

ESB ESOP Trustee Limited

Notice to Participants

Transfer of Transmission Assets Process

On 13 March 2008, following his meeting with representatives of ESB ESOP, the Minister for Communications, Energy and Natural Resources announced an “independent analysis (including costs, benefits, regulatory impact assessment, etc) of the transmission issue in the context of EU developments and the very recent all island single electricity market. Input to this study will be sought from the direct key stakeholders: ESB and the EirGrid managements, ESB and EirGrid unions, ESB ESOP, CER and the Department of Finance. The Terms of Reference for this analysis will be drafted in such a way that guarantees that all views will be taken into account in a fully transparent way.”

The Minister has now announced the appointment of an independent chairperson to conduct the review. However, his terms of reference have not been published. The ESOP has written to the Minister expressing its disappointment not to have been consulted on the appointment of the Chairman of the process and have sought clarification of his terms of reference. It has also expressed its concerns over the apparent pre-determined nature of the process (i.e. a transfer of the assets from ESB to EirGrid) and has looked to ensure that all options are open to consideration in the proposed review.

Representatives of the ESOP attended the preliminary meeting of the review process on Friday 17 July 2009 – from which the Group of Unions withdrew - but did not receive the necessary clarifications it had sought.

The Board of the ESOP Trustee met on Monday 20 July 2009 and decided that it would continue to seek clarification of the terms of reference and a fully transparent process looking at all options available under EU law and policy. The Trustee Board is obliged to protect the value of the 5% shareholding - which would be very significantly reduced without the transmission assets. Given the potential impact of the transmission review on the value of ESB and, in turn, the ESOP shareholding, and the uncertainties this causes, the Trustee Board believes that moving forward with appropriating or passing out of shares and arranging an internal (grey) market in the shares is not in the best interests of ESOP participants at this time. Accordingly, the Trustee Board has decided to ballot participants, seeking a mandate to postpone for up to one year any appropriations of shares. Full details of the ballot will issue in due course.

ESOP Trustee
22 July 2009