

DRAWDOWN PROSPECTUS

Dated 10 September 2012



ESB FINANCE LIMITED

(a private company incorporated with limited liability in Ireland with registration number 480184)

ESB Finance Limited issue of €600,000,000 6.25 per cent. Notes due 11 September 2017

unconditionally and irrevocably guaranteed by

Electricity Supply Board

under the

€3,000,000,000

Euro Medium Term Note Programme

Series No: 2

Tranche No: 1

ESB Finance Limited (the “**Issuer**”) is an issuer under the €3,000,000,000 Euro Medium Term Note Programme of Electricity Supply Board (“**ESB**”) and the Issuer (the “**Programme**”). This drawdown prospectus (this “**Drawdown Prospectus**”) contains information relating to the issue by the Issuer of its €600,000,000 6.25 per cent. Notes due 11 September 2017 (the “**Notes**”) under the Programme. The payments of all amounts due in respect of the Notes are unconditionally and irrevocably guaranteed by ESB.

This Drawdown Prospectus constitutes a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC, as amended (the “**Prospectus Directive**”), as implemented in Ireland by the Prospectus (Directive 2003/71/EC) Regulations 2005, as amended.

This Drawdown Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see “Documents Incorporated by Reference” below). This Drawdown Prospectus should be read and construed on the basis that such documents are incorporated in and form part of this Drawdown Prospectus.

Capitalised terms used herein without definition have the meanings given to them in the Base Prospectus (as defined in the section below entitled “*Documents Incorporated by Reference*”).

An investment in the Notes involves certain risks. Prospective investors should have regard to the factors referred to under the section headed “Risk Factors” in this Drawdown Prospectus.

This Drawdown Prospectus has been approved by the Central Bank of Ireland (the “**Central Bank**”), as competent authority under the Prospectus Directive. The Central Bank only approves this Drawdown Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange Limited (the “**Irish Stock Exchange**”) for the Notes to be admitted to the official list (the “**Official List**”) and trading on its regulated market. However, there can be no assurance that such listing or admission to trading will be granted.

Joint Lead Managers

Banco Bilbao Vizcaya Argentaria, S.A.

Danske Bank

Deutsche Bank

The Royal Bank of Scotland

Société Générale Corporate & Investment Banking

The Notes are expected to be rated BBB+ (negative) by Fitch Ratings Limited (“**Fitch**”), Baa3 (negative) by Moody's Investors Service Limited (“**Moody's**”) and BBB+ (negative) by Standard & Poor's Credit Market Services Europe Limited (“**S&P**”). Each of Fitch, Moody's and S&P is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the “**CRA Regulation**”). As such, each of Fitch, Moody's and S&P is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Each of the Issuer and ESB accepts responsibility for the information contained in this Drawdown Prospectus. To the best of the knowledge of the Issuer and ESB (having taken all reasonable care to ensure that such is the case) the information contained in this Drawdown Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The only persons authorised to use this Drawdown Prospectus in connection with an offer of the Notes are the persons named in the Terms and Conditions of the Notes as the Managers with respect to the Notes (the “**Managers**”).

Neither the Managers nor the Trustee have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers or the Trustee as to the accuracy or completeness of the information contained in, or incorporated by reference into, this Drawdown Prospectus or any other information provided by the Issuer and/or ESB in connection with the Programme or the Notes. None of the Managers or the Trustee accepts any liability in relation to the information contained in, or incorporated by reference into, this Drawdown Prospectus or any other information provided by the Issuer and/or ESB in connection with the Programme or the Notes.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Drawdown Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, ESB, the Managers or the Trustee.

Neither this Drawdown Prospectus nor any other information supplied in connection with the Programme or the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, ESB, any of the Managers or the Trustee that any recipient of this Drawdown Prospectus or of any other information supplied in connection with the Programme or the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or ESB. None of this Drawdown Prospectus or any other information supplied in connection with the Programme or the issue of the Notes constitutes an offer or invitation by or on behalf of the Issuer, ESB, any of the Managers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Drawdown Prospectus nor the offering, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer and/or ESB is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Managers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer or ESB during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons - see the section entitled “*Subscription and Sale*” in the Base Prospectus (as such term is defined below under “*Documents Incorporated by Reference*”).

