OFFERING CIRCULAR

ELECTRICITY SUPPLY BOARD

(a body corporate established in Ireland under the ESB Acts 1927 to 2014 of Ireland)

ESB FINANCE DAC

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

EUR5,000,000,000
Euro Medium Term Note Programme
unconditionally and irrevocably guaranteed by

ELECTRICITY SUPPLY BOARD

(*a body corporate established in Ireland under the ESB Acts 1927 to 2014 of Ireland*)

Under this EUR5,000,000,000 Euro Medium Term Note Programme (the **Programme**), Electricity Supply Board (**ESB**) and ESB Finance DAC (**ESB Finance**) (together, the **Issuers** and each of them, an **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the relevant Issuer and the relevant Dealer (as defined below).

The payments of all amounts due in respect of Notes issued by ESB Finance will be unconditionally and irrevocably guaranteed by ESB (in such capacity, the **Guarantor**).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed EUR5,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the relevant Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".

This Offering Circular has been approved by the Central Bank of Ireland as competent authority under the Prospectus Directive. The Central Bank of Ireland only approves this Offering Circular as meeting the requirements imposed under Irish and European Union law pursuant to the Prospectus Directive. Such approval relates only to Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) or on another regulated market for the purposes of Directive 2014/65/EU (as amended, **MiFID II**) and/or which are to be offered to the public in any member state of the European Economic Area (**EEA**) in circumstances that require the publication of a prospectus.

Application has been made to Euronext Dublin for Notes issued under the Programme during the period of 12 months from the date of this Offering Circular to be admitted to its official list (the **Official List**) and to trading on its regulated market. The regulated market of Euronext Dublin is a regulated market for the purposes of MiFID II.

References in this Offering Circular to Notes being **listed** (and all related references) shall mean that, unless otherwise specified in the applicable Final Terms, the Notes have been admitted to the Official List and to trading on the regulated market of Euronext Dublin.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a final terms document (the **Final Terms**) which will be delivered to the Central Bank of Ireland and, where listed, to Euronext Dublin.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the relevant Issuer and the relevant Dealer. Either Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or any U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

The Programme has been rated A3 by Moody's Investors Service Limited (**Moody's**) and A- by S&P Global Ratings Europe Limited (**S&P**). Each of 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 Moody's and S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA

Regulation. Notes issued under the Programme may be rated or unrated by any one or more of the rating agencies referred to above. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the Programme by the relevant rating agency. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Interest and/or other amounts payable under the Instruments may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the **Benchmarks Regulation**). Transitional provisions in the Benchmarks Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (**ESMA**) pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmarks Regulation. The registration status of any administrator under the Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the Final Terms to reflect any change in the registration status of an administrator. As at the date of this Offering Circular, the administrator of LIBOR (ICE Benchmark Administration Limited) is included in the register of administrators and benchmarks established and maintained by ESMA under Article 36 of the Benchmarks Regulation. As at the date of this Offering Circular, the administrator of EURIBOR (the European Money Markets Institute) is not included in ESMA's register of administrators and benchmarks established and maintained by ESMA under Article 36 of the Benchmarks Regulation. As far as the Issuers are aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that, as at the date of this Offering Circular, European Money Market Institute is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).

Arranger

NatWest Markets

Dealers

Banco Bilbao Vizcaya Argentaria, S.A.
Barclays Bank PLC
Danske Bank
J.P.Morgan
RBC Capital Markets
Barclays Bank Ireland PLC
BNP PARIBAS
HSBC
NatWest Markets
Société Générale Corporate & Investment Banking

The date of this Offering Circular is 21 May 2019.

IMPORTANT INFORMATION

This Offering Circular comprises a base prospectus in respect of all Notes issued under the Programme for the purposes of Article 5.4 of the Prospectus Directive. When used in this Offering Circular, Prospectus Directive means Directive 2003/71/EC (as amended or superseded), and includes any relevant implementing measure in a relevant Member State of the EEA.

Each of ESB and ESB Finance accepts responsibility for the information contained in this Offering Circular and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of ESB and ESB Finance (each having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated in it by reference (see "*Documents Incorporated by Reference*"). This Offering Circular shall be read and construed on the basis that those documents are incorporated into and form part of this Offering Circular.

Neither the Dealers nor the Trustee (as defined below) 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 Dealers or the Trustee as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by ESB and/or ESB Finance in connection with the Programme. None of the Dealers or the Trustee accepts any liability in relation to the information contained in this Offering Circular or any other information provided by ESB and/or ESB Finance in connection with the Programme.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Offering Circular 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 ESB, ESB Finance, any of the Dealers or the Trustee.

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by ESB or ESB Finance, any of the Dealers or the Trustee that any recipient of this Offering Circular or of any other information supplied in connection with the Programme or any 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 ESB and/or ESB Finance. Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of ESB or ESB Finance, any of the Dealers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained in it concerning ESB and/or ESB Finance is correct at any time subsequent to its date 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 Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of ESB or ESB Finance during the life of the Programme or to advise any investor in Notes issued under the Programme of any information coming to their attention.

IMPORTANT – EEA RETAIL INVESTORS – If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MiFID II product governance / target market – The Final Terms in respect of any Notes will include a legend entitled "**MiFID II product governance**" which will outline the target market assessment in respect of the relevant Notes and which channels for distribution of the relevant Notes are appropriate. Any person subsequently offering, selling or recommending the relevant Notes (a **distributor**) should take into consideration

the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the relevant Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 of 7 April 2016 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Notes is a manufacturer in respect of such Instruments, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS OFFERING CIRCULAR AND OFFERS OF NOTES GENERALLY

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any 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 Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. ESB, ESB Finance, the Dealers and the Trustee do not represent that this Offering Circular may be lawfully distributed, or that any 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 ESB, ESB Finance, the Dealers or the Trustee which is intended to permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular 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 Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the EEA (including the United Kingdom and Ireland) and Japan, see "*Subscription and Sale*".

This Offering Circular has been prepared on a basis that would permit an offer of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) only in circumstances where there is an exemption from the obligation under the Prospectus Directive to publish a prospectus. As a result, any offer of Notes in any Member State of the EEA which has implemented the Prospectus Directive (each, a *Relevant Member State*) must be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer of Notes in that Relevant Member State may only do so in circumstances in which no obligation arises for ESB or ESB Finance or any Dealer 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 ESB, ESB Finance nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for ESB or ESB Finance or any Dealer to publish or supplement a prospectus for such offer.

SUITABILITY OF INVESTMENT

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 Offering Circular or any applicable supplement;

(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, including Notes where the currency for principal or interest payments is different from the potential investor's currency;

(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 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) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

PRESENTATION OF INFORMATION

In this Offering Circular, all references to:

- ***U.S. dollars, U.S.$* and *$* refer to United States dollars;**
- ***Sterling* and £ refer to pounds sterling; and**
- ***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.**

STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms 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 stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

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OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer, the Guarantor and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of listed Notes only and if appropriate, a new Offering Circular or a supplement to the Offering Circular will be published.

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Directive 2003/71/EC (the **Prospectus Regulation**).

Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this Overview.

Issuers:	Electricity Supply Board and ESB Finance DAC
Legal Entity Identifier (LEI):	Electricity Supply Board: 635400UFHDIQCDZ6JK11 ESB Finance DAC: 635400VCPRSU89DLMZ57
Guarantor (in the case of Notes issued by ESB Finance only):	Electricity Supply Board
Risk Factors:	There are certain factors that may affect the ability of ESB and ESB Finance to fulfil their obligations under Notes issued under the Programme. There are also certain factors that may affect the Guarantor's ability to fulfil its obligations under the Guarantee. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular Series of Notes issued under the Programme. All of these are set out under "*Risk Factors*".
Description:	Euro Medium Term Note Programme
Arranger:	NatWest Markets Plc
Dealers:	Banco Bilbao Vizcaya Argentaria, S.A. Barclays Bank Ireland PLC Barclays Bank PLC BNP Paribas Danske Bank A/S HSBC Bank plc J.P. Morgan Securities plc NatWest Markets Plc RBC Europe Limited Société Générale and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*") including the following restrictions applicable at the date of this Offering Circular.

Notes having a maturity of less than one year

In respect of any Notes having a maturity of less than one year from the date of their issue, the relevant Issuer will issue such Notes only in accordance with one of the exemptions from the requirement to hold a banking licence provided by Notice BSD C 01/02 issued by the Central Bank of Ireland pursuant to section 8(2) of the Central Bank Act 1971 of Ireland, inserted by section 31 of the Central Bank Act 1989 of Ireland, as amended by section 70(d) of the Central Bank Act 1997 of Ireland. Any such Notes will not have the status of a bank deposit and will not be within the scope of the Deposit Protection Scheme operated by the Central Bank of Ireland. Neither ESB nor ESB Finance are regulated by the Central Bank of Ireland.

Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (**FSMA**) unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale*".

Issuing and Principal Paying Agent: Citibank, N.A., London Branch

Trustee: Citicorp Trustee Company Limited

Programme Size: Up to EUR5,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuers and the Guarantor may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

Distribution: Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

Currencies: Subject to any applicable legal or regulatory restrictions, Notes may be denominated in euro, Sterling, U.S. dollars, yen and any other currency agreed between the relevant Issuer and the relevant Dealer.

Redenomination: The applicable Final Terms may provide that certain Notes may be redenominated in euro. The relevant provisions applicable to any such redenomination are contained in Condition 4 (*Redenomination*).

Maturities: The Notes will have such maturities as may be agreed between the relevant Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer or the relevant Specified Currency. There are certain regulatory requirements as regards any Notes having a maturity of less than a year, as to which see the section above titled "*Certain Restrictions*".

Issue Price: Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

Form of Notes: The Notes will be issued in bearer form as described in "*Form of the Notes*".

Fixed Rate Notes: Fixed interest will be payable on such date or dates as may be agreed between the relevant Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the relevant Issuer and the relevant Dealer.

Floating Rate Notes: Floating Rate Notes will bear interest at a rate determined:

(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or

(b) on the basis of the reference rate set out in the applicable Final Terms.

The margin (if any) relating to such floating rate will be agreed between the relevant Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Index Linked Notes: Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to an inflation index as the relevant Issuer and the relevant Dealer may agree and as specified in the applicable Final Terms.

Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes: Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both. Index Linked Interest Notes or Index Linked Redemption Notes may be redeemed prior to Final Maturity as further described in Condition 7.7 *(Redemption and Purchase – Redemption for Indexation Reasons).*

Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the relevant Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the relevant Issuer and the relevant Dealer.

Zero Coupon Notes: Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Redemption: The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons, indexation reasons, following an Event of Default or a change of control) or that such Notes will be redeemable at the option of the relevant Issuer and/or the Noteholders upon giving notice to the Noteholders or the relevant Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the relevant Issuer and the relevant Dealer.

If specified in the Final Terms, the relevant Issuer may redeem the relevant Notes prior to their stated maturity at the Make-Whole Redemption Amount

Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions – Notes having a maturity of less than one year*" above.

Change of Control Redemption: Noteholders will have the option to require the relevant Issuer to redeem or, at the relevant Issuer's option, purchase Notes on the occurrence of an Event Risk Put Event, as described in Condition 7.6 (*Redemption as a result of a Change of Control of the Issuer*).

Redemption for tax reasons: Except as described in "*Redemption*", "*Redemption for Change of Control Event*" and "*Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes*" above, early redemption will only be permitted for tax reasons as described in Condition 7.2 *(Redemption and Purchase – Redemption for tax reasons).*

Denomination of Notes: The Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer save that the

minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions – Notes having a maturity of less than one year*" above, and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be EUR100,000 (or, if the Notes are denominated in a currency other than EUR, the equivalent amount in such currency).

Taxation: All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction as provided in Condition 8 (*Taxation*). In the event that any such deduction is made, the relevant Issuer will, or as the case may be the Guarantor will, save in certain limited circumstances provided in Condition 8 (*Taxation*), be required to pay additional amounts to cover the amounts so deducted.

Negative Pledge: The terms of the Notes will contain a negative pledge provision as further described in Condition 3 (*Covenants*).

Asset Sales: The terms of the Notes will contain an asset disposals covenant as further described in Condition 3 (*Covenants*).

Cross Default: The terms of the Notes will contain a cross default provision as further described in Condition 10 (*Events of Default and Enforcement*).

Status of the Notes: The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3 (*Covenants*)) unsecured obligations of the relevant Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the relevant Issuer, from time to time outstanding.

