



ESB ESOP Trustee Ltd.  
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9 August 2013

Dear Participant

The Trustee Board felt it important to update you on three significant matters.

### **Internal Market**

Given the issues identified following the first Internal Market in respect of market liquidity, the Board of ESB ESOP Trustee has decided not to hold an Internal Market in September. We are currently in discussions with key stakeholders in respect of those issues, including ESB and its advisors. Accordingly, the Board does not believe it to be in the best interests of participants to proceed with a market at this time. We will keep you advised of any progress made.

### **Cash Distribution on Notionally Allocated (ESOT) Shares**

The Trustee has discretion as to how it uses the dividend on the shares that are in the ESOT. Having paid those expenses of the Scheme not covered by ESB, it essentially has a choice of spending the money in the Internal Market or distributing it to participants pro rata to your notional allocation. However, it must do this by 30<sup>th</sup> September in each year or else pay income tax on the dividend. As there will be no market in September, the Trustee will be making a cash distribution to each participant who has a notional allocation of shares. The figures are currently being finalised and the payment, net of Dividend Withholding Tax, will be made in September.

### **Dividend Payment on Appropriated (APSS) Shares**

As you may be aware, payment of a dividend for 2012 was approved at the recent ESB Annual General Meeting. However, a potential legal challenge to this payment is outstanding and our legal advice is that we are unable to pass on the dividend on your appropriated shares to you until these matters have been clarified. The net dividend payment held for a participant with the maximum (6,043) appropriated shares is in the region of €190.00. If you bought shares in last year's market, the dividend on those is also affected by these matters. We are monitoring the position and will let you have your money as soon as we are allowed to do so.

We will keep you updated on all of these matters as they progress.

Yours sincerely

A handwritten signature in black ink that reads 'David Beattie'. The signature is written in a cursive, flowing style.

David Beattie  
Chairman