This Drawdown Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Drawdown Prospectus and the offer or sale of the Notes may be restricted by law in certain jurisdictions. The Issuer, ESB, the Managers and the Trustee do not represent that this Drawdown Prospectus

may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, ESB, the Managers or the Trustee which is intended to permit a public offering of the Notes or distribution of this Drawdown Prospectus in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Drawdown Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Drawdown Prospectus or the Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Drawdown Prospectus and the offering and sale of the Notes. In particular, there are restrictions on the distribution of this Drawdown Prospectus and the offer or sale of the Notes in the United States, the European Economic Area (including the United Kingdom and Ireland) and Japan - see the section entitled “*Subscription and Sale*” in the Base Prospectus (as such term is defined below under “*Documents Incorporated by Reference*”).

This Drawdown Prospectus has been prepared on the basis that any offer of the Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Drawdown Prospectus may only do so in circumstances in which no obligation arises for the Issuer, ESB or the Managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer, ESB nor the Managers have authorised, nor do they authorise, the making of any offer of the Notes in circumstances in which an obligation arises for the Issuer, ESB or the Managers to publish or supplement a prospectus for such offer.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Drawdown Prospectus; (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio; (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes; (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

All references in this document to *euro*, *EUR* and *€* refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

In connection with the issue of the Notes, the Manager or Managers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the section below “*Terms and Conditions of the Notes*” may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manger) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time,

but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

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RISK FACTORS

Prospective investors in the Notes should consider carefully the information contained in this Drawdown Prospectus and the documents which are incorporated herein by reference prior to making any investment decision with respect to the Notes. Particular attention of prospective investors is drawn to the information under the heading "Risk Factors" on pages 10 to 20 (inclusive) of the Base Prospectus (as such term is defined below under "*Documents Incorporated by Reference*"). Each of the Issuer and ESB believes that these risk factors may affect its ability to fulfil its obligations under the Notes or, as applicable, under the Guarantee. Most of these factors are contingencies which may or may not occur and neither the Issuer nor ESB is in a position to express a view on the likelihood of any such contingency occurring. Each of the Issuer and ESB believes that the factors described in the Base Prospectus represent the principal risks inherent in investing in the Notes. However, the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes and/or the inability of ESB to make payments under the Guarantee may occur for other reasons and neither the Issuer nor ESB represent that the statements described in the Base Prospectus regarding the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Drawdown Prospectus and the Base Prospectus and reach their own views prior to making any investment decision.

BOARD OF ESB

The Board of ESB currently comprises a non-executive Chairman and nine other members. Five members of the Board of ESB have been appointed by the Government of Ireland for terms of up to five years. Four employees of ESB have been appointed to the Board by the Minister for Communications, Energy and Natural Resources of Ireland for a four year term under the Worker Participation (State Enterprises) Act 1977.

Name	Title	Principal Activities outside ESB
Lochlann Quinn	Non-Executive Chairman	Member of the Board of Smurfit Graduate School at University College Dublin, Chairman, Merrion Hotel, Dublin.
Brendan Byrne	Non-Executive Member of the Board	Managing Partner of ClearVision Consulting, providing consulting services to the global aviation industry. Finance Director of Worldwide Flight Services (Ireland) Limited. Director of AWG Holdings Ltd, an investment holding company in the water industry. Executive Chairman of Air Cargo Software Ltd.
Seán Conlan	Non-Executive Member of the Board	Lecturer at the Sligo Institute of Technology.
Ellvena Graham	Non-Executive Member of the Board	Executive Director of Business Services in Ulster Bank, Member of the Advisory Board of Womens' Executive Network in Ireland.
Noreen Wright	Non-Executive Member of the Board	Member of the Industrial and Fair Employment Tribunals, lay magistrate, member of the Northern Ireland Valuation Tribunal, director of Springvale Training, director of Cooperation Ireland and trustee of Garfield Weston Trust, University of Ulster.
Seamus Mallon	Non-Executive Member of the Board	Retired public representative in Ireland and Northern Ireland.
John Coleman	Worker Member of the Board	ESB employee.
Tony Merriman	Worker Member of the Board	ESB employee.
Sean Kelly	Worker Member of the Board	ESB employee.
Dave Byrne	Worker Member of the Board	ESB employee.

The business address of each member of the Board is 27 Lower Fitzwilliam Street, Dublin 2, Ireland.