Guarantee: The Notes issued by ESB Finance will be unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under its guarantee will be direct, unconditional, unsubordinated and (subject to the provisions of Condition 3 (*Covenants*)) unsecured obligations of the Guarantor and will rank *pari passu* and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor from time to time outstanding.

Rating: The Programme has been rated A3 by Moody's Investors Service Limited (**Moody's**) and A- by S&P Global Ratings Europe Limited (**S&P**). Each of Moody's and S&P is established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the ratings assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Listing: Application has been made to Euronext Dublin for Notes issued under the Programme to be admitted to the Official List and trading on its regulated market.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the relevant Issuer

	and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued. The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA (including the United Kingdom and Ireland) and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".
United States Selling Restrictions:	Regulation S, Category 2. TEFRA C or D/TEFRA not applicable, as specified in the applicable Final Terms.

RISK FACTORS

In purchasing Notes, investors assume the risk that the Issuer and the Guarantor may become insolvent or otherwise be unable to make all payments due in respect of the Notes or under the Guarantee. There is a wide range of factors which individually or together could result in the Issuer and the Guarantor becoming unable to make all payments due. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer and the Guarantor may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the Issuer's and the Guarantor's control. The Issuer and the Guarantor have identified in this Offering Circular a number of factors which could adversely affect their businesses and ability to make payments due.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

FACTORS THAT MAY AFFECT ESB'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME OR, IN THE CASE OF NOTES ISSUED BY ESB FINANCE, FACTORS THAT MAY AFFECT ESB'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE GUARANTEE.

Political, regulatory and legal risks

Regulated markets

A significant part of the business of ESB and its subsidiaries (the **Group**) activities are carried on in regulated markets and are therefore subject to regulation. The principal regulatory risks faced by the Group originate from licence compliance, ring-fencing requirements, the impact of price control reviews in markets where the prices charged by the Group are regulated (including, without limitation, the revenues allowed to the Group as owner of the Irish and Northern Ireland electricity distribution and transmission systems – see further the section of this Offering Circular entitled "*Description of ESB"*), changes to market mechanisms such as the Integrated Single Electricity Market project (**I-SEM**) (see further the section of this Offering Circular entitled "*Overview of the Electricity Markets in Ireland and Northern Ireland*"), agreements with regulatory authorities (see further the section of this Offering Circular entitled "*Description of ESB*") and evolving European Union (**EU**) regulatory and climate change frameworks.

In particular, changes to the regulatory regimes operated by the Irish energy regulator, the Commission for Regulation of Utilities (**CRU**) or by the Northern Ireland energy regulator, the Northern Ireland Authority for Utility Regulation (**UR**) and/or changes in regulated rates of return, or the basis on which such rates of return are calculated, including, for example, the continued use of the Capital Asset Pricing Model (**CAPM**), and/or changes in margins earned by the Group, could impact adversely on the Group's financial performance. Even in markets where the Group is not subject to price regulation directly, changes to the structure or regulation of the relevant market could adversely impact the Group's financial performance.

The SEM Committee (comprising the CRU and the UR) has redesigned the Single Electricity Market (**SEM**) which is the wholesale electricity market on the island of Ireland to take account of the requirements of EU energy legislation and policy (the European Network Codes and the Target Model). Such re-design includes, amongst other things, a change from the previous ex post spot market to a more complex structure involving four ex ante market timeframes and also changes to the capacity mechanism (see further below under the headings "*Business risks*" and "*Demand and capacity outlook*"). The new market changes place a greater emphasis on market based mechanisms of price formation over the more regulated mechanisms previously operating within the initial SEM. The new arrangements for SEM were implemented on 1 October 2018. While some experience with respect to the redesigned SEM has been gained by ESB at this point, there remains some uncertainty as to the impact the new market design and rules will have on the Group's generation and supply businesses' returns and hence financial performance.

State ownership and Government control

ESB is majority owned by the Government of Ireland (see further the sections of this Offering Circular entitled "*Description of ESB – Overview*"). As such, the Group's strategy, business operations, capital structure, corporate and environmental policies, profitability, dividend policy and level of retained profit are directly and indirectly influenced by decisions of the Government of Ireland over which the Group has no control. In addition, under its governing legislation, ESB is required to obtain the consent of the Minister for Communications, Climate Action and Environment of Ireland, the Minister for Finance and/or the Minister for Public Expenditure and Reform of Ireland in order to engage in a variety of commercial transactions. There can be no assurance that such consents will be forthcoming when requested by the management of ESB. Political

developments (including the composition and identity of the Government of Ireland from time to time) and considerations, therefore, have the ability to adversely impact upon the Group's business, results of operations, operating costs, prospects and/or financial condition.

Environmental, health and safety risks

Many of the Group's activities have potential for significant environmental impact and are regulated by relevant national authorities in the EU under the general framework for integrated pollution prevention and control and under other relevant national and EU legislation. Regular compliance audits are a feature of this system.

In addition, safety hazards may arise for employees, contractors and the public from the Group's activities. In common with other electricity utilities, the Group uses and generates hazardous and potentially hazardous products and by-products in the course of its operations.

The Group commits significant resources towards ensuring compliance with applicable planning, environmental, health and safety laws and regulations. Nevertheless, a major safety or environmental impact incident could cause injury, loss of life, financial loss, a security of supply issue, property damage and/or reputational damage to the Group. In addition, breaches of applicable environmental or health and safety laws or regulations could expose the Group to significant penalties, claims for financial compensation and/or adverse regulatory consequences. Furthermore, there can be no assurance that costs of compliance with applicable environmental standards and regulations will not increase, or impact on the running regime for older plant, and any such increased costs or reduced returns could adversely affect the Group's financial performance.

ESB is a member of the EU Emissions Trading Scheme (**ETS**). The ETS is a 'cap and trade' scheme, i.e. it caps the overall level of CO2 emissions allowed but, within that limit, allows participants in the system to buy and sell allowances as they require. As a result, the Group has incurred and will continue to incur additional costs which may adversely affect the Group's financial performance.

Increased costs of environmental regulatory compliance could have an adverse impact on the Group's business, results of operations, generating costs, prospects and/or financial condition.

Litigation

ESB is from time to time involved in legal proceedings and it may, in the future, be involved in legal proceedings, that may or may not be material. In particular, an increased risk is emerging regarding the volume and scope of compensation claims relating to the presence of electricity infrastructure on lands which could result in significant increased costs for the Group.

An adverse result in relation to litigation proceedings could have an adverse effect on the Group's financial position and profitability.

Compliance with competition, market abuse and procurement laws

The Group currently owns and operates some of the key energy infrastructure and services in Ireland. Its ownership of such infrastructure and/or its position in some of the markets in which it operates may have competition law implications for the Group. As the Group trades in wholesale energy products, it is subject to applicable EU and national legislation prohibiting market abuse and insider dealing in respect of such products. The introduction of the more complex market structure under the I-SEM project coupled with new enforcement powers for regulators could result in increased scrutiny of bidding activity in the market and the potential for fines to be applied. Mitigations are being introduced, including automated market surveillance tools, to reduce the potential risk.

In addition, the Group is subject to EU and national public procurement laws.

Whilst the Group has a strong culture of compliance and has policies and procedures in place which seek to ensure compliance with the relevant competition, market abuse and procurement legislation, any failure by the Group to comply with relevant law could result in penalties being imposed on the Group. The imposition of any such penalties may have an adverse effect on the Group's business, reputation, results of operations, prospects and/or financial condition.

Compliance with data protection laws

The Group's activities involve the collection and processing of personal data relating to customers and employees. Any breach of data protection laws could result in a complaint being made to the relevant authorities. The data protection authorities in Ireland and in Northern Ireland have the power to investigate data protection breaches and have a number of remedies at their disposal including the issue of significant fines, enforcement and/or information notices, criminal prosecution and the naming of non-compliant organisations in their annual reports. The Group has policies, procedures and dedicated personnel in place which are designed to ensure that it remains compliant with its data protection obligations, including those which relate to its marketing activities.

Nevertheless, any failure by the Group to comply with applicable law could result in penalties being imposed on the Group. The imposition of any such penalties may have an adverse effect on the Group's business, results of operations, prospects and/or financial condition.

In addition, the General Data Protection Regulation (EU) 2016/679 (**GDPR**) has had direct effect in all EU Member States since 25 May 2018 and replaced previous EU data privacy laws. Although a number of basic existing principles have remained the same, GDPR introduced new obligations on data controllers, data processors and some new rights for data subjects. GDPR also introduced new fines and penalties for breaches of GDPR requirements, including fines of up to the higher of either: (i) 4 per cent. of annual worldwide turnover in the preceding financial year or €20m; or (ii) 2 per cent. of annual worldwide turnover in the preceding financial year or €10m, depending on which GDPR requirement has been breached. While the Group has taken measures to comply with GDPR, including appointing a Data Protection Officer and making changes to its IT systems, any breach of these measures may result in monetary sanctions, as well as reputational damage, which may have an adverse effect on its business, results of operations, prospects and/or financial condition.

Financial risks

Pension risk – Ireland

The Group operates both a defined benefit scheme (the **DB Scheme**) and a defined contribution scheme for staff in Ireland (including ESB employees seconded overseas). According to the latest interim review for the year ending 31 December 2018, the DB Scheme does not have a deficit on an on-going actuarial basis, although it would have a deficit in the event of a wind-up situation due to a Minimum Funding Standard (which is determined in accordance with the applicable legislation). From 1 January 2019 the Minimum Funding Standard, as applying to the DB Scheme, includes a risk reserve funding element. The DB Scheme trustees and the DB Scheme actuary are currently carrying out a full review of the Minimum Funding Standard, including applicable risk reserve requirements, which may result in a funding plan, if required, being submitted to the Pensions Authority.

There are no plans to wind-up the DB Scheme. ESB does not intend that any further contributions will be made, other than the existing on-going contributions (up to 16.4 per cent. of pensionable salary, in addition to employee contributions of up to 8.5 per cent. of pensionable salary) and the balance of ESB's €591 million additional contribution (committed as part of a 2010 agreement). In accordance with IAS 19, ESB continues to reflect the balance of its committed obligations in the balance sheet as set out in note 22 to the audited consolidated annual financial statements for the financial year ended 31 December 2018 of ESB.

In May 2017, the Government of Ireland announced an intention to introduce new legislation, which, among other things, would contain key measures to increase protections for members of defined benefit occupational pension schemes. While the pensions aspects of the proposed legislation have not been progressed to date, and detailed pensions provisions have yet to be published, there is a risk that the new legislation could, depending on the form in which it is enacted, change the nature of ESB's obligations with respect to the DB Scheme, which could have adverse financial consequences for the Group. ESB has engaged with its Government shareholder departments and understands that it is intended that the new legislation will be introduced in a manner that will not have any such adverse financial consequences for the Group. However, until the new legislation has been enacted, some residual risk remains for the Group.

Pension risk – Northern Ireland

Northern Ireland Electricity Networks Limited (**NIE Networks**) participates in the Northern Ireland Electricity Pension Scheme (the **NIE Networks Scheme**) which includes a defined benefit section and a defined contribution section. The defined benefit section of the NIE Networks Scheme was in deficit to the value of £97.5 million (as at 31 December 2018 on an IAS19 basis) and, following the completion of a triennial review at 31 March 2017, an eight -year deficit repair plan was agreed with the trustees of the NIE Networks Scheme.

The amount and timing of future funding obligations in respect of the defined benefit section of the NIE Networks Scheme are based on various actuarial assumptions and other factors including, among other things, the actual and projected market performance of the scheme assets, future long-term bond yields, average life expectancies and relevant legal requirements, changes to which could result in NIE Networks having to make additional contributions to the NIE Networks Scheme.

The UR concluded, in its final determination for the regulatory price control period which commenced on 1 October 2017 and will apply until 31 March 2024 (**RP6**), that any deficits in the participating schemes (which includes the NIE Networks Scheme) should be split into historic and incremental deficits using the OFGEM Pension RIGS methodology; the cut-off date for the historic deficit being 31 March 2012. The UR's approach to treating pension deficits in RP6 is largely similar to the UK Competition and Markets Authority approach adopted in the previous regulatory price control period between 2012 and 2017 (**RP5**).

