

**ESB Annual General Meeting – Tuesday 29 April 2014**

***Statement by ESB ESOP Trustee Limited on behalf of the 10,800 participants in the ESB  
Employee Share Ownership Plan (ESOP)***

Chairman, thank you for inviting me to address the meeting on behalf of the ESOP, representing the 10,800 participants who are both current and former staff.

In doing so, I would like to congratulate Jim Dollard on his appointment as Executive Director Business Service Centre and Electric Ireland in July of last year.

I would also echo your remarks, Chairman, in relation to the outstanding work undertaken by the ESB's staff during the past year, in particular the networks technicians and all supporting staff in responding to the winter storms, especially Storm Darwin. This was no more than we have all come to expect from the staff, but is nonetheless remarkable. One might say that given the name of the biggest of the storms - Darwin, the response was especially appropriate. This level of service and response is truly in our staffs' genes.

The ESOP welcomes the successful delivery of the cost reduction programme, the ESB Telecoms fibre roll-out project with Vodafone and the ambitious plans for the redevelopment of the Head Office site.

Turning to the results, the Trustee wishes to congratulate the Board, management and staff on an extremely strong performance in 2013 with the increase in operating profit that has been reported. Those results have of course been influenced by the disposal of the interest in Marchwood Power and the resultant reduction in net debt. While the outcome is clearly very positive even when ignoring the impact of the disposal, I would reiterate that this shareholder is not in favour of asset disposals designed purely to satisfy demands from the majority Government shareholders for short-term income. In fact we are disappointed by it. We recognise that majority control means what it says on the tin but strongly believe that ESB is a standard bearer for Ireland Inc – one of relatively few home-grown standard bearers of scale. We are disappointed by the lack of imagination, vim and assertiveness on behalf of the nation that has yet again seen short-term thinking and, in our view, the easy option taken. This company could, no should, be encouraged to grow internationally in order to

reduce its dependence on the domestic market, instead of increasing it. How is it to compete and act as a strategic bulwark in the provision of security of supply and commitment to the home market when in competition with international players, when its ability to compete against them in their home markets is constantly being curtailed by its controlling shareholder?

That having been said, we are however pleased that some equilibrium has been reached in relation to dividend policy, majority shareholder expectations in that regard and timing.

Turning briefly to the ESOP's own business, we continue to engage with the Company and the Group of Unions in relation to the structurally illiquid grey market for company stock. There seems to be an increased understanding of the issues and of the type of steps required in order to produce an outcome that has the potential to deliver some semblance of fairness to our participants – who have waited 18 years since the CCR Agreement of 1996 to see value. The position of our beneficiaries compares most unfavourably with those in some other current and former semi-state companies, most recently BGE and, in our view, it is up to the original sponsors of the ESOP to address this matter. We welcome the engagement of ESB and the Group of Unions but are frustrated by the lack of urgency and slow rate of progress. As we have said at this forum and other places before, the Trustee is absolutely resolute in its determination to seek a solution to this issue as a matter of urgency.

Finally, I would remind the meeting that as the Trustee votes certain stock at its own discretion and represents participants who have the right to decide how to vote their ESB stock, I will be voting in accordance with those directions as well as on behalf of the Trustee. This will result in a mix of abstentions and votes both for and against the motions and resolutions put to the meeting.

Thank you.

David Beattie  
ESOP Chairman  
29 April 2014