



ESB ESOP

INTERNAL MARKET

23 September 2022

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 those former employee participants with leaving dates up to and including 25 September 2017, all remaining shares will go forward for automatic forced sale and there is no need to take any action on this.

Market Portal

A dedicated market portal was introduced in 2021 for the online submission of sale instructions to our Market Administrator, PwC. This has greatly simplified the process of offering shares for sale.

As previously advised, the market portal is now the only way to offer shares for voluntary sale.

Portal access is available to those participants with valid email addresses held on the register as at 31 July 2022.

Participants with portal access will receive a notification email from PwC (ie_esb_esop@pwc.com) with a link to activate your portal account. You will then be able to submit any sale instructions. Current employee participants will also be able to download a bid form to buy shares.

You may offer to sell any appropriated or purchased shares held and your portal account will show your available shares.

All voluntary sale instructions have to be submitted using the market portal. This does not apply to shares at the point of forced sale.

If we did not hold a registered email address for you as at 31 July 2022, you will not be able to offer shares for voluntary sale in this market.

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

The market portal operates only during the market period and is separate from your Mercer OneView account

General Market Questions

Q. What is the Internal Market timetable?

A. An Internal Market will be held on 23 September 2022. The closing date for submission of all Sale Instructions and receipt of Bid Forms is 16 September 2022.

The results of the market will be available on Friday 30 September 2022.

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 €1.30 per share.

In this market, bids to buy and offers to sell shares below €1.30 will be rejected.

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.
 4. 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.
 5. 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. Can I transfer my shares to another ESOP participant?

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

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
29 September 2021	€1.12

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

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 €1.42 - €1.63 per share.

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 all 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 (€1.30 per share in this market) 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. If you specify a bid price lower than €1.30 in this market your bid form will be rejected.

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

A. Download a Bid Form from the Market Portal and complete with:

- 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 €1.30)
- 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 appearing in the register - unsigned forms will be rejected)
- return the completed Bid Form and cheque or bank draft to PwC by Friday 16 September 2022.

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. Your cheque must clear on initial presentation to the bank 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). You can check your share balance by logging in to your Mercer OneView account (www.merceroneview.ie).

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. Cheque or bank draft 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. The Internal Market on 23 September 2022 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.

Shares that have been either appropriated to you or purchased by you in previous markets may be offered for sale through the market portal.

Q. If I give you my email address now, will I be able to use the market portal?

A. No. As previously advised, if we did not hold a registered email address for you as at 31 July 2022, you will not have access to the market portal and will be unable to offer shares for voluntary sale this year.

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.

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. 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 appropriated to you in 2022, the locked-in-value is €1.12 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 and 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 and purchased shares at the point of forced sale.

Your market 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.

If you left ESB on or before 25 September 2017, all of your remaining shares will automatically do forward for sale in this year's market and there is no need to take any action on this.

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 and purchased shares (Forced Sale) but you also have the option of offering the remainder of your appropriated and 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. To offer shares for sale you should login to the market portal and input:

- the number of shares you wish to offer for voluntary sale
- the minimum price you will accept per share (must be equal to or above the MRP of €1.30)
- submit your instruction by 5.00pm on Friday 16 September 2022.

Selling Shares – Voluntary Seller

Q. What is a Voluntary Seller?

A. A voluntary seller is:

- A current employee participant offering appropriated and purchased shares for sale
- A former employee participant offering to sell appropriated and 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 and 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. To offer shares for sale you should login to the market portal and input:

- the number of shares you wish to offer for voluntary sale
- the minimum price you will accept per share (must be equal to or above the MRP of €1.30)
- submit your instruction by 5.00pm on Friday 16 September 2022.

Q. Can I specify a minimum price lower than the Minimum Reserve Price of €1.30 per share?

A. No. The portal will not allow you to input a minimum price lower than the MRP.

Q. What happens if I specify a minimum price but do not state the number of shares I am offering for voluntary sale?

A. You will be unable to submit a sale instruction if you do not enter both a minimum price and the number of shares you wish to offer for sale.

Q. What happens if I specify the number of shares I am offering for voluntary sale but do not state the minimum price?

A. You will be unable to submit a sale instruction if you do not enter both a minimum price and the number of shares you wish to offer for sale.

Q. What happens if I specify a number of shares for sale greater than the number of my appropriated/purchased shares?

A. The portal will not allow you to input a number of shares greater than the number available to you.

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 and purchased shares held by you.

Q. What minimum price would you suggest?

A. We cannot advise participants on this. In this market, your minimum price must be equal to or above the Minimum Reserve Price of €1.30 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 and 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

The previously circulated results of Internal Markets since 2015 are set out below.

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

	24/09/2015	22/09/2016	22/09/2017	24/09/2018	27/09/2019	25/09/2020	29/09/2021
Number of shares offered for sale	13,733,241	10,303,818	22,028,510	18,893,715	16,835,809	16,571,793	14,219,623
Number of shares bid for	6,691,116	6,292,539	6,998,441	5,441,172	5,120,137	9,395,392	9,334,194
Number of shares sold	6,691,116	6,292,539	6,998,441	5,441,172	5,120,137	9,395,392	9,334,194
Highest bid	€1.27	€1.26	€1.20	€1.20	€1.20	€1.01	€4.77
Lowest bid	€1.03	€0.99	€1.00	€0.94	€0.88	€0.82	€0.97
Weighted average successful bid price	€1.20	€1.15	€1.17	€1.09	€1.01	€0.95	€1.12

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.

In 2021, the ESOP Trustee bid for 435,000 shares and ESB Group bid for 8,300,000 at €1.14 per share and were successful.

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.