The RP6 price control allowance for the historic deficit matches the deficit repayment profile agreed with the pension scheme trustees of the NIE Networks Scheme, subject to an annual disallowance of GBP4.7 million (2015/16 real prices) in respect of costs associated with early retirement schemes incurred by NIE Networks between 1997 and 2003. The RP6 price control mechanism makes no allowance for any deficit costs which might arise in respect of pensionable service after 31 March 2012. It is expected that these costs, in conjunction with on-going service costs, will be subject to benchmarking with the Great Britain network operators in future price controls.

There is a risk that the regulatory treatment of pensions' costs could change under future price controls which could have an adverse impact on the financial position of the Group.

Financial market risks

The Group is exposed to a variety of wholesale market trading and financial market risks, including interest rate, foreign exchange, counterparty credit, funding, commodity and liquidity risks. Members of the Group are party to various hedging arrangements including, without limitation, commodity prices, interest rate, inflation-linked, and foreign exchange swaps which are intended to mitigate such risks but which also carry their own counterparty risks. The Group's exposure to funding and liquidity risks can be exacerbated by factors such as (i) debt repayment requirements and (ii) cash collateral or break provisions within derivative contracts to which Group members are party. The Group seeks to ensure that all of these risks are, wherever possible, monitored, reported and managed within a strict framework of controls and procedures. Nevertheless, there can be no assurance that market, political or legislative developments will not have an adverse effect on the Group's financial performance. Where possible, the Group applies IFRS 9 hedge accounting treatment to its derivative transactions. However certain derivative transactions, including but not limited to the Group's inflation-linked (Retail Price Index or **RPI**) swaps, which hedge a large proportion of the Group's Northern Ireland network assets, are not eligible for such hedge accounting treatment. The marked to market valuation of these swaps is influenced by changes in UK real interest and inflation rates. Therefore the volatility in the marked to market valuation of these swaps, which can be significant, impacts the Group's income statement and, depending on the marked to market valuation on any reporting date, could have an adverse effect on the Group's reported profits.

See further "*Description of ESB – ESB's Summary Financial Information*".

Borrowing restrictions and covenants

ESB is subject to certain statutory borrowing restrictions, including a statutory borrowing limit which is currently set at €6 billion. ESB is also subject to certain covenants and restrictions under the terms of its senior unsecured debt securities and credit facilities. Any failure to comply with such restrictions, limits or covenants could have an adverse effect on the Group's operations, operating costs, prospects and/or financial condition.

Project finance

ESB has developed a number of power generation projects using non-recourse or limited-recourse project finance and special purpose companies owned or partially owned by ESB. While the recourse to ESB under these financing arrangements may be limited or excluded, nevertheless there may be financial or reputational risks to ESB if these projects failed or became insolvent.

Commodity price movements

Power, fuel and carbon allowance prices paid by the Group in connection with its electricity generation and supply activities, have shown significant volatility in recent years. The Group's profits could be (and have been) materially affected by changes in the price of power, fuel and carbon allowances and by relative movements between prices of different fuel types and/or power types, but hedging strategies are in place to reduce the impact of such price volatility in the near term.

ESB must purchase sufficient carbon allowances for its carbon emissions which can be a volatile cost but hedging strategies are in place to limit the extent of such cost volatility in the near term.

Continuing volatility in power, carbon allowance and fuel prices could have an adverse effect on ESB's results of operations, prospects and/or financial condition.

Accounting and tax risks

Non-compliance with applicable accounting standards, revisions to existing accounting standards, or the introduction of new accounting standards, rules or interpretations could have an adverse effect on the Group's reported financial results.

The effective rate of tax paid by the Group may be influenced by a number of factors, including changes in law and accounting standards, and changes in the practices of, or legal interpretations adopted by, relevant tax

authorities. Changes in such factors could result in an increase in the effective rate of tax paid by the Group and therefore could have an adverse effect on the Group's prospects and/or financial condition.

Business risks

The economic environment in which the Group operates

The ability of the Group to maintain and grow its business and profit levels could be adversely affected by economic factors, such as a general economic downturn. This could result in lower business activity levels and/or lower profitability in existing business lines. In addition, the fixed nature of a significant proportion of the Group's cost base could, in such circumstances, make it difficult for the Group to achieve cost savings which may be required in response to lower business activity levels. An economic downturn could also adversely affect the ability of the Group to proceed with planned investment. Furthermore the value of the Group's regulated asset base and its allowed cost base is adjusted for inflation or deflation as part of the applicable regulatory pricing structure (see further the section of this Offering Circular entitled "*Description of ESB*"). Therefore the occurrence of a significant economic recession in Ireland and/or deflation in Ireland could have an adverse effect on the Group's results of operations, prospects and/or financial condition.

'Brexit' risk

Following the result of the referendum on the United Kingdom's continued membership of the European Union and the passing of the European Union (Notification of Withdrawal) Act 2017, the formal process of the United Kingdom leaving the European Union was triggered on 29 March 2017. There is a risk that withdrawal of the United Kingdom from the EU and the negotiation process leading up to such withdrawal, or the breakdown or other outcome of such process, may have a negative impact on the UK economy (where the Group has commercial interests) and on the Irish economy.

The full consequences of Brexit are likely to emerge over the next number of years. ESB has conducted a review of its business readiness for a "no deal" or "disorderly" Brexit and made preparations for business continuity. Depending on the manner in which the United Kingdom leaves the European Union, there could be an accentuating effect on other risk factors.

While Brexit creates uncertainty, the UK energy sector continues to provide a pipeline of growth opportunities and ESB continues to monitor the current and emerging Brexit related impacts as these become apparent. The changes to the Single Electricity Market (**SEM**) with a link between the Irish and European markets presents uncertainty and increased complexity. ESB will continue with prudent financial management of its United Kingdom (UK) assets, which are substantially matched with GBP funding. ESB will continue to monitor the impacts from Brexit and other world-wide socio-political events and take prudent financial management actions, as appropriate, so as to protect ESB's financial strength. Further, the impact that Brexit may have on the Irish and other EU national economies is uncertain and may be negative. An economic downturn in the UK and/or Ireland could have an adverse effect on the Group's results of operations, prospects and/or financial condition.

Competition

The Group faces strong competition in its generation, supply (see further the section of this Offering Circular entitled "*Description of ESB –Customer Solutions*") and overseas' markets. There can be no assurance that existing or increased competition will not adversely affect the Group in one or more of the markets in which it operates. For example, increased competition may result, and has resulted, in a decline in the Group's residential customer numbers and demand for the Group's products or services in certain competitive markets in which the Group operates, and consequently in revenues earned by the Group in such markets. There can be no assurance that further declines in customer numbers will not occur in such markets. Adverse consequences which may affect the Group include loss of profitability and an inability to recover stranded fixed costs.

Demand and capacity outlook

The SEM is a small electricity market by international standards, where the addition of a single new thermal power plant represents a material increase to total capacity. Significant new capacity has been added in the last decade and new wind capacity is being added each year. In addition, the East-West Interconnector, which became operational in October 2012, introduced a further 500MW of capacity in Ireland (see further the section of this Offering Circular entitled "*Overview of the Electricity Markets in Ireland and Northern Ireland*").

The economic crisis led to a drop in electricity demand in the SEM market in the early part of the decade, however, SEM electricity market demand has stabilised and grown in recent years as the Irish economy has recovered and grown. EirGrid's All Island Generation Capacity Assessment 2018-2027 forecasts electricity demand growth of 15 per cent. in the low demand scenario and 47 per cent. in the high demand scenario for the island of Ireland in the period to 2027. This capacity assessment indicates a demand growth of 57 per cent. in Ireland and 15 per cent. in Northern Ireland under a high growth scenario and a growth of 20 per cent. in Ireland and -2 per cent. in Northern Ireland under a low growth scenario.

As a consequence, EirGrid reports the system in Northern Ireland to be in surplus capacity over the period of the Generation Capacity Assessment 2018-2027, with a decreasing surplus towards the end of the assessment. The assessment in relation to Ireland indicates surplus capacity over the early years of the assessment turning to significant deficit from 2024. There is a capacity remuneration mechanism in place for the island of Ireland which procures capacity on a four year ahead basis. This is intended to address the capacity deficit signalled in the Generation Capacity Assessment 2018-2027. Failure by ESB to secure capacity contracts could result in lower revenues and have an adverse effect on the Group's financial position and operations.

SEM

In order to comply with the objectives of the EU Internal Energy Market, a complete re-design of the SEM electricity trading arrangements and capacity remuneration mechanism was implemented on 1 October 2018 (the redesign project was called I-SEM). A feature of this new market design is an auction system for awarding capacity contracts on a yearly basis for existing generators and awarding ten year capacity contracts for new build generation capacity. The first such auction took place in December 2017 covering the period from October 2018 to September 2019 with further auctions taking place in December 2018, covering the period from October 2019 to September 2020. The first T-4 Auction took place in April 2019 (See further the section of this Offering Circular entitled "*Description of ESBreland – Single Electricity Market*"), covering the period from October 2022 to September 2023. ESB secured 4,034MW (3,280MW de-rated), 3,940MW (3,186MW de-rated) and 3,884MW (3,217MW de-rated) of capacity respectively in these auctions.

A revised ancillary services regime has also been introduced to provide more reward for units supporting network resilience in order to facilitate higher levels of intermittent renewable generation on the system and the Group has positioned itself to actively participate in this market. Competition continues to grow in the provision of these services which, coupled with greater penetration of renewables depressing the energy price, means the stability of revenues from energy, capacity markets and ancillary services is less certain and as such, could result in lower revenues and reduced profits to generators under SEM, including for the Group.

Formulation and implementation of strategy

It is the responsibility of the Board of ESB to consider strategic issues and overall risk appetite including capital investment in projects, acquisitions, disposals, investments, market positioning, climate change, sustainable development and new technologies. The Group's strategy is reviewed by the Board of ESB twice annually and sets out the Group's investment and growth targets for the relevant period. Implementation of the Group's investment and growth targets will require significant borrowing and there can be no assurance that the Group will be able to raise the necessary funds on acceptable terms. In addition, a failure to formulate a successful strategy, to review and refine such strategy in the light of economic, regulatory, technological (including disruptive markets – see next paragraph) and market developments, or to implement such strategy effectively could adversely impact on the financial or market position of the Group.

Disruptive markets / technology risk

Significant changes to energy markets internationally are being driven by the advent of new commercial generation and storage technologies, new competitor business models, changing customer preferences and the impact of new customer platforms. The Group is monitoring the potential for these developments to impact on its existing businesses and is also, in the evolution of the Group's strategy, seeking to develop new businesses and services to exploit the opportunities that will arise. A specific feature of a recent organisational restructure implemented by the Group sought to address this risk by introducing a more clearly customer focused business unit, which consolidated the existing customer facing parts of the Group (except the Networks businesses, for ring-fencing reasons) and a clarification of the constituent elements of the Innovation business area which now sits in the Strategy, Innovation and Transformation business unit. However, there can be no assurance that the Group will be able to continue to fully address the challenges that may arise and that may have an adverse impact on the Group's businesses.

The Group has increased its investment in telecommunications assets with the creation of the SIRO joint venture with Vodafone Ireland Limited. While this investment has the potential to generate significant returns, the telecommunications market in Ireland is extremely competitive and there is no guarantee that the investment will be successful.

Project execution

Project execution in general is subject to commercial, construction, technical, contractor, planning permission, relevant approvals and economic risks. Failure to secure an appropriate revenue structure is an additional key risk for any project. Changes to the law or failure to deliver planned new projects to successful technical and commercial operation could have an adverse effect on the Group's business, results of operations, operating costs, prospects and/or financial condition.

Labour relations/staff selection and retention

The Group's average number of employees in 2018 was 7,874, including 1,206 employees of NIE Networks. The Group engages in collective bargaining. There has been no significant strike action by ESB employees since 1991, however, any industrial action by employees could affect critical services, curtail operations and have an adverse financial and reputational impact on the Group and/or result in adverse regulatory action.

The Group operates within a competitive market for talent and highly valued skills which is managed through ongoing technical and graduate recruitment programmes and competitive remuneration packages. The Group is reliant on the employment of competent and qualified personnel in all areas of its business (including its senior management team as outlined in the section of this Offering Circular entitled "*Description of ESB*"). Low employee morale or failure to attract or retain, or changes in, key personnel could have an adverse effect on the Group's business, results of operations, prospects and/or financial condition.