Members of the Board of ESB may from time to time hold directorships of, or may otherwise be involved with or have interests in, third parties who may, or whose affiliates may, from time to time, in the ordinary course of business, enter into arm's length commercial arrangements with ESB or another Group company. Disclosure is provided to ESB as required under applicable corporate governance rules and procedures of any such interests. Save as disclosed above, there are no potential conflicts of interest between the duties of the members of the Board of ESB in such capacity and their private or other professional interests.

SENIOR MANAGEMENT OF ESB

The executive management team at ESB is comprised of:

Name	Title	Biography
Pat O'Doherty	Chief Executive	Pat O'Doherty was appointed Chief Executive in December 2011. Prior to this appointment, Mr. O'Doherty held the position of Executive Director, ESB Energy International and previously held the positions of Managing Director, ESB Networks Limited and Executive Director, Power Generation. He joined ESB in 1981 and has worked in various customer service, project management and general management roles.
John Shine	Deputy Chief Executive	John Shine was appointed Deputy Chief Executive in November 2009. He joined ESB in 1978 and held a number of senior positions in the Networks, Marketing and Business Development areas of ESB. He spent some years outside ESB developing a successful international services business before rejoining in 2002.
Pat Naughton	Group People and Sustainability Director	Pat Naughton is a Mechanical Engineer and has worked in ESB since 1978, Pat has held a number of senior positions in the organisation, including Manager, Hydro Stations, Strategy and Portfolio Development Manager and HR Manager, ESB Energy International.
John Redmond	Company Secretary	John Redmond was appointed Company Secretary in 2002. He was previously Company Secretary and Senior Vice President Corporate Affairs of GPA Group plc. And worked in the Department of Foreign Affairs.
Donal Flynn	Group Finance Director	Donal Flynn was appointed Group Finance Director in August 2010. Prior to joining ESB he worked in Airtricity for seven years and was its Chief Financial Officer from February 2008. He worked in a number of finance roles with General Electric from 1998 to 2003. He qualified as a chartered accountant with Arthur Andersen.
John McSweeney	Head of Innovation	John previously held senior positions as Manager of ESB Asset Development, Manager of Engineering and Facility Management at ESB International and Manager of ESB IT Solutions and Telecoms. Prior to his career in the energy sector, he held senior positions in the Irish Industrial Development Authority including Director Germany, and is a former Irish Army Officer.

Name	Title	Biography
Paddy Hayes	Executive Director, Generation and Wholesale Markets	A Chartered Engineer, Paddy Hayes joined ESB in 1999 having previously worked with British Steel. Paddy has held senior positions throughout the Company, including General Manager of Synergen, Head of Independent Generation and Manager of Asset Development and Energy Portfolio.
Jerry O'Sullivan	Managing Director, ESB Networks	Jerry O'Sullivan was appointed Managing Director, ESB Networks, in 2010. He joined ESB in 1981 and held a number of positions in Power Station Construction, Marketing, Customer Service, Distribution and Transmission. He was appointed Head of Network Services in 2002 and Head of Sustainability and Network systems in 2008.
Brid Horan	Executive Director BSC and Electric Ireland	Brid Horan was appointed Executive Director, Services and ESB Electric Ireland in 2010, having previously held the position of Executive Director ESB, Energy Solutions since November 2009 and Executive Director, ESB Customer Supply and Group Services since December 2006. She was a Commissioner of the National Pensions Reserve Fund from its establishment in 2001 to 2009 and was a Board member of IDA Ireland from 1996 to 2006. Before joining ESB she headed KPMG Pension & Actuarial Consulting.

CARRINGTON UPDATE

ESB Energy International (**ESBEI**) is progressing the development of an 860MW power plant at Carrington in the United Kingdom which is currently planned to commence operation in 2015. It is intended that the project will be developed through Carrington Power Limited (**CPL**), an 85% owned subsidiary of ESB, and financed through a 70/30 debt/equity structure with all debt finance being provided by way of non-recourse project finance. ESBEI is currently at an advanced stage in putting the project finance structure in place and financial close may be achieved in the near future. The proposed project structure envisages a tolling agreement between CPL and ESB Independent Generation Trading Ltd, a wholly owned subsidiary of ESB, who will trade the output of the plant in the market as part of ESB's overall generation and trading position in Ireland and the United Kingdom.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the Irish Stock Exchange or approved by the Central Bank shall be incorporated in, and form part of, this Drawdown Prospectus:

