

ESB Annual General Meeting – Wednesday 25 May 2016

Statement by ESB ESOP Trustee Limited on behalf of the 10,750 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 10,750 participants who are both current and former staff.

In doing so, I would like to congratulate you on your formal appointment as Chairman in July 2015 and to welcome Andrew Hastings (also appointed in July 2015) to the Board. Following his recent retirement, I would also like to thank Seamus Mallon for his contribution over the last 10 years.

At Executive level, we note the announcement of Donal Flynn's departure from ESB. On behalf of the Trustee, I want to record our thanks for the recognition and accessibility he showed to the ESOP. We wish him well in his future endeavours. I also want to congratulate Pat Fenlon on his designation as Donal's successor.

Turning to the performance of the ESB Group, the Trustee wishes to congratulate the Board, management and staff on a very solid performance in 2015.

In particular, we note the increased profitability driven by improved availability of generation plant.

We also understand that the ESB Group is operating - both at home and abroad - in a very challenging environment. Addressing those challenges – not least climate change; the demand for green energy from customers such as Apple (projecting a demand for 300MW – all renewable); and the structural changes that will have to flow from smart metering and similar new technologies if we are to maximize opportunities from these developments - will continue to require sound strategic analysis, major investment backed by a strong balance sheet and the pursuit of new business opportunities.

Turning briefly to the ESOP's own business, I am pleased to report that in the period since last year's meeting, a package of measures to address the liquidity issues that had frustrated the internal or grey market for ESB stock was put in place and the first market under the new regime was held successfully in September 2015. We are currently preparing for this year's market.

I would like to take this opportunity to thank and acknowledge the contribution of all parties involved in achieving this result. Namely, the former Minister for Communications, Energy and Natural Resources, Mr Alex White; the former Minister for Public Expenditure and Reform, Mr Brendan Howlin, TD; their respective officials as advised by NewERA; the Revenue Commissioners; the Group of Unions; and, in particular, the Chief Executive and ESB team who worked closely with us on this complex matter. Our thanks to all.

Finally, I would remind the meeting that as the ESOP Trustee votes certain stock at its own discretion and also represents at the meeting 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 at the direction of the Trustee Board. This, as has happened before, will result in a mix of abstentions and votes both for and against the motion and resolutions put to the meeting.

Thank you.

David Beattie
ESOP Chairman
25 May 2016