Reputational risk

The Group has a strong reputation for professionalism and competence within the energy sector. This is underpinned by strong reputation, stakeholder and media management functions within ESB. However the Group remains exposed to the risk of the occurrence of adverse events or circumstances that may damage its brand or public standing. This in turn could have an adverse impact on the Group's business, results of operations, operating costs, prospects and/or financial condition.

Security of primary energy sources

The principal sources of primary energy in the Irish electricity market are gas, coal, hydro, peat and wind. Approximately 70 per cent. of the primary energy for electricity production in Ireland is imported fuel. At present approximately 50 per cent. of gas used in Ireland is purchased on the United Kingdom gas markets, which in turn are supplied by United Kingdom production, European imports and the import of liquefied natural gas, the balance comes from indigenous resources, primarily the Corrib gas field. The Corrib gas field started commercial production in late 2015 and has materially reduced the dependence on gas imports in Ireland. Production at Corrib has peaked, and output has begun to decline, meaning the proportion of Irish gas attributable to domestic production (as opposed to imports) may reduce to zero over the next 15 years. Any disruption to the importation of fuel into Ireland could have an adverse impact on the Group's electricity generating capability and its financial condition.

Network, plant and other infrastructure performance and security risk

The Group's businesses include the operation and development of electricity networks and also encompass certain responsibilities in relation to some waterways in Ireland. Electricity networks are critical infrastructure for electricity users in Ireland and for the economies in Ireland and Northern Ireland. The risk of a major network failure or disruption of electricity supply is an inherent part of the business. For example, a failure or disruption to network performance, or damage to other infrastructure, could be a consequence of such factors as under-investment, inadequate maintenance, inadequate planning for future demand, inability to meet the current scale of increased demand, system failure, ongoing climate change resulting in more severe weather conditions, flooding or natural disasters. In addition, sabotage or other intentional and unlawful acts of third parties may result in damage to, or destruction of, plant, networks and other infrastructure owned and/or operated by the Group. While ESB Networks has a comprehensive asset management strategy in place to manage these risks, the potential consequences for the Group of any of the above risks could include damage to reputation, material financial loss, risk of injury or death, and/or adverse regulatory action.

The breakdown or malfunction of generation plant, including dams associated with hydro-electric generating plants, could also have an adverse impact on the Group's business, for example as a result of increased exposure to SEM pool market prices, increased cost of production, increased maintenance costs and/or reputational damage.

Insurance

The Group seeks to maintain insurance cover on all its key property and liability exposures through the international insurance market. No assurance can be given that the insurance cover acquired by the Group provides adequate or sufficient cover for all events or incidents. In the event there is inadequate or insufficient cover for an event or incident, it could result in a financial exposure for the Group. The international insurance market can be volatile and therefore there can be no assurance that existing cover will remain available or will be available at commercially acceptable premiums.

Systems and business interruption

The Group's ability to manage its operations and engage in critical business tasks is dependent on the efficient and uninterrupted operation of its IT, software, hardware and communication systems. The risk extends to

reliance on key personnel and suppliers who provide, operate or maintain these systems and on the IT, software, hardware and communication systems used by third parties in the course of their dealings with the Group. A failure in any relevant system could have an adverse effect on the Group's results of operations, operating cost, prospects and/or financial condition.

The significant role that the Group plays in the various markets it supports has resulted in parts of the Group already being designated as "Operators of Essential Services" (**OES**) under the Northern Ireland enactment of the EU "Network Information Security" Directive (**NIS**). The NIS Directive was transposed into law in Ireland on 18 September 2018. While the formal designation of OESs has not yet been finalised in all cases, discussions are at an advanced stage. It has been confirmed for Ireland that ESB Networks DAC is designated as an OES and it is expected that ESB, acting through its Generation and Trading division, will shortly be similarly designated. For Northern Ireland, NIE Networks Limited and Coolkeeragh ESB Limited have been designated as OESs, with final discussions ongoing regarding Electric Ireland's Northern Ireland supply activities. ESB Group has no designated OES in the rest of Great Britain. The NIS results in more onerous compliance obligations and a potential for consequential investment requirements which could have an adverse effect on the Group's results of operations, prospects and/or financial condition.

Information security/cyber risk

The confidentiality, integrity and availability of information owned or controlled by the Group could be affected by factors that include human error, ineffective design or operation of key controls, data theft or through cyber-attack. The Group treats the security of its information and systems with the upmost seriousness and employs a range of best practice cyber security measures to protect from such attacks. There can be no assurance, however, that such measures will be successful.

Loss of data integrity and any compromise of the availability or confidentiality of information held by the Group could affect the Group's ability to conduct day-to-day operations and may have an adverse impact on the Group's business, reputation, results of operations, operating costs, prospects, safety and/or financial condition.

Operational risk

The Group faces the risk of losses or reputational damage due to human error, fraud or inadequate processes across all its operations, including its trading and treasury operations. Any losses which may arise as a result of human error, fraud or inadequate processes affecting the Group's trading or treasury operations may, due to the nature and scale of such operations, be significant and therefore have an adverse effect on the Group's financial condition.

FACTORS THAT MAY AFFECT ESB FINANCE'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME

ESB Finance is a special purpose financing entity with no business operations other than the entry into of financing arrangements (including the issuance of Notes under the Programme), the lending of the proceeds to ESB or other members of the Group, the giving of intra-group guarantees, and the entry into of certain ancillary arrangements, including related hedging contracts. ESB Finance's only material assets are receivables due to it from ESB or other members of the Group under intra-Group financing arrangements and/or from third parties under related hedging contracts. Therefore, ESB Finance is subject to all risks to which ESB is subject, to the extent that such risks could limit ESB's or the relevant Group recipient's ability to satisfy in full and on a timely basis its obligations under such loan. See "*Factors that may affect ESB's ability to fulfil its obligations under Notes issued under the Programme or in case of Notes issued by ESB Finance, factors that may affect ESB's ability to fulfil its obligations under the Guarantee*" above for a further description of certain of these risks.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features.

If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.

An optional redemption feature is likely to limit the market value of Notes. During any period when the relevant Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The relevant Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an

effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

There are particular risks associated with an investment in Index Linked Notes. In particular, an investor might receive less interest than expected or no interest in respect of such Notes and may lose some or the entire principal amount invested by it.

The relevant Issuer may issue Notes with principal or interest determined by reference to an inflation index. Potential investors should be aware that:

(i) the market price of such Notes may be volatile;

(ii) they may receive no interest;

(iii) payment of principal or interest may occur at a different time or in a different currency than expected;

(iv) they may lose all or a substantial portion of their principal;

(v) the inflation index may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

(vi) if the inflation index is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and

(vii) the timing of changes in the inflation index may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in inflation index, the greater the effect on yield.

The historical experience of the relevant inflation index should not be viewed as an indication of the future performance of such inflation index during the term of any Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Notes linked to an inflation index and the suitability of such Notes in light of its particular circumstances.

If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned.

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates.

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

Set out below is a description of material risks relating to the Notes generally.

The conditions of the Notes contain provisions which may permit their modification without the consent of all investors and confer significant discretions on the Trustee which may be exercised without the consent of the Noteholders and without regard to the individual interests of particular Noteholders.

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders and without regard to the interests of particular Noteholders, agree to (i) any modification of, or to the waiver or authorisation

of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the relevant Issuer, in the circumstances described in Condition 15 (*Meetings of Noteholders, Modification, Waiver and Substitution*).

The value of the Notes could be adversely affected by a change in English law or administrative practice.

The conditions of the Notes are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular and any such change could adversely impact the value of any Notes affected by it.

Investors who purchase Notes in denominations that are not an integral multiple of the Specified Denomination may be adversely affected if definitive Notes are subsequently required to be issued.

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks related to the market generally

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes.

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

In addition, Noteholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Offering Circular), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. Such lack of liquidity may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the assets of ESB or ESB Finance. Neither ESB nor ESB Finance can predict which of these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes.

The relevant Issuer will pay principal and interest on the Notes and the Guarantor will make payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer or the Guarantor to make payments in

respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates.

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Credit ratings assigned to the Issuer, the Guarantor or any Notes may not reflect all the risks associated with an investment in those Notes.

One or more independent credit rating agencies may assign credit ratings to the Issuer, the Guarantor or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

ESB is currently rated by S&P and Moody's (see the sub-section entitled "*Rating*" in the section of this Offering Circular entitled "*Overview of the Programme*").

The methodology employed by each of S&P and Moody's to ascribe credit ratings to state-owned energy utilities such as ESB may change from time to time. Relevant factors within such methodology may include, without limitation, the sovereign rating of the relevant state. Accordingly, for so long as ESB remains majority owned by the Government of Ireland, any downgrading of Ireland's sovereign credit rating may contribute towards, or result in, a corresponding downgrading of ESB's credit rating.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Euro and Eurozone risk

Market perceptions concerning the instability of the euro, the potential re-introduction of individual currencies within the Eurozone, or the potential dissolution of the euro entirely, could adversely affect the value of the Notes.

The European Financial Stability Facility (the **EFSF**) and the European Financial Stability Mechanism (the **EFSM**) were established in 2010 to provide funding to Eurozone countries in financial difficulties that require such support.

Despite these measures, some residual concerns persist regarding the debt burden of certain Eurozone countries and their ability to meet future financial obligations and the overall stability of the euro as a single currency given the diverse economic and political circumstances in individual Member States. These and other concerns could lead to the re-introduction of national currencies in one or more Member States, or, in more extreme circumstances, the possible dissolution of the euro entirely. Should the euro dissolve entirely, the legal and contractual consequences for holders of euro denominated obligations would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Notes.

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be "benchmarks" are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have an adverse effect on any Notes linked to or referencing such a "benchmark". Regulation (EU) 2016/1011 (the **Benchmarks Regulation**) was published in the Official Journal of the EU on 29 June 2016 and applied from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, (i) it requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent

regime or otherwise recognised or endorsed) and (ii) it prevents certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the following effects on certain "benchmarks" (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark" or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have an adverse effect on the value of and return on any Notes linked to or referencing a "benchmark".

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a "benchmark".

Future discontinuance of LIBOR and/or EURIBOR may adversely affect the value of Floating Rate Notes which reference LIBOR or EURIBOR

On 27 July 2017 and in a subsequent speech on 12 July 2018, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that it will no longer continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. Accordingly, the survival of LIBOR in its current form, or at all, is not guaranteed after 2021. If LIBOR does not survive in its current form or at all, this could adversely affect the value of, and amounts payable under, any Notes in respect of which interest is calculated by reference to LIBOR. Furthermore, the uncertainty as to whether LIBOR will survive in its current form or at all may lead to adverse market conditions, which may have an adverse effect on the amounts available to the Issuer (or the Guarantor) to pay to Noteholders.

In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its Working Group on Sterling Risk-Free Rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average (SONIA) over the next four years across sterling bond, loan and derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

Separate workstreams are also underway in Europe to reform EURIBOR using a hybrid methodology and to provide a fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate). On 13 September 2018, the working group on euro risk-free rates recommended Euro Short-term Rate (ESTR) as the new risk free rate. ESTR is expected to be published by the ECB by October 2019. In addition, on 21 January 2019, the euro risk free-rate working group published a set of guiding principles for fallback provisions in new euro denominated cash products (including bonds). The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts may increase the risk to the euro area financial system.

It is not possible to predict with certainty whether, and to what extent, LIBOR and EURIBOR will continue to be supported going forwards. This may cause LIBOR and EURIBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

Investors should be aware that, if LIBOR or EURIBOR were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes which reference LIBOR or EURIBOR will be determined for the relevant period by the fallback provisions applicable to such Notes. Depending on the manner in which LIBOR or EURIBOR is to be determined under the Terms and Conditions, this may in certain circumstances (i) be reliant upon the provision by reference banks of offered quotations for LIBOR or EURIBOR which, depending on market circumstances, may not be available at the relevant time or (ii) result in the effective application of a fixed rate

for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Notes which reference LIBOR or EURIBOR.