- (a) the Offering Circular relating to the Programme dated 4 November 2011 (the “**Offering Circular**” and, as supplemented by the February 2012 Supplement and the June 2012 Supplement each as referred to below, the “**Base Prospectus**”). The Offering Circular is available on the website of the Irish Stock Exchange at http://www.ise.ie/debt_documents/Base%20Prospectus_6ea5098e-d1a8-447c-a73a-8cd2156a395e.PDF;
- (b) the Supplement to the Offering Circular dated 24 February 2012 (the “**February 2012 Supplement**”). The February 2012 Supplement is available on the website of the Irish Stock Exchange at http://www.ise.ie/debt_documents/Supplements_54dbe931-cbc9-4318-bff2-908c98e4464a.PDF;
- (c) the Supplement to the Offering Circular dated 5 June 2012 (the “**June 2012 Supplement**”). The June 2012 Supplement is available on the website of the Irish Stock Exchange at http://www.ise.ie/debt_documents/Supplements_ca75dfd8-6943-4a8d-9a76-31ac18df5563.PDF;
- (d) the auditors' report and audited consolidated financial statements of ESB for the financial year ended 31 December 2010. Such financial statements are available on the website of the Irish Stock Exchange at http://www.ise.ie/debt_documents/Accounts-ESB-311210_37a94de9-f59e-4f98-9ec2-959a0e7ce55a.PDF;
- (e) the auditors' report and audited consolidated financial statements of ESB for the financial year ended 31 December 2011. Such financial statements are available on the website of the Irish Stock Exchange at http://www.ise.ie/debt_documents/Accounts-311211-esb_04a85c18-0f86-453d-81fd-14e32a3d41cc.PDF;
- (f) the auditors' report and audited financial statements of ESB Finance Limited for the financial year ended 31 December 2010. Such financial statements are available on the website of the Irish Stock Exchange at http://www.ise.ie/debt_documents/Accounts-ESB%20Finance-311210_cc60b9f3-691e-4875-97e1-872487570679.PDF;
- (g) the auditors' report and audited financial statements of ESB Finance Limited for the financial year ended 31 December 2011. Such financial statements are available on the website of the Irish Stock Exchange at http://www.ise.ie/debt_documents/Accounts-311211-ESB%20Finance_49548c47-1316-4548-968b-ac640016ca5b.PDF;

provided that:

- (i) none of:
 - (A) the section entitled “Risks related to the structure of a particular issue of Notes” commencing on page 16 of the Base Prospectus;
 - (B) the section entitled “Applicable Final Terms” commencing on page 24 of the Base Prospectus;
 - (C) the sections entitled “Board of ESB” and “Senior Management of ESB” on pages 83 to 86 of the Base Prospectus;
 - (D) the description of ESB/ESBEI’s international activities to the extent such description relates to the development of a power plant at Carrington in the United Kingdom; or
 - (E) the sections entitled “Significant or Material Change” and “Litigation” on page 96 of the Base Prospectus,

are incorporated in this Drawdown Prospectus (and any non-incorporated part of the Base Prospectus is either not relevant for an investor or is covered elsewhere in this Drawdown Prospectus);

- (ii) any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Drawdown Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication, or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Drawdown Prospectus; and
- (iii) any documents incorporated by reference in the documents referred to at (a) to (g) above do not form part of this Drawdown Prospectus.

Copies of the documents incorporated by reference in this Drawdown Prospectus can be obtained from the registered office of each of the Issuer and ESB and from the specified office of the Paying Agent for the time being in London.

TERMS AND CONDITIONS OF THE NOTES

The terms and conditions of the Notes shall consist of the terms and conditions set out on pages 37 to 68 (inclusive) of the Base Prospectus (the “**Programme Conditions**”) as amended or supplemented below. References in the Programme Conditions to Final Terms shall be deemed to refer to the terms set out below.

