sale Forms should be completed. Photocopied forms will not be accepted. The aggregate number of shares offered for sale cannot exceed the total number of appropriated/purchased shares held by you.

Selling Shares – Voluntary Seller

Q. What is a Voluntary Seller?

A. A voluntary seller is:

- A current employee participant offering appropriated/purchased shares for sale
- A former employee participant offering to sell appropriated/purchased shares not yet at the point of forced sale

Q. Can I be both a Voluntary Seller and a Forced Seller?

A. Yes. You may be at the point where you have to sell some of your appropriated/purchased shares (forced sale) but you also have the option of offering the remainder of your shares for voluntary sale.

Q. What do I have to do to offer shares for sale?

A. Sale instructions can be submitted in one of two ways:

(1) If you have access to the market portal you should login to submit your sale instructions.

Sale instructions must be submitted by 5.00pm on 24 September 2021.

or

(2) Complete a Sale Form stating:

- the number of shares you wish to offer for voluntary sale
- the minimum price you will accept per share (this must be equal to or above the MRP of €0.97)
- sign and date (all sale forms must be originally signed and signatures must correspond with the name stated on the form - unsigned forms will be rejected)

and return the completed Sale Form to PwC by 24 September 2021.

NB: If you do not specify both the number of shares you wish to offer for sale and a minimum price, your sale form will be rejected. If you wish to offer shares for sale at different minimum prices, additional Sale Forms should be completed. Photocopied forms will not be accepted. The aggregate number of shares offered for sale cannot exceed the total number of appropriated/purchased shares held by you.

- Q. Can I specify a minimum price lower than the Minimum Reserve Price of €0.97 per share?**
- A. No. If you specify a price lower than the Minimum Reserve Price, your sale form will be rejected.
- Q. What happens if I specify a minimum price but do not state the number of shares I am offering for voluntary sale?**
- A. If you do not specify both a minimum price and the number of shares you wish to offer for sale, your sale form will be rejected.
- Q. What happens if I specify the number of shares I am offering for voluntary sale but do not state the minimum price?**
- A. If you do not specify both a minimum price and the number of shares you wish to offer for sale, your sale form will be rejected.
- Q. What happens if I specify a number of shares for sale greater than the number of my appropriated/purchased shares?**
- A. If you specify a number of shares for sale greater than the number of appropriated/purchased shares held, all appropriated/purchased shares held by you will be offered for sale.
- Q. If I want to sell, do I have to offer all my shares for sale?**
- A. No. You can offer to sell any number of shares up to the total number of appropriated/purchased shares held by you.
- Q. What minimum price would you suggest inserting on the Sale Form?**
- A. We cannot advise participants on this but it must be equal to or above the Minimum Reserve Price of €0.97 per share.
- Q. If I specify a minimum price that is less than the market price, will I receive the market price?**
- A. All successful sellers receive the market price.
- Q. If I specify a minimum price that is greater than the market price, what will happen to my shares?**
- A. Your shares will not be sold and will continue to be held for you and can be offered for sale at future Internal Markets.
- Q. As a Voluntary Seller, will my appropriated/purchased shares be sold if I offer them for sale in this market?**
- A. The Internal Market Rules set out a priority for dealing with sale instructions. If any bid money remains after the Estates of Deceased Participants and Forced Sales have been dealt with, then Voluntary Sales will be considered next and you may be successful in selling part or all of any shares offered for sale.

Contact Details

Q. How do I contact the Market Administrator?

A. You can contact PwC in any of the following ways:

Telephone: (01) 792 5551

E-mail: ie_esb_esop@pwc.com

Post: Registration Department
PricewaterhouseCoopers
One Spencer Dock
North Wall Quay
Dublin 1
D01 X9R7

Results of Previous Internal Markets

For ease of reference, the previously circulated results of Internal Markets to date are set out below.

The Trustee received the following information from the Market Administrator, PwC:

	21/09/2012	31/07/2014	24/09/2015	22/09/2016	22/09/2017	24/09/2018	27/09/2019	25/09/2020
Number of shares offered for sale	14,943,433	16,816,676	13,733,241	10,303,818	22,028,510	18,893,715	16,835,809	16,571,793
Number of shares bid for	5,287,314	5,966,663	6,691,116	6,292,539	6,998,441	5,441,172	5,120,137	9,395,392
Number of shares sold	4,319,998	5,611,348	6,691,116	6,292,539	6,998,441	5,441,172	5,120,137	9,395,392
Highest bid	€2.53	€2.00	€1.27	€1.26	€1.20	€1.20	€1.20	€1.01
Lowest bid	€0.01	€0.01	€1.03	€0.99	€1.00	€0.94	€0.88	€0.82
Weighted average successful bid price	€1.00	€0.91	€1.20	€1.15	€1.17	€1.09	€1.01	€0.95

In 2012, the ESOP Trustee bid for 3,642,817 shares at €1.06 per share and was successful.

In 2014, the ESOP Trustee bid for 3,500,000 shares at €1.27 per share and was successful.

In 2015, the ESOP Trustee bid for 6,310,277 shares at €1.21 per share and was successful.

In 2016, the ESOP Trustee bid for 5,975,000 shares at €1.16 per share and was successful.

In 2017, the ESOP Trustee bid for 2,000,000 shares and ESB Group bid for 4,700,000 at €1.18 per share and were successful.

In 2018, the ESOP Trustee bid for 860,000 shares and ESB Group bid for 4,400,000 at €1.10 per share and were successful.

In 2019, the ESOP Trustee bid for 250,000 shares and ESB Group bid for 4,400,000 at €1.03 per share and were successful.

In 2020, the ESOP Trustee bid for 275,000 shares and ESB Group bid for 8,700,000 at €0.96 per share and were successful.

***The Internal Markets held in 2012 and 2014 were conducted under the previous Market Rules.
Every Internal Market will have a different outcome.***

Please note that past performance is not an indicator of future performance.

The above is for reference purposes only.