Notes designated as Green Bonds may not be a suitable investment for all investors seeking exposure to green assets

The Issuer may issue Notes that are designated as "Green Bonds" in the relevant Final Terms. It is intended that the proceeds of the issuance of such Green Bonds will be applied towards eligible energy efficiency measures or other environmentally sustainable projects ("**Green Projects**") as described in the ESB green bond framework which will be published on the website of the Guarantor (currently www.esb.ie) in advance of the issuance of Green Bonds, as such framework may be updated from time to time (the "**Green Bond Framework**"). As at the date of this Offering Circular, the Issuer has not published its Green Bond Framework, although the Issuer intends to do so prior to the issuance of any Green Bonds. Prospective investors should have regard to the information set out in this Offering Circular, the relevant Final Terms and the Green Bond Framework regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investor deems necessary. There is a risk that the use of such proceeds or terms of such Notes will not satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply whether by any present or future applicable law or regulations or by its own internal policies, governing rules or investment mandates, in particular with regard to any direct or indirect environmental impact of any funded projects.

Furthermore, it should be noted that there is currently no clearly-defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green" or an equivalently-labelled project or as to what precise features are required for a particular project to be defined as "green" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to investors by the Issuer or any of the Dealers that any projects or uses the subject of, or related to, any Green Projects will meet any or all investor expectations regarding such "green", "sustainable" or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Green Projects.

While it is the intention of the Issuer to apply the proceeds of Green Bonds in, or substantially in, the manner described in the applicable Final Terms, there can be no assurance that the Green Projects, as the case may be, will be capable of being implemented in or substantially in such manner and/or in accordance with any applicable timing schedule and that accordingly the proceeds of the relevant Green Bonds will be totally or partially disbursed for such Green Projects. The Issuer has no contractual obligation to apply the proceeds of Green Bonds towards Green Projects. Furthermore, there can be no assurance that such Green Projects will be completed within any specified period or at all or with the results or outcome as originally expected or anticipated by the Issuer and/or Guarantor. Any such event or failure by the Issuer and/or Guarantor will not constitute an event of default under the relevant Green Bonds.

In connection with the issue of Green Bonds under the Programme, a sustainable rating agency or other institutions or persons with recognised expertise in environmental sustainability may issue an opinion or certificate (whether or not requested by the Issuer or the Guarantor) on (amongst other things) general compliance of the Green Bond Framework with the Green Bond Principles as published by the International Capital Markets Association and/or the suitability of the Green Bonds as an investment in connection with certain environmental and sustainability projects. No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer and/or Guarantor) which may be made available in connection with the issue of any Notes and in particular with any Green Projects to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Offering Circular. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer, the Dealers or any other person to buy, sell or hold any such Notes. Any such opinion or certification is only current as at the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Notes. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. In addition, although the Issuer and/or the Guarantor may agree at the time of issue of any Green Bonds to certain reporting and use of proceeds obligations it would not be an event of default under the relevant Notes if the Issuer and/or the Guarantor fails to comply with such obligations.

In the event any Notes are listed or admitted to trading on any dedicated 'green', environmental sustainable or any other equivalently labelled segment of any stock exchange or securities market (whether or not regulated) no

representation or assurance is given by the Issuer, the Dealers or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are requirements to comply whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses of funds. No representation or assurance is given or made by the Issuer and/or the Guarantor or any other person that any such listing or admission to trading will be obtained in respect of any such Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes.

Any such event or failure to apply the proceeds of any issue of Notes for any Green Projects as aforesaid and/or withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer or the Guarantor is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or any cessation of the listing or admission to trading of such Green Bonds on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of such Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

None of the Dealers will verify or monitor the proposed use of proceeds of Notes issued under the Programme.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Offering Circular and have been filed with Central Bank of Ireland shall be incorporated in, and form part of, this Offering Circular:

a) the auditors' report and audited consolidated annual financial statements for the financial year ended 31 December 2018 of ESB, at pages 114 to 221 (inclusive) of the 'ESB Annual Report and Financial Statements 2018 which is available on the website of ESB at https://esb.ie/docs/default-source/investor-relations-documents/annual-report-2018-full-report-(interactive-version).pdf?sfvrsn=d28304f0_2;

b) the auditors' report and audited consolidated annual financial statements for the financial year ended 31 December 2017 of ESB, at pages 104 to 186 (inclusive) of the 'ESB Annual Report and Financial Statements 2017 which is available on the website of ESB at https://www.esb.ie/docs/default-source/investor-relations-documents/annual-report-and-financial-statements-2017.pdf?sfvrsn=2%20;

c) the auditors' report and audited annual financial statements for the financial year ended 31 December 2018 of ESB Finance, at pages 6 to 32 (inclusive) of the 'ESB Finance Designated Activity Company, Directors' Report and Financial Statements year ended 31 December 2018, which is available on the website of ESB at https://esb.ie/docs/default-source/investor-relations-documents/esb-finance-dac-2018-financial-statements.pdf?sfvrsn=d8bf04f0_2;

d) the auditors' report and audited annual financial statements for the financial year ended 31 December 2017 of ESB Finance, at pages 7 to 31 (inclusive) of the 'ESB Finance Designated Activity Company, Directors' Report and Financial Statements year ended 31 December 2017' which is available on the website of ESB at https://esb.ie/docs/default-source/investor-relations-documents/esb-finance-designated-activity-company-2017-financial-statements.pdf?sfvrsn=b2503bf0_4;

e) the terms and conditions of the Notes contained in the previous offering circular dated 25 October 2018 on pages 43-75 prepared by ESB and ESB Finance in connection with the Programme, which is available on the website of Euronext Dublin at https://www.ise.ie/debt_documents/Base%20Prospectus_5d18089e-fbb8-4cea-b9e7-e69b1e4cd0b6.PDF;

f) the terms and conditions of the Notes contained in the previous offering circular dated 30 June 2017 on pages 40-72 prepared by ESB and ESB Finance in connection with the Programme, which is available on the website of Euronext Dublin at http://www.ise.ie/debt_documents/prospectus-app%20sub-esb_d42bf667-d3e5-486f-b2ec-ad69ad2e0656.PDF;

g) the terms and conditions of the Notes contained in the previous offering circular dated 24 May 2016 on pages 39-72 prepared by ESB and ESB Finance in connection with the Programme, which is available on the website of Euronext Dublin at http://www.ise.ie/debt_documents/Base%20Prospectus_745de294-9c72-46b6-9db0-9a470a2721d2.pdf;

h) the terms and conditions of the Notes contained in the previous offering circular dated 24 October 2014 on pages 36-69 prepared by ESB and ESB Finance in connection with the Programme, which is available on the website of Euronext Dublin at http://www.ise.ie/debt_documents/Base%20Prospectus_8ef6393f-3060-41e8-b95b-728d3b408468.PDF;

i) the terms and conditions of the Notes contained in the previous offering circular dated 28 January 2013 on pages 35-66 prepared by ESB and ESB Finance in connection with the Programme, which is available on the website of Euronext Dublin at http://www.ise.ie/debt_documents/Base%20Prospectus_d884728b-72be-4c23-becf-62eccaf3137f.PDF;

j) the terms and conditions of the Notes contained in the previous offering circular dated 4 November 2011 on pages 37-68 prepared by ESB and ESB Finance in connection with the Programme, which is available on the website of Euronext Dublin at http://www.ise.ie/debt_documents/Base%20Prospectus_0fb7cada-269c-4f6c-becb-5a921d1aa033.PDF; and

k) the terms and conditions of the Notes contained in the previous offering circular dated 12 February 2010 on pages 33-66 (inclusive), which is available on the website of Euronext Dublin at http://www.ise.ie/debt_documents/Electricity%20Supply%20Board%2041986Base_Prospectus_15962.pdf

Any documents incorporated by reference in the documents referred to above do not form part of this Offering Circular.

Following the publication of this Offering Circular a supplement may be prepared by ESB and ESB Finance and approved by the Central Bank of Ireland in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise) be deemed to modify or supersede statements contained in this Offering Circular or in a document which is incorporated by reference in this Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

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

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Offering Circular.

ESB and ESB Finance will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Offering Circular which is capable of affecting the assessment of any Notes, prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of Notes.

FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will be initially issued in the form of a temporary global note (a **Temporary Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Global Note** and, together with a Temporary Global Note, each a **Global Note**) which, in either case, will:

(i) if the Global Notes are intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, S.A. (**Clearstream, Luxembourg**); and

(ii) if the Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg.

Where the Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will also indicate whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification to the effect that the beneficial owners of interests in the Temporary Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Global Note of the same Series or (ii) for definitive Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached upon either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Principal Paying Agent as described therein or (b) only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 10 (*Events of Default and Enforcement*)) has occurred and is continuing, or (ii) the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) or the Trustee may give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Notes (other than Temporary Global Notes) and on all interest coupons relating to such Notes where TEFRA D is specified in the applicable Final Terms:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of Notes or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

General

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

No Noteholder or Couponholder shall be entitled to proceed directly against the relevant Issuer, or as the case may be, the Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

APPLICABLE FINAL TERMS

NOTES WITH A DENOMINATION OF €100,000 (OR ITS EQUIVALENT IN ANY OTHER CURRENCY) OR MORE

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of at least EUR 100,000 (or its equivalent in another currency).

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the **Prospectus Directive**). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.][1]

[MiFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Instruments is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, **MiFID II**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Instruments (a **distributor**) should take into consideration the manufacturer ['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Instruments (by either adopting or refining the manufacturer ['s/s'] target market assessment) and determining appropriate distribution channels.]

[*Date*]

[Electricity Supply Board/ESB Finance DAC]

Legal Entity Identifier (LEI): [[635400UFHDIQCDZ6JK11]/[635400VCPRSU89DLMZ57]]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
[unconditionally and irrevocably guaranteed by Electricity Supply Board]
under the EUR5,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 21 May 2019 [and the supplement[s] to it dated [*date*] [and [*date*]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Offering Circular**). [This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular.][2] Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular has been published on the website of Euronext Dublin (www.ise.ie).

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date*.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Offering Circular dated [*original date*] [and the supplement dated [*date*]] which are incorporated by reference in the Offering Circular dated 21 May 2019. [This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular dated 21 May 2019 [and the supplement[s] to it dated [*date*] [and [*date*]] which [together]

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1 Legend to be included on front of the Final Terms if the Notes potentially constitute "packaged" products or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

2 This sentence may be deleted or modified in the case of a Tranche of Notes which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive.

constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Offering Circular**), including the Conditions incorporated by reference in the Offering Circular.][3] Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circulars has been published on the website of Euronext Dublin (www.ise.ie).

[*Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms.*]

[*If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000, €125,000 or its equivalent in any other currency*.]

[3] As above

1.	(a)	Issuer:	[Electricity Supply Board/ESB Finance]
	(b)	[Guarantor:	Electricity Supply Board]
2.	(a)	Series Number:	[ ]
	(b)	Tranche Number:	[ ] (*If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible*)
	(c)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [26] below, which is expected to occur on or about [*date*]][Not Applicable]
3.	Specified Currency or Currencies:		[ ]
4.	Aggregate Nominal Amount:		
	(a)	Series:	[ ]
	(b)	Tranche:	[ ]
5.	Issue Price:		[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
6.	(a)	Specified Denominations:	[ ] *(N.B. Notes must have a minimum denomination of €100,000 (or equivalent))* *(Note – where multiple denominations above €100,000* or equivalent are being used the following sample wording should be followed: *"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000]. ")* *(N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive, the €100,000 minimum denomination is not required.*)
	(b)	Calculation Amount (in relation to calculation of interest on Notes in global form see Conditions):	[ ] (*If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations*.)
7.	(a)	Issue Date:	[ ]
	(b)	Interest Commencement Date:	[*specify*/Issue Date/Not Applicable] (*N.B. An Interest Commencement Date will not be*

		relevant for certain Notes, for example Zero Coupon Notes.)
8.	Maturity Date:[4]	[*Specify date or for Floating Rate Notes* – Interest Payment Date falling in or nearest to [*specify month and year*]]
9.	Interest Basis:	[[ ] per cent. Fixed Rate] [[ ] month [LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] (see paragraph [14]/[15]/[16]/[17] below)
10.	Redemption[/Payment] Basis:	[Redemption at par] [Index Linked Redemption] (*N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes may be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.*)
11.	Change of Interest Basis:	[*Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 14 and 15 below and identify there* /Not Applicable]
12.	Put/Call Options:	[Investor Put] [Issuer Call] [Make-Whole Redemption by the Issuer] [(see paragraph [19]/[20]/[21] below)] [Not Applicable]
13. (a)	Status of the Notes:	Senior
(b)	[Date [Board] approval for issuance of Notes [and Guarantee] obtained:	[ ] [and [ ], respectively]] (*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a)	Rate(s) of Interest:	[ ] per cent. per annum payable in arrear on each Interest Payment Date
(b)	Interest Payment Date(s):	[ ] in each year up to and including the Maturity Date (*Amend appropriately in the case of irregular coupons*)
(c)	Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in	[ ] per Calculation Amount

