Alex White TD, Ebilou,

Minister for Communications Energy and Natural Resources, Loughlinstown,

Leinster House, Celbridge,

Kildare Street, Co. Kildare

Dublin 2

8th September 2015

Your ref: SW-2015214

Dear Minister White,

Thank you for your response to my letter dated 13th July 2015 with regard to the ESB Employee Share Ownership Plan (ESOP).

ESBRSA accept your contention that you do not have a function in the workings of the ESOP Internal Market. That is a matter for the ESOP Trustees. However, as Minister for Communications Energy and Natural Resources and holder of 10 % of ESB Capital Stock you did have a function in approving the joint proposals submitted from both ESB & ESB Group of Unions as joint sponsors of ESOP. As stated in my letter of 13th July, the main problem with the operation of the Internal Markets has been the lack of liquidity and thus the ability to offer fair value to participants for their shares.

ESB sought approval from both your department and the Minister for Public Expenditure and Reform, as owner of 85% of ESB Capital Stock, to participate in the Internal Market in conjunction with the ESOP Trustee in order to provide much needed liquidity. ESB Retired Staff Association (ESBRSA) have been very reliably informed that both your Department and the Department of Public Expenditure and Reform placed severe restrictions on ESB’s participation in the Market and placed an upper limit of €25 million on the funds to be provided by the Company and insisted that the Company’s participation was conditional that all shares purchased by ESB would be cancelled and returned to ESB and consequently Government ownership.

The former ESB Chairman, Lochlann Quinn, advocated a share valuation based on the Net Asset Value of ESB as the fairest and most transparent method, a method of valuation also favoured by our Association. Under that method the share value would be €1.86 per share based on the 2014 ESB Annual Accounts. ESBRSA are also very reliably informed that the former ESB Chairman’s proposal was rejected by both Government Departments on grounds of cost. It would have required an injection of approx. €50 million by the Company to achieve that valuation per share.

The Market will now operate under the proposed changes which are somewhat of an improvement on previous Market rules but do not go far enough to allay the concerns of retired staff. Due to Government imposed restrictions the “Fair Market Valuation” has fallen very much short of expectations. Retired staff however, are still very much disadvantaged in that they are still forced to sell their shares in a market that will not offer them “Fair Value” for their shares and any shares purchased by the ESOP Trustee using dividend monies from participants’ unappropriated shares will be redistributed to **serving staff only.**

This lack of fairness to retired staff is mainly due to the restrictions that you, and your colleague, Minister Howlin have placed on ESB in the amount of funds they can utilise in buying shares in the market. You are both members of the Labour Party, a party which, supposedly, champions the rights of workers and you have denied ESBRSA members a fair deal under these new proposals. Your letter of 31st August 2015 was patronising, to say the least, and attempted to deny the reality that you and your colleague, Minister Howlin are directly responsible for the situation that now exists with regard to the Internal Market.

ESBRSA would welcome a meeting with both you and Minister Howlin in order to provide all parties with an opportunity to put forward their respective views on these matters.

Yours sincerely,

Michael MacNamara,

Hon Secretary National Executive,

ESB Retired Staff Association

Copy to Brendan Howlin TD, Minister for Public Expenditure and Reform