



ESB ESOP Trustee Ltd.  
43 Merrion Square  
Dublin 2  
Telephone: 01 702 6242  
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25 August 2009

Dear ESOP Participant

As you are aware, the Trustee has appointed professional advisers to value the 5% ESOP stockholding (shares) in ESB and agree that valuation with the Revenue Commissioners. This is required by law before we can begin appropriating (or passing out) shares to you. Following appropriation we are required to run the 1st internal (or grey) market in those shares. The valuation process is now at an advanced stage, however, external developments in the last few weeks have required us to reconsider the appropriateness of a valuation and appropriation process at this time.

The Minister for Communications, Energy and Natural Resources has begun a review process that may result in the transfer of ESB's transmission assets to EirGrid. Such a transfer would have significant implications for ESB and, in turn, the value of the ESOP shareholding. The Trustee is recognised as a stakeholder in the review process and continues to vigorously defend the interests of ESOP participants.

The Trustee's obligation to act in the best interests of participants includes seeking to protect the value of the 5% ESOP shareholding - which could be very significantly reduced by the removal of the transmission assets. Given the potential impact of the transmission review on the value of ESB, the ESOP shareholding and the potential value of your own shares and the uncertainties this causes, the Trustee sought legal and financial advice.

Having received this advice, the Trustee Board, which met on Monday 20 July, unanimously believes that moving forward with appropriating shares and arranging an internal market in the shares is not in the best interests of participants at this time. Accordingly, the Trustee Board has decided to ballot participants, seeking a mandate to postpone for up to one year any appropriations of shares. If the transmission asset issue is resolved, we will revert to the valuation and the other steps required to begin appropriating shares to you. The ballot question is worded so that it gives us a mandate to seek a change in the Trust Deed. This is because a change requires the approval of participants, ESB, the Group of Unions, the Revenue Commissioners and the Departments of Finance and Communications, Energy and Natural Resources.

Your ballot paper is now enclosed to allow you to indicate whether or not you authorise the Trustee to look to postpone the appropriation of shares.

You should indicate your choice by placing a mark in one of the boxes on the ballot paper. Please do not sign or make any other mark on the ballot paper otherwise your vote may not be counted.

We would ask you to now complete and return the enclosed ballot paper to us, using the enclosed reply paid envelope, as soon as possible and by no later than 5.00pm on 15 September 2009.

The Trustee believes that this course of action is, in the present circumstances, in the best interests of participants and would urge you to vote for the proposal. The ESB Group of Unions also support our proposal.

**All ballot papers should be returned no later than 5.00pm on 15 September 2009**

Yours faithfully

A handwritten signature in dark ink, appearing to read 'David Beattie', written over a light-colored background.

David Beattie  
Chairman