[4] Notes which have a maturity of less than one year from the date of their issue must bear the following legend on page 1 of the Final Terms:
"The Notes constitute Commercial Paper for the purposes of Notice BSD C 01/02 issued by the Central Bank of Ireland (the Notice). The Notes are issued in accordance with one of the exemptions from the requirement to hold a banking licence provided by the Notice pursuant to section 8(2) of the Central Bank Act 1971 of Ireland, inserted by section 31 of the Central Bank Act 1989 of Ireland, as amended by section 70(d) of the Central Bank Act 1997 of Ireland. The Notes do not have the status of a bank deposit and are not within the scope of the Deposit Protection Scheme operated by the Central Bank of Ireland. The Issuer is not regulated by the Central Bank of Ireland."
Any such Notes must be issued and transferable in a minimum amount of €125,000 (or its equivalent in other currencies).

	global form see Conditions):	
(d)	Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions):	[[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]
(e)	Day Count Fraction:	[30/360][Actual/Actual (ICMA)]
(f)	Determination Date(s):	[[ ] in each year][Not Applicable] *(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*]
(g)	Ratings Step-up/Step-down:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(h)	Step Up Margin:	[ ] per cent. per annum
(i)	Maximum Step-up Coupon	[ ] per cent. per annum
15.	Floating Rate Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a)	Specified Period(s)/Specified Interest Payment Dates:	[ ]][, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to any adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]
(c)	Additional Business Centre(s):	[ ]
(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[ ]
(f)	Screen Rate Determination:	
	• Reference Rate:	[ ] month [LIBOR/EURIBOR]
	• Interest Determination Date(s):	[ ] (*Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR*)
	• Relevant Screen Page:	[ ] (*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)

(g)	ISDA Determination:	
	• Floating Rate Option:	[ ]
	• Designated Maturity:	[ ]
	• Reset Date:	[ ] (*In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period*) (*N.B. The fall-back provisions applicable to ISDA Determination under the 2006 ISDA Definitions are reliant upon the provision by reference banks of offered quotations for LIBOR and/or EURIBOR which, depending on market circumstances, may not be available at the relevant time*)
(h)	Linear Interpolation:	[Not Applicable/Applicable - the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
(i)	Margin(s):	[+/-] [ ] per cent. per annum
(j)	Minimum Rate of Interest:	[ ] per cent. per annum
(k)	Maximum Rate of Interest:	[ ] per cent. per annum
(l)	Day Count Fraction:	[Actual/Actual (ISDA)][Actual/Actual] Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360][360/360][Bond Basis] [30E/360][Eurobond Basis] 30E/360 (ISDA)]
(m)	Ratings Step-up/Step-down:	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
(n)	Step Up Margin:	[ ] per cent. per annum
(o)	Maximum Step-up Coupon	[ ] per cent. per annum
16.	Zero Coupon Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a)	Accrual Yield:	[ ] per cent. per annum
(b)	Reference Price:	[ ]
(c)	Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365]
17.	Index Linked Interest Note Provisions:	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)* (*N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the*

		Prospectus Directive Regulation will apply.)
(a)	Index/Formula:	[*Give name of inflation index*]
(b)	Calculation Agent:	[*Give name (and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address) – such Calculation Agent must be an EU credit institution or equivalent*]
(c)	Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent):	[ ]
(d)	Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	Condition [5.5] will apply
(e)	Specified Period(s)/Specified Interest Payment Dates:	[ ]
(f)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/]
(g)	Additional Business Centre(s):	[ ]
(h)	Minimum Rate of Interest:	[ ] per cent. per annum
(i)	Maximum Rate of Interest:	[ ] per cent. per annum
(j)	Day Count Fraction:	[Actual/Actual (ISDA)][Actual/Actual] Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360][360/360][Bond Basis] [30E/360][Eurobond Basis] 30E/360 (ISDA)]
(k)	Minimum Indexation Factor:	[Not Applicable/*specify*]
(l)	Maximum Indexation Factor:	[Not Applicable/*specify*]
(m)	Limited Indexation Month(s) or Period for calculation of Limited Indexation Factor:	[ ]
(n)	Limited Indexation Month Reference Period:	[ ]
(o)	Index/Index Figure:	[ ][Specify relevant inflation index]
(p)	Interpolation:	[Applicable/Not Applicable]
(q)	Indexation Month Reference Period X:	[ ]
(r)	Indexation Month Reference Period Y:	[ ]
(s)	Base Index Figure (Condition [5.4])):	[ ]
(t)	Reference Gilt:	[ ]
(u)	Sovereign:	[ ]

PROVISIONS RELATING TO REDEMPTION

18.	Notice periods for Condition 7.2:	Minimum period: [30] days Maximum period: [60] days
19.	Issuer Call:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Optional Redemption Date(s):	[ ]
	(b) Optional Redemption Amount:	[[ ] per Calculation Amount]
	(c) If redeemable in part:	
	(i) Minimum Redemption Amount:	[ ]
	(ii) Maximum Redemption Amount:	[ ]
	(d) Notice period:	Minimum period: [15] days Maximum period: [30] days (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee*)
20.	Make-Whole Redemption by the Issuer:	[Applicable/Applicable from and including [*date*] to but excluding [*date*]/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) [Euro]/[Sterling] Reference Stock:	[*Include details of underlying reference stock*]
	(b) Discount Margin:	[*Include relevant percentage*]/[Not Applicable]
	(c) Determination Date:	[ ] Business Days immediately preceding the Make-Whole Redemption Date
	(d) Determination Agent	[ ]
	(e) If redeemable in part:	
	(i) Minimum Make Whole Redemption Amount:	[ ]
	(ii) Maximum Make Whole Redemption Amount:	[ ]
	(f) Notice Period:	Minimum period [ ] days Maximum period [ ] days *(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)*
21.	Investor Put:	[Applicable/Not Applicable] [If not applicable, delete the remaining subparagraphs of this paragraph]

	(a) Optional Redemption Date(s):	[ ]
	(b) Optional Redemption Amount:	[ ] per Calculation Amount
	(c) Notice periods:	Minimum period: [15] days Maximum period: [30] days (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee*)
22.	Final Redemption Amount:	[[ ] per Calculation Amount] (*N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes may be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.*)
23.	Early Redemption Amount payable on redemption for taxation reasons, indexation reasons (if applicable) or on a change of control or an event of default:	[ ] per Calculation Amount (*N.B. If the Final Redemption Amount is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider). If, however, the Final Redemption Amount is other than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.*)
24.	Maximum Index Redemption Amount:	[[ ] per Calculation Amount][Not Applicable] (*N.B. Only applicable for Index Linked Redemption Notes*)
25.	Minimum Index Redemption Amount:	[[ ] per Calculation Amount][Not Applicable] (*N.B. Only applicable for Index Linked Redemption Notes*)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26.	Form of Notes:	
	(a) [Form:]	[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]] [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date] [Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event/at any time at the request of the Issuer]] (*N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph [6] includes language substantially to the following effect:*

		"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)
	(b) [New Global Note:	[Yes][No]]
27.	Additional Financial Centre(s):	[Not Applicable/*give details*] (*Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraphs 15(c) and 17(g) relate*)
28.	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]
29.	Redenomination applicable:	Redenomination [not] applicable (Redenomination applicable Condition [4] will apply)

[THIRD PARTY INFORMATION

[[*Relevant third party information*] has been extracted from [*specify source*]. [Each of the][The] Issuer [and the Guarantor] confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:	[Signed on behalf of the Guarantor:
By:.....	By: .....
Duly authorised	*Duly authorised*]

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i) Listing and Admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of Euronext Dublin and to listing on the official list of Euronext Dublin with effect from [ ].] [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify market*] [and to listing on the official list of [*specify exchange*] with effect from [].] [Not Applicable.]
(ii) Estimate of total expenses related to admission to trading:	[ ]

2. RATINGS

Ratings:	[The Notes to be issued [have been]/[are expected to be] rated] / [The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]: [*insert details*] by [*insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms*]. Each of [*defined terms*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) *(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating*.)

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantor] and [its/their] affiliates in the ordinary course of business – *Amend as appropriate if there are other interests*]

(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

(i) Green Bonds:	[Applicable] [Not Applicable]
[(ii) Reasons for the offer:	[ ] [Green Projects] [*If relevant to the applicable Final Terms, the following language shall be included*]. The net proceeds from the issue of the Notes will be applied exclusively to finance or refinance, in whole or in part, Green Projects (as defined below) which meet the Eligibility Criteria (as defined below). "**ESB Green Bond Framework**" means the ESB green bond framework prepared by the Issuer [and the

Guarantor] which is published on the website of the [Issuer]/[Guarantor] (currently www.esb.ie).

"**Green Projects**" means those projects that are described as "Eligible Green Projects" in the ESB Green Bond Framework.

"**Eligibility Criteria**" means the eligibility criteria applicable to Green Projects as set out in the ESB Green Bond Framework.

Details of the external review[s] conducted (and/or to be conducted) in connection with the Notes are set out in the ESB Green Bond Framework.

[(ii)] Estimated net proceeds: [ ]

[(iii)] Estimated total expenses: [ ]

(*N.B.: Delete unless the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, in which case 4(i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and, where such reasons are inserted in (i), disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.*)]

5. **YIELD** (Fixed Rate Notes only)

Indication of yield: [ ] [Not Applicable]

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

6. **PERFORMANCE OF INDEX/FORMULA AND OTHER INFORMATION CONCERNING THE UNDERLYING** (*Index-linked Notes only*)

[*details of where past and future performance and volatility of the index/formula can be obtained*.]

[*details of where the information about the index can be obtained.*]

The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post-issuance information].

(*N.B. This paragraph [6] only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies*.)

7. OPERATIONAL INFORMATION

(i) ISIN: [ ]

(ii) Common Code: [ ]

(iii) CFI: [[See/[[include code][5], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

(iv) FISN: [[See/[[include code][6], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned

[5] The actual code should only be included where the Issuer is comfortable that it is correct.
[6] The actual code should only be included where the Issuer is comfortable that it is correct.

		the ISIN/Not Applicable/Not Available] (*If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable"*)
(v)	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
(vi)	Delivery:	Delivery [against/free of] payment
(vii)	Names and addresses of additional Paying Agent(s) (if any):	[ ]
(viii)	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 recognized 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 the ECB being satisfied that Eurosystem eligibility criteria have been met.] / [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

8. DISTRIBUTION

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated, names of Managers:	[Not Applicable/*give names*] *(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, include names of entities agreeing to underwrite the issue on a firm commitment basis and names of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
(iii)	Date of [Subscription] Agreement:	[ ]
(iv)	Stabilisation Manager(s) (if any):	[Not Applicable/*give name*]
(v)	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name*]
(vi)	U.S. Selling Restrictions:	[Reg. S Compliance Category 2; TEFRA D/TEFRA C/TEFRA not applicable]
(vii)	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] (*If the Notes clearly do not constitute "packaged"*

products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.)

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the relevant Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Applicable Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by either Electricity Supply Board (**ESB**) or ESB Finance Limited (**ESB Finance**) as specified in the applicable Final Terms (the **Issuer**) constituted by a Trust Deed dated 12 February 2010 made between ESB and ESB Finance as issuers, ESB as guarantor of Notes issued by ESB Finance (the **Guarantor**) and Citicorp Trustee Company Limited (the **Trustee**, which expression shall include any successor as Trustee) (as supplemented by a Supplemental Trust Deed dated 28 January 2013 and as further supplemented by a Supplemental Trust Deed dated 24 October 2014 as modified and/or supplemented and/or restated from time to time, the **Trust Deed**).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

(a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;

(b) any Global Note; and

(c) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an Amended and Restated Agency Agreement dated 28 January 2013 (as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) and made between ESB and ESB Finance as issuers, the Guarantor, the Trustee, Citibank, N.A., London Branch as issuing and principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which complete these Terms and Conditions (the **Conditions**) or if this Note is a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the **applicable Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note. The expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive) to the extent implemented in the relevant Member State of the European Economic Area and includes any relevant implementing measure in the relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

Interest bearing definitive Notes have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

The Trustee acts for the benefit of the holders for the time being of the Notes (the **Noteholders**, which expression shall, in relation to any Notes represented by a Global Note, be construed as provided below) and the holders of the Coupons (the **Couponholders**, which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest

thereon and the date from which interest starts to accrue. Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office for the time being of the Trustee being at 24 October 2014 at Citigroup Centre, Canada Square, London E14 5LB, United Kingdom and at the specified office of each of the Paying Agents. If the Notes are to be admitted to trading on the regulated market of the Irish Stock Exchange the applicable Final Terms will be published on the website of the Irish Stock Exchange (www.ise.ie). If this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer, the Guarantor (where the Issuer is ESB Finance), the Trustee and the relevant Paying Agent as to its holding of such Notes and identity. The Noteholders and the Couponholders are deemed to have notice of, are bound by and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed, the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or an Index Linked Interest Note, depending upon the Interest Basis shown in the applicable Final Terms, or a combination of any of the foregoing if any Change of Interest Basis is so specified in the applicable Final Terms.

