

## ESB Investor Update Brief – 29 July 2011

ESB published its Annual Results for 2010 in June 2011 and briefed investors on those results in a Conference Call on 24<sup>th</sup> June. The Annual Report is available on the ESB website at:

<http://www.esb.ie/main/about-esb/annual-report-2010.jsp>

ESB now wishes to update investors on three events which have occurred since June.

### 1. Ratings Action:

On 14<sup>th</sup> July last, Moodys downgraded ESB from Baa1 to Baa3, with the rating remaining on review for possible downgrade. This rating action was triggered by Moodys downgrade of the Irish sovereign rating from Baa3 to Ba1 on July 12<sup>th</sup>. Moodys commented that; *“Despite ESB’s currently solid standalone financial position, its ratings are constrained by that of Ireland due to the company’s inability to disconnect itself from local economic and market circumstances”*.

Notwithstanding the recent Moody’s downgrade:

- ESB retains strong investment grade ratings (BBB+) from both S&P and Fitch.
- ESB raised a £400m Bond in June 2011 issued through its NIE subsidiary.
- ESB’s liquidity position remains very robust with a liquidity cushion of €1billion currently available in cash and committed facilities, and strong cash generated from the business (normalised EBITDA of c. €1bn p.a. 2008-10).
- ESB retains significant flexibility in relation to the scale and pace of delivery of capital expenditure plans. Capital investment plans will continue to be reviewed and re-prioritised to reflect changing business circumstances.

### 2. Funding

On 22nd July, the European Investment Bank (EIB) announced the appraisal of a EUR 200m loan for ESB's electricity network. The loan for network enhancement is to enable increased wind farm connections, a more sustainable network, the further development of smart metering and the roll out of nationwide electric vehicle infrastructure. ESB and EIB continue their long established partnership of investment to deliver Ireland and Europe's energy requirements.

See further details at <http://www.eib.org/projects/pipeline/2011/20110213.htm>

### 3. Transmission Assets

On 27th July, the Irish Minister for Communications, Energy and Natural Resources, Mr Pat Rabbitte TD, announced that in the context of the EU Third Energy Package the Government has decided that the ownership of the electricity transmission assets is to remain with ESB while the operation and development of the transmission system will continue to be the responsibility of EirGrid. The Government decision follows a process of consideration over the past eighteen months, including a report carried out by Frontier Economics Limited, under the independent chairmanship of Mr Fergus Cahill.

Further information is available at: [www.dcenr.gov.ie](http://www.dcenr.gov.ie)

ESB will continue to monitor both the public bond and private placement markets in order to be in a position to come to the market when a window of opportunity arises.

ESB is happy to discuss any of these issues with investors on a one to one basis. Please contact one of the following for further information;

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