



ESB ESOP Trustee Ltd.
43 Merrion Square
Dublin 2
Telephone: 01 702 7970
Email: esop@esb.ie

15 August 2011

Dear ESOP Participant

I would like to take this opportunity to briefly update you on ESOP developments.

Appropriation and Internal Market

The Trustee has been working towards the appropriation of shares and running the 1st internal market and is pleased to advise that it hopes, shortly, to pass out, or appropriate, up to 50% of the ESB capital stock (shares) notionally allocated to you.

As you will recall, uncertainty regarding the future ownership of the transmission assets and how they might be taken from ESB had effectively prevented us from passing out the shares. We actively participated in the Government's review of the transmission assets and strongly argued for the retention of those assets. The Trustee was therefore very pleased to welcome the announcement by the Minister for Communications, Energy and Natural Resources on 27 July 2011 that the transmission assets would remain with ESB.

There are, however, a number of significant steps still to be completed before we can appropriate - especially agreeing an initial value of the shares with the Revenue Commissioners and resolving the issue of the Universal Social Charge and its impact on the appropriation of the shares. In the event that all the necessary issues are satisfactorily addressed, we are aiming to appropriate shares in late September and to operate the 1st internal market on 30 September 2011.

A detailed timetable of events, together with further information on both appropriation and the operation of the internal market will be issued to you shortly, together with an update on timing and progress.

Contact Details

As you will see from the above, it is very important that you keep us advised of your correct contact details. If you are in any doubt as to the address we hold for you or if you have recently changed address, please e-mail or write to the ESOP Office, confirming your correct address, name and staff number. Change of address forms can also be downloaded from our website (www.esbesop.ie).

If you are aware of any participants who may not have received this correspondence, we would ask that you encourage them to contact the ESOP Office to confirm their contact details.

The ESOP Office can be contacted in any of the following ways:

Telephone: (01) 702 7970
E-mail: esop@esb.ie
Post: ESB ESOP Office, 43 Merrion Square, Dublin 2

We look forward to providing more detailed information to you in the coming weeks.

Yours faithfully

A handwritten signature in black ink, appearing to read 'D Beattie'.

David Beattie
Chairman