This Note may be an Index Linked Redemption Note, depending upon the Redemption/Payment Basis shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer, the Guarantor (where the Issuer is ESB Finance), the Paying Agents and the Trustee will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking, société anonyme (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor (where the Issuer is ESB Finance), the Paying Agents and the Trustee as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer, the Guarantor (where the Issuer is ESB Finance), any Paying Agent and the Trustee as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.

2. STATUS OF THE NOTES

2.1 Status of the Notes

The Notes and any relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3 (*Covenants*)) unsecured obligations of the Issuer and rank *pari passu* among themselves and (subject as aforesaid and save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

2.2 Status of the Guarantee

Where the Issuer is ESB Finance, the payment of principal and interest in respect of the Notes and all other moneys payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed by the Guarantor in the Trust Deed (the **Guarantee**). The obligations of the Guarantor under the Guarantee are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3 (*Covenants*)) unsecured obligations of the Guarantor and (subject as aforesaid and save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor, from time to time outstanding.

3. COVENANTS

3.1 Negative pledge applicable to the Issuer

The Issuer undertakes that so long as any of the Notes remains outstanding (as defined in the Trust Deed) it will not and, where the Issuer is ESB, shall ensure that none of its Principal Subsidiaries (as defined below) will, create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest (each a **Security Interest**) upon the whole or any part of its/their respective assets or revenues of whatever nature present or future, to secure any Relevant Debt (other than Non Recourse Indebtedness, as defined in Condition 3.2 below), or any guarantee of or indemnity in respect of any Relevant Debt (other than Non Recourse Indebtedness), unless at the same time or prior thereto the Issuer's obligations under the Notes (a) are secured equally and rateably therewith or benefit from a Security Interest or guarantee or indemnity in substantially identical terms (to the extent permitted by Irish or other applicable law or regulation) thereto or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee shall deem not to be materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution.

3.2 Negative Pledge applicable to the Guarantor

The Guarantor undertakes that so long as any of the Notes issued by ESB Finance remain outstanding it will not, and shall ensure that none of its Principal Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its/their respective assets or revenues of whatever nature present or future, to secure any Relevant Debt (other than Non Recourse Indebtedness), or any guarantee of or indemnity in respect of any Relevant Debt (other than Non Recourse Indebtedness), unless at the same time or prior thereto the Guarantor's obligations under the Guarantee (a) are secured equally and rateably therewith or benefit from a Security Interest or guarantee or indemnity in substantially identical terms (to the extent permitted by Irish or other applicable law or regulation) thereto or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee shall deem not to be materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution.

For the purposes of these Conditions:

Group means ESB and its Subsidiaries taken as a whole.

Non Recourse Indebtedness means any Relevant Debt incurred by a member of the Group on terms that the provider(s) of the Relevant Debt shall have recourse for repayment of such Relevant Debt and for payment of interest thereon only to revenues generated by and/or the proceeds of realisation of, specified asset(s) held by such member of the Group.

Principal Subsidiary means at any time a Subsidiary (other than a Special Purpose Subsidiary) of ESB:

(a) whose net profits (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose net assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest

audited consolidated accounts of ESB and its Subsidiaries relate, are equal to) not less than 10 per cent. of the consolidated net profits of ESB, or, as the case may be, consolidated net assets, of ESB and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of ESB and its Subsidiaries, provided that:

(i) if the then latest audited consolidated accounts of ESB and its Subsidiaries show (x) a net loss for the relevant financial period then there shall be substituted for the words "net profits" the words "gross revenues" for the purposes of this definition and/or (y) negative assets at the end of the relevant financial period then there shall be substituted for the words "net assets" the words "total assets" for the purposes of this definition;

(ii) in the case of a Subsidiary of ESB acquired after the end of the financial period to which the then latest audited consolidated accounts of ESB and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of ESB and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by ESB;

(b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of ESB which immediately prior to such transfer is a Principal Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Principal Subsidiary and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (b) on the date on which the consolidated accounts of ESB and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or

(c) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated accounts of ESB and its Subsidiaries relate, generate net profits equal to) not less than 10 per cent. of the consolidated net profits of ESB, or represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated net assets of ESB and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a) above, provided that the transferor Subsidiary (if a Principal Subsidiary) shall upon such transfer forthwith cease to be a Principal Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate net profits equal to) not less than 10 per cent. of the consolidated net profits of ESB, or its assets represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated net assets of ESB and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a) above, and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (c) on the date on which the consolidated accounts of ESB and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition,

all as more particularly defined in the Trust Deed.

A report by two Directors of ESB addressed to the Trustee that in their opinion a Subsidiary of ESB is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary may be relied upon by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties.

Relevant Debt means any present or future indebtedness for borrowed money in the form of, or represented by, bonds, notes or other securities which are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange or other organised securities market.

Special Purpose Subsidiary means at any time a Subsidiary of ESB which itself has no Subsidiaries (other than a Subsidiary which is a company which falls within paragraph (a) or (b) of this definition) and which either:

(a) is established to be the holding company of a company of the type described in paragraph (b) of this definition and the business of which is comprised wholly or substantially of holding shares or other equity interests in a company of the type described in paragraph (b) of this definition; or

(b) is established solely for the purposes of (i) the design or structure or building of a specified asset or project and/or (ii) holding a specified asset or project and/or receiving revenues therefrom, and/or (iii) incurring Non Recourse Indebtedness, and matters ancillary thereto.

Subsidiary means an entity of which a person has direct or indirect control or owns directly or indirectly more than 50 per cent. of the voting capital or similar right of ownership.

3.3 Sales of Assets

(a) ESB will not, and will not permit any Subsidiary to, sell, lease or otherwise dispose of all or any substantial part (as defined in paragraph (b) of this Condition 3.3) of the assets of ESB or the Group (whether by a single transaction or a number of related transactions and whether at the same time or over a period of time), *provided, however,* that:

(i) ESB or the Issuer where the Issuer is ESB Finance (or any other Subsidiary substituted as issuer pursuant to Condition 15.2) may sell, lease or otherwise dispose of all or substantially all of its assets to any other Person (an **Acquiror**) if (x) such Acquiror (1) is a solvent entity organised under the laws of any Approved Jurisdiction and a certificate of two directors of the Acquiror (or other officers acceptable to the Trustee) that the Acquiror is solvent both at the time at which the relevant transaction is proposed to be effected and immediately thereafter and is organised under the laws of any Approved Jurisdiction shall be conclusive evidence thereof and binding on all parties, (2) is immediately thereafter engaged (on a consolidated basis) in any similar line of business as ESB and its Subsidiaries on a consolidated basis, and (3) executes a trust deed or some other form of undertaking is given by the Acquiror in form and manner satisfactory to the Trustee, agreeing to be bound by the provisions of the Trust Deed and these Conditions with any consequential amendments (including where the Acquiror is incorporated, domiciled or resident in, or subject generally to the taxing jurisdiction of, a territory other than or in addition to the Tax Jurisdiction (as defined in Condition 8), the giving of undertakings or covenants by the Acquiror in terms corresponding to the provisions of Condition 8 (*Taxation*) with the substitution for (or, as the case may be, the addition to) the references to Ireland in the definition of Tax Jurisdiction of references to that other or additional territory in which the Acquiror is incorporated, domiciled or resident or to whose taxing jurisdiction it is subject and (where applicable) Condition 7.2 (*Redemption and Purchase – Redemption for tax reasons*) shall be modified accordingly) which the Trustee may deem appropriate as fully as if the Acquiror had been named in the Trust Deed and these Conditions as the principal debtor in place of the relevant Issuer, and (y) at the time of such transaction and after giving effect thereto, no Event of Default or potential Event of Default shall have occurred and be continuing; and

(ii) any Subsidiary (other than the Issuer where the Issuer is ESB Finance) may sell, lease or otherwise dispose of all or substantially all of its assets to ESB or any other Subsidiary so long as (x) in any such transaction not involving ESB, ESB shall have at least the same degree of voting control and economic interest with respect to the Acquiror as it had with respect to the Subsidiary that sells, leases or otherwise disposes of all of its assets, (y) if such Subsidiary has been substituted as guarantor pursuant to Condition 15.2, the Acquiror executes a trust deed or some other form of undertaking is given by the Acquiror in form and manner satisfactory to the Trustee, agreeing to be bound by the provisions of the Trust Deed and these Conditions with any consequential amendments (including where the Acquiror is incorporated, domiciled or resident in, or subject generally to the taxing jurisdiction of, a territory other than or in addition to the Tax Jurisdiction (as defined in Condition 8), the giving of undertakings or covenants by the Acquiror in terms corresponding to the provisions of Condition 8 (*Taxation*) with the substitution for (or, as the case may be, the addition to) the references to Ireland in the definition of Tax Jurisdiction of references to that other or additional territory in which the Acquiror is incorporated, domiciled or resident or to whose taxing jurisdiction it is subject and (where applicable) Condition 7.2 (*Redemption and Purchase – Redemption for tax reasons*) shall be modified accordingly) which the Trustee may deem appropriate as fully as if the Acquiror had been named in the Trust Deed and these Conditions in place of the Guarantor, and (z) at the time of such transaction and after giving effect thereto no Event of Default or potential Event of Default shall have occurred and be continuing; and

provided, further, that in the event of a sale described in subparagraph (x) of paragraph (i) or subparagraph (y) of paragraph (ii) of this Condition 3.3(a):

(X) the Trustee shall have received an opinion of independent counsel to the Acquiror, which opinion shall be acceptable to the Trustee, as to (i) the due organisation, valid existence and, if legally applicable, good standing of the Acquiror, (ii) the due authorisation, execution and delivery of any required assumption agreement by the Acquiror, and (iii) the valid, binding and enforceable nature of the obligations of the Acquiror under such assumption agreement subject to reasonable and customary exceptions, assumptions and/or qualifications under the circumstances; and

(Y) the Trustee shall have received from ESB, in the case where the Acquiror shall be the primary obligor of the Notes, unconditional and irrevocable written confirmation and reaffirmation as to its obligations under the Guarantee, provided that the written confirmation is in form and substance satisfactory to the Trustee.

(b) As used in this Condition 3.3, a sale, lease or other disposition of assets shall be deemed to be a *"substantial part"* of the assets of ESB or the Group only if the book value of such assets, (i) when added to the book value of all other assets sold, leased or otherwise disposed of by ESB or its Subsidiaries taken as a whole during the 365-day period ending on the date on which such sale, lease or other disposition occurs, exceeds 20 per cent. of Consolidated Total Assets as of the immediately preceding Year-End Date or (ii) when added to the book value of all other assets sold, leased or otherwise disposed of by ESB or its Subsidiaries during the period from the Issue Date of the first Tranche of Notes of this Series to and including the date that such sale, lease or other disposition occurs, exceeds 30 per cent. of Consolidated Total Assets as of the immediately preceding Year- End Date.

