

Company name **ESB Finance Limited**
ISIN Numbers **XS0492262844, XS0827573766, XS0856023493 and XS0992646918**

Investor Update - Sale of Non-Strategic Generation Capacity

In October 2012 the Irish Government requested the Electricity Supply Board (ESB) to develop proposals for the sale of some non-strategic generation capacity, with the specific objective of delivering special dividends to the Government of €400m by the end of 2014.

In February 2013, ESB commenced a process to sell its 50% shareholdings in two international tolling plants, Marchwood Power Limited (UK) and Bizkaia Energia SL (Spain). The sales of these shareholdings were completed in December 2013 and May 2014 respectively, and special dividends totalling €197m were paid to the Government out of the sale proceeds in H1 2014.

In October 2013 ESB announced its intention to sell two peat-fired generation facilities to fund further special dividends under this programme. Since this announcement, detailed analyses have been carried out which indicate that maximising the value of these assets and protecting the financial strength of ESB can be done most effectively by retaining them in ESB's ownership, and by paying the remaining amount of the €400m special dividend target to Government from existing ESB facilities.

It is now ESB's intention that this course of action will be followed i.e. that the peat assets will be retained and the cashflows resulting from their retention will assist the company in meeting the additional funding costs associated with payment of the dividend.

At ESB's Board Meeting today (28th July 2014) the Board will be requested to approve the remaining special dividend for payment to ESB's shareholders. This payment will complete ESB's commitment to the special dividend request, and no further transactions under this programme are envisaged.

The Government has reiterated its commitment to ESB's minimum target credit rating of BBB+, and to the revised dividend policy approved by the Board of ESB in October 2013.

ESB

28th July 2014

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