- | | | | |
|-----|-------------------------------------------------------|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | (a) | Issuer: | ESB Finance Limited |
| | (b) | Guarantor: | Electricity Supply Board (“ ESB ”) |
| 2. | (a) | Series Number: | 2 |
| | (b) | Tranche Number: | 1 |
| 3. | | Specified Currency or Currencies: | Euro (“ EUR ”) |
| 4. | | Aggregate Nominal Amount: | |
| | (a) | Series: | EUR 600,000,000 |
| | (b) | Tranche: | EUR 600,000,000 |
| 5. | | Issue Price: | 100.00 per cent. of the Aggregate Nominal Amount |
| 6. | (a) | Specified Denominations: | EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000. No Notes in definitive form will be issued with a denomination above EUR 199,000 |
| | (b) | Calculation Amount: | EUR 1,000 |
| 7. | (a) | Issue Date: | 11 September 2012 |
| | (b) | Interest Commencement Date: | Issue Date |
| 8. | | Maturity Date: | 11 September 2017 |
| 9. | | Interest Basis: | 6.250 per cent. Fixed Rate |
| 10. | | Redemption/Payment Basis: | Redemption at par |
| 11. | Change of Interest Basis or Redemption/Payment Basis: | | Step up provision in the event of a Step Up Rating Change (and step down provision in the event of any subsequent Step Down Rating Change) (as set out in the Appendix hereto). Not applicable in relation to Redemption/Payment Basis |
| 12. | | Put/Call Options: | Investor Put as specified in Condition 7.5 (further particulars specified below) |
| 13. | (a) | Status of the Notes: | Senior |

- (b) Date Board approval for issuance of Notes and Guarantee obtained: 29 May 2012 and 23 May 2012, respectively

14. Method of distribution: Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note Provisions: Applicable
- (a) Rate(s) of Interest: 6.250 per cent. per annum payable annually in arrear, subject to adjustment on the occurrence of a Step Up Rating Change or any subsequent Step Down Rating Change (as described in the Appendix hereto)
- (b) Interest Payment Date(s): 11 September in each year from and including 11 September 2013 up to and including the Maturity Date
- (c) Fixed Coupon Amount(s): EUR 62.50 per Calculation Amount, subject to adjustment on the occurrence of a Step Up Rating Change or any subsequent Step Down Rating Change (as described in the Appendix hereto)
- (d) Broken Amount(s): Not Applicable
(Applicable to Notes in definitive form.)
- (e) Day Count Fraction: Actual/Actual (ICMA)
- (f) Determination Date(s): 11 September in each year
- (g) Other terms relating to the method of calculating interest for Fixed Rate Notes: Step up provision in the event of a Step Up Rating Change (as set out in the Appendix hereto) and step down provision in the event of any subsequent Step Down Rating Change (as set out in the Appendix hereto)
16. Floating Rate Note Provisions: Not Applicable
17. Zero Coupon Note Provisions: Not Applicable
18. Index Linked Interest Note Provisions: Not Applicable
19. Dual Currency Interest Note Provisions: Not Applicable

PROVISIONS RELATING TO REDEMPTION

20. Issuer Call: Not Applicable
21. Investor Put: Applicable. Condition 7.5 applies.
- (a) Optional Redemption Date(s): Event Risk Put Date

- (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): EUR 1,000 per Calculation Amount
- (c) Notice period (if other than as set out in the Conditions): As set out in Condition 7.5. For the avoidance of doubt, Condition 7.4 shall not apply
22. Final Redemption Amount: Redemption at par
23. Early Redemption Amount payable on redemption for taxation reasons, indexation reasons (if applicable) or on an event of default and/or the method of calculating the same (if required or if different from that set out in Condition 5.6 or 7.7 (*Redemption and Purchase – Early Redemption Amounts*)): As set out in Condition 7.7

GENERAL PROVISIONS APPLICABLE TO THE NOTE

24. Form of Notes:
- (a) Form: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event
- (b) New Global Note: Yes
25. Additional Financial Centre(s) or other special provisions relating to Payment Days: Not Applicable
26. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): No
27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: Not Applicable
28. Details relating to Instalment Notes:
- (a) Instalment Amount(s): Not Applicable
- (b) Instalment Date(s): Not Applicable
29. Redenomination applicable: Redenomination not applicable
30. Other terms: See Appendix below

DISTRIBUTION

31. (a) If syndicated, names of Managers: Banco Bilbao Vizcaya Argentaria, S.A.
Danske Bank A/S
Deutsche Bank AG, London Branch
Société Générale
The Royal Bank of Scotland plc
- (b) Date of Subscription Agreement: 10 September 2012
- (c) Stabilising Manager(s) (if any): The Royal Bank of Scotland plc
32. If non-syndicated, name of relevant Dealer: Not Applicable
33. U.S. Selling Restrictions: Reg. S Compliance Category 2; TEFRA D
34. Additional selling restrictions: Not Applicable

APPENDIX

- (i) The Rate of Interest payable on the Notes will be subject to adjustment from time to time in the event of a Step Up Rating Change or Step Down Rating Change as the case may be in accordance with the following provisions.
- (ii) Subject to paragraphs (iv) and (vii) below, from and including the first Interest Payment Date following the date of a Step Up Rating Change, if any, the Rate of Interest payable on the Notes shall be increased by 1.25 per cent. per annum (the **Step Up Margin**).
- (iii) Subject to paragraphs (iv) and (vii) below, in the event of a Step Down Rating Change following a Step Up Rating Change, with effect from and including the first Interest Payment Date following the date of such Step Down Rating Change, the Rate of Interest payable on the Notes shall be decreased by the Step Up Margin back to the initial Rate of Interest.
- (iv) If a Step Up Rating Change and, subsequently, a Step Down Rating Change occur during the same Fixed Interest Period, the Rate of Interest payable on the Notes shall be neither increased nor decreased as a result of either such event.
- (v) The Issuer shall use all reasonable efforts to maintain credit ratings for the Notes from both Rating Agencies. If, notwithstanding such reasonable efforts, either Rating Agency fails to or ceases to assign a credit rating to the Notes, and at such time Fitch has assigned a credit rating to the Notes, then references in this Appendix to Moody's or S&P, as the case may be, or the credit ratings thereof, shall be to Fitch or, as the case may be, the equivalent credit ratings thereof. If at such time, Fitch has not assigned a credit rating to the Notes, the Issuer shall use all reasonable efforts to obtain a credit rating of the Notes from a substitute rating agency that shall be a Statistical Rating Agency, and references in this Appendix to Moody's or S&P, as the case may be, or the credit ratings thereof, shall be to such substitute rating agency or, as the case may be, the equivalent credit ratings thereof.
- (vi) The Issuer, failing which the Guarantor, will, on the occurrence of a Step Up Rating Change or a Step Down Rating Change giving rise to an adjustment to the Rate of Interest payable on the Notes pursuant to this Appendix, notify to the Trustee, the Principal Paying Agent, the Noteholders and any stock exchange on which the Notes for the time being are listed and publish the applicable notice in accordance with Condition 14 as soon as reasonably practicable after the occurrence of such Step Up Rating Change or Step Down Rating Change, but in no event later than the fifth London Business Day thereafter.
- (vii) A Step Up Rating Change (if any) and a Step Down Rating Change (if any), may only occur once each during the term of the Notes.
- (viii) If the rating designations employed by Moody's or S&P are changed from those which are described in this Appendix, the Issuer or the Guarantor shall determine, with the agreement of the Trustee (such agreement not to be unreasonably withheld or delayed) the rating designations of Moody's or S&P as are most equivalent to the prior rating designations of Moody's or S&P, as the case may be.

For the purposes of this Appendix:

Fitch means Fitch Ratings Ltd. or its successor;

Investment Grade means, in the case of a credit rating assigned by Moody's, Baa3 or higher and, in the case of a credit rating assigned by S&P, BBB- or higher or the equivalent credit rating assigned by a Statistical Rating Agency, if applicable;

Moody's means Moody's Investors Service Ltd., or its successor, established in the European Union and registered under Regulation (EC) No. 1060/2009, as amended;

Rating Agency means either Moody's or S&P and **Rating Agencies** means both of them;

S&P means Standard and Poor's Credit Market Services Europe Limited, or its successor, established in the European Union and registered under Regulation (EC) No. 1060/2009, as amended;

Statistical Rating Agency means Fitch or such other rating agency or their respective successors as may be proposed by the Issuer and approved by the Trustee, such approval not to be unreasonably withheld or delayed;

a **Step Down Rating Change** occurs where after a Step Up Rating Change, both Rating Agencies publicly announce that the credit rating assigned to the Notes is Investment Grade, provided that, for the purposes of this definition, where:

- (i) both Rating Agencies do not make the public announcements on the same date, the Step Down Rating Change shall be deemed to occur on the date of the later public announcement; and
- (ii) a Rating Agency had not downgraded the Notes below Investment Grade, then written confirmation from such Rating Agency that the then current rating assigned to the Notes is Investment Grade shall be deemed to be a public announcement, made on the date of such confirmation, that the credit rating assigned to the Notes by such Rating Agency is Investment Grade.

For the avoidance of doubt, any further increase in the credit rating of the Notes above Investment Grade shall not constitute a Step Down Rating Change; and

Step Up Rating Change means the first public announcement by either Rating Agency or both Rating Agencies of a decrease in the credit rating assigned to the Notes to below Investment Grade. For the avoidance of doubt, any further decrease in the credit rating of the Notes below Investment Grade shall not constitute a Step Up Rating Change and the Rate of Interest on the Notes shall never be greater than 7.50 per cent. per annum.

OTHER INFORMATION

Listing and admission to trading

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market with effect from 11 September 2012. The estimated total expenses related to admission to trading are €2,541.20.

Interests of natural and legal persons involved in the issue

Save for any fees payable to the Managers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.

Performance of index/formula and other information concerning the underlying

Not Applicable.

Yield

Indication of yield 6.250 per cent. per annum

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

Operational information

(i) ISIN Code: XS0827573766

(ii) Common Code: 082757376

(iii) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, société anonyme and the relevant identification number(s):

Not Applicable

(iv) Delivery: Delivery against payment

(v) Names and addresses of additional Paying Agent(s) (if any): Not Applicable

(vi) Intended to be held in a manner which would allow Eurosystem eligibility: Yes

Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

GENERAL INFORMATION

Documents Available

For so long as any of the Notes are outstanding, copies of the following documents will be available for inspection (by physical and/or electronic means) from the registered office of the Issuer and ESB and from the specified offices of the Paying Agents for the time being in London:

- (a) the Electricity (Supply) Acts, 1927 to 2004 of Ireland establishing ESB as a body corporate in Ireland;
- (b) the constitutional documents of ESB Finance Limited;
- (c) the consolidated audited financial statements of ESB in respect of the financial years ended 31 December 2010 and 31 December 2011, together with the audit reports prepared in connection therewith. ESB currently prepares audited consolidated accounts on an annual basis;
- (d) the audited financial statements of ESB Finance Limited in respect of the financial years ended 31 December 2010 and 31 December 2011, together with the audit report prepared in connection therewith. ESB Finance Limited currently prepares audited accounts on an annual basis;
- (e) the Programme Agreement, the Trust Deed, the Agency Agreement, and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;
- (f) a copy of the Base Prospectus; and
- (g) a copy of this Drawdown Prospectus.

In addition, a copy of this Drawdown Prospectus, will, for a period of twelve months after the date of this Drawdown Prospectus, be available on the Central Bank's website at www.centralbank.ie.

Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer or ESB since 31 December 2011 and there has been no material adverse change in the prospects of the Issuer or ESB since 31 December 2011.

Litigation

Neither the Issuer nor ESB nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or ESB are aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer, ESB or the Group.

Post-issuance information

The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

Websites

No website referred to in this Drawdown Prospectus forms part of this document for the purposes of the listing of any Notes on the Irish Stock Exchange (provided that this statement shall not refer to the website of the Irish Stock Exchange to the extent referred to in "*Incorporation by Reference*" above).

Additional terms not final terms

The additional terms set out on pages 14 to 19 (inclusive) of this Drawdown Prospectus do not comprise final terms for the purposes of Article 5(4) of the Prospectus Directive.

ISSUER

ESB Finance Limited
27 Lower Fitzwilliam Street
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Ireland

GUARANTOR

Electricity Supply Board
27 Lower Fitzwilliam Street
Dublin 2
Ireland

TRUSTEE

Citicorp Trustee Company Limited
Citigroup Centre
Canada Square
London E14 5LB
United Kingdom

ISSUING AND PRINCIPAL PAYING AGENT

Citibank, N.A., London Branch
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Canada Square
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United Kingdom

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To the Issuers and to the Guarantor

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2-12 Holmens Kanal
DK-1092 Copenhagen K
Denmark

Deutsche Bank, London Branch

Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

The Royal Bank of Scotland plc

135 Bishopsgate
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United Kingdom

Société Générale

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LISTING AGENT

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