Computations under this paragraph (b) shall include all issues or sales of any shares (or other equity interests) of any class (including as "shares" for the purposes of this Condition 3.3, any warrants, rights or options to purchase or otherwise acquire shares, other equity interests or other Securities exchangeable for or convertible into shares or equity interests) of any Subsidiary (valued at the aggregate net book value of the assets of such Subsidiary multiplied by a fraction, the numerator of which is the aggregate number of shares (or other equity interests) of such Subsidiary issued or sold and the denominator of which is the aggregate number of shares (or other equity interests) of such Subsidiary outstanding immediately prior to such issuance or sale) to any Person other than the Guarantor or a Subsidiary over which ESB shall have at least the same degree of voting control and economic interest as it did with respect to the Subsidiary issuing or selling such shares (or other equity interests) or whose shares (or other equity interests) are being sold, except shares (or other equity interests) issued or sold for the purpose of qualifying directors, or except shares (or other equity interests) issued or sold in satisfaction of the validly pre-existing preemptive rights of minority shareholders (or equity holders) in connection with the simultaneous issuance of stock (or equity interests) to ESB and/or Subsidiaries whereby ESB and/or such Subsidiaries maintain their same proportionate interest in such Subsidiary. In the event of a sale of shares, any liabilities or obligations which are assumed by or otherwise become liabilities or obligations of the acquiring Person shall be netted against the assets or shares sold or otherwise disposed of by ESB or any Subsidiary. Computations under this paragraph (b) shall not include sales, leases or other dispositions made:

(i) in the ordinary course of business of ESB or any Subsidiary (including any sale or securitisation of receivables for cash in an amount not less than the fair market value (as determined in good faith by a Senior Financial Officer and certified to the Trustee upon request) thereof; *provided* that the value of any securitisation of receivables contemplated hereby, together with the value of all other such receivable securitisations having occurred during the 365-day period ending on the date on which such securitisation is completed) shall not exceed 5 per cent. of Consolidated Total Assets as of the immediately preceding Year-End Date;

(ii) by ESB to a Wholly-Owned Subsidiary (which is not a Special Purpose Subsidiary) or by a Subsidiary to ESB or another Subsidiary (which is not a Special Purpose Subsidiary) with respect to which ESB shall have at least the same degree of voting control and economic interest as it had with respect to the Subsidiary selling, leasing or otherwise disposing of such assets;

(iii) by a Special Purpose Subsidiary to another Special Purpose Subsidiary;

(iv) to the extent that, substantially concurrently therewith (and in any event within a period of 60 days), ESB or the Subsidiary involved receives, in exchange therefor, assets which are to be used in the business of ESB or a Subsidiary and are of at least substantially equal value;

(v) for fair market value (as determined in good faith by a Senior Financial Officer and certified to the Trustee upon request), to the extent that the Net Proceeds Amount of such transaction (or an equal amount) has been or is applied within 545 days before or after the date of such transaction to either or both of:

(A) the purchase, acquisition, development, redevelopment or construction of non- financial assets which are to be used or useful in the business of ESB and/or a Subsidiary and a certificate of two directors of ESB addressed to the Trustee that such purchase, acquisition, development, redevelopment or construction are to be used or useful in the business of ESB and/or a Subsidiary shall be conclusive evidence thereof and binding on all parties, or

(B) the repayment or prepayment of unsubordinated Financial Indebtedness of ESB or a Subsidiary (other than unsubordinated Financial Indebtedness owed by a member of the Group to another member of the Group); *provided* that ESB shall contemporaneously make an offer to purchase some or all of the Notes pursuant to Condition 7.9 in aggregate amount calculated by multiplying the aggregate amount of unsubordinated Financial Indebtedness of ESB or any Subsidiary to be prepaid pursuant to this clause (B) by a fraction, (a) the numerator of which is the aggregate unpaid principal amount of Notes outstanding at the time of such offer and (b) the denominator of which is aggregate unpaid principal amount of unsubordinated Financial Indebtedness (including the Notes) of ESB or any Subsidiary at the time of such offer that is to be the subject of any prepayment pursuant to this clause (B);

it being understood that the failure to apply (or have applied) such Net Proceeds Amount of such transaction within such 545 day period will not give rise to a claim by the Trustee or any holder of Notes against the acquirer of such assets; or

(vi) with respect to assets acquired in an acquisition subsequent to the Issue Date of the first Tranche of Notes of this Series if (a) such assets are outside the principal business areas to which the assets acquired, taken as a whole, relate, and (b) such assets are sold or disposed of for cash or any other consideration which represents the fair market value of such assets.

For the purposes of these Conditions:

Approved Jurisdiction means and includes any one of the following jurisdictions: Ireland, the United States, the United Kingdom, Canada, Australia, Switzerland, and any member of the OECD as of 12 February 2010 (other than Greece, Italy, Spain, Turkey, Portugal, Slovenia, the Czech Republic, the Slovak Republic, Hungary, Poland, Korea or Mexico);

Consolidated Total Assets means, without duplication, at any time, the aggregate value of the assets of the Group calculated on a consolidated basis in accordance with generally accepted accounting principles in Ireland (**GAAP**);

Net Proceeds Amount means, with respect to any sale, lease or disposition of property by any Person, an amount equal to the result of (a) the aggregate amount of the consideration (valued at the fair market value of such consideration at the time of the consummation of such sale, lease or disposition) received by such Person in respect of such sale, lease or disposition, minus (b) all out- of-pocket costs and expenses actually incurred by such Person in connection with, and taxes in respect of, such sale, lease or disposition;

Person means an individual, partnership, corporation, limited liability guarantor, association, trust, unincorporated organisation, or a government or agency or political subdivision thereof;

Senior Financial Officer means the chief financial officer, finance director, principal accounting officer, treasurer or controller of ESB;

Wholly-Owned Subsidiary means, at any time, any Subsidiary 100 per cent. of all of the equity interests (except directors' qualifying shares) and voting interests of which are owned by any one or more of ESB's other Wholly-Owned Subsidiaries at such time and/or employees or directors of ESB or any Subsidiary at such time (provided that the percentage of the equity interests and voting interests of such Subsidiary owned by such employees and directors shall not exceed 5 per cent. of the equity interests and voting interests of such Subsidiary in the aggregate); and

Year-End Date means December 31 of any year or any such other date that ESB shall specify in writing as its fiscal year-end date.

4. REDENOMINATION

4.1 Redenomination

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Noteholders and the Couponholders but after prior consultation with the Trustee, on giving prior notice to the Agent, Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Noteholders in accordance with Condition 14 (*Notices*), elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

(a) the Notes shall be deemed to be redenominated in euro in the denomination of EUR 0.01 with a nominal amount for each Note equal to the nominal amount of that Note in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Agent and the Trustee, that the then market practice in respect of the redenomination in euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;

(b) save to the extent that an Exchange Notice has been given in accordance with paragraph (d) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest EUR 0.01;

(c) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer (i) in the case of Relevant Notes in the denomination of EUR 100,000 and/or such higher amounts as the Agent may determine and notify to the Noteholders and any remaining amounts less than EUR 100,000 shall be redeemed by the Issuer and paid to the Noteholders in euro in accordance with Condition 6 (*Payments*); and (ii) in the case of Notes which are not Relevant Notes, in the denominations of EUR 1,000, EUR 10,000, EUR 100,000 and (but only to the extent of any remaining amounts less than EUR 1,000 or such smaller denominations as the Agent and the Trustee may approve) EUR 0.01 and such other denominations as the Agent shall determine and notify to the Noteholders;

(d) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the **Exchange Notice**) that replacement euro-denominated Notes and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes so issued will also become void on that date although those Notes will continue to constitute valid exchange obligations of the Issuer. New euro- denominated Notes and Coupons will be issued in exchange for Notes and Coupons denominated in the Specified Currency in such manner as the Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;

(e) after the Redenomination Date, all payments in respect of the Notes and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;

(f) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:

    (i) in the case of the Notes represented by a Global Note, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes represented by such Global Note; and

    (ii) in the case of definitive Notes, by applying the Rate of Interest to the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding; and

(g) if the Notes are Floating Rate Notes, the applicable Final Terms will specify any relevant changes to the provisions relating to interest.

4.2 Definitions

In the Conditions, the following expressions have the following meanings:

Established Rate means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

euro means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

Redenomination Date means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to Condition 4.1 above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union;

Relevant Notes means all Notes where the applicable Final Terms provide for a minimum Specified Denomination in the Specified Currency which is equivalent to at least EUR100,000 and which are admitted to trading on a regulated market in the European Economic Area; and

Treaty means the Treaty establishing the European Community, as amended.

5. INTEREST

5.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or

(B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 5.1:

(a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:

(i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(b) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In the Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

5.2 Interest on Floating Rate Notes and Index Linked Interest Notes

(a) Interest Payment Dates

Each Floating Rate Note and Index Linked Interest Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In the Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(A) in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately

preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In the Conditions, **Business Day** means a day which is both:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre specified in the applicable Final Terms; and

(b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Final Terms.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

(A) the Floating Rate Option is as specified in the applicable Final Terms;

(B) the Designated Maturity is a period specified in the applicable Final Terms; and

(C) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this subparagraph (i), **Floating Rate**, **Calculation Agent**, **Floating Rate Option**, **Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR or EURIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays

the information) as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

(c) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(d) Determination of Rate of Interest and calculation of Interest Amounts

The Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes or Index Linked Interest Notes (subject to Conditions 5.6 and 5.7 where applicable) for the relevant Interest Period by applying the Rate of Interest to:

(A) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or

(B) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 5.2:

(i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

(v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30;

(vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30.

(e) Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

Designated Maturity means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(f) Notification of Rate of Interest and Interest Amounts

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Guarantor (if the Issuer is ESB Finance), the Trustee and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 14 (*Notices*). For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(g) Determination or Calculation by Trustee

If for any reason at any relevant time the Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Agent defaults in its obligation to calculate any Interest Amount in accordance with subparagraph (b)(i) or subparagraph (b)(ii) above, as the case may be, and in each case in accordance with paragraph (d) above, the Trustee shall (or shall, at the expense of the Issuer, appoint an expert to) determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall (or shall, at the expense of the Issuer, appoint an expert to) calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Agent or the Calculation Agent, as applicable.

(h) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2, whether by the Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith and manifest error) be binding on the Issuer, the Guarantor (if the Issuer is ESB Finance), the Agent, the Calculation Agent (if applicable), the other Paying Agents, the Trustee and all Noteholders and Couponholders and (in the absence of wilful default and bad faith) no liability to the Issuer, the Guarantor (if the Issuer is ESB Finance), the Trustee, the Noteholders or the Couponholders shall attach to the Agent or, if applicable, the Calculation Agent or the Trustee (or its expert) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

5.3 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed.

5.4 Indexation

In the case of Index Linked Interest Notes or Index Linked Redemption Notes, the following provisions of Condition 5.4 shall apply.

(a) Indexation of interest and principal

If the Notes are specified as Index Linked Interest Notes in the applicable Final Terms, each payment of interest in respect of the Notes shall be calculated by reference to the Rate of Interest multiplied by the Index Ratio or Limited Index Ratio, in the case of Limited Index Linked Notes, applicable to the date on which such payment falls to be made and rounded to six decimal places (0.0000005 being rounded upwards).

If the Notes are specified as Index Linked Redemption Notes in the applicable Final Terms, the Final Redemption Amount payable pursuant to Condition 7.1 and the Early Redemption Amount or, as the case may be, the Optional Redemption Amount or Make-Whole Redemption Amount, payable pursuant to Conditions 7.2, 7.3, 7.4, 7.5, 7.6 or 10 shall be the Final Redemption Amount or Early Redemption Amount or Optional Redemption Amount or Make-Whole Redemption Amount (as the case may be) multiplied by the Index Ratio or Limited Index Ratio, in the case of Limited Index Linked Notes, applicable to the date on which the Final Redemption Amount or the Early Redemption Amount or Optional Redemption Amount or Make-Whole Redemption Amount (as the case may be) becomes payable together with accrued interest, subject to the Minimum Index Redemption Amount and the Maximum Index Redemption Amount specified in the applicable Final Terms.

Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will not be linked to an index composed by either Issuer.

The Calculation Agent will calculate such Final Redemption Amount or Early Redemption Amount or Optional Redemption Amount or Make-Whole Redemption Amount (as the case may be) as soon as practicable after each time such amount is capable of being determined and will notify the Agent thereof as soon as practicable after calculating the same. The Agent will as soon as practicable thereafter notify the Issuer and any stock exchange on which the Notes are for the time being listed thereof and cause notice thereof to be published in accordance with Condition 14 (*Notices*).

(b) Definitions

For the purposes of these Conditions:

Base Index Figure means (subject to Condition 5.5) the base index figure as specified in the applicable Final Terms;

Calculation Date means any date when an Interest Amount, Final Redemption Amount or Early Redemption Amount, as applicable, falls due;

Expert means an independent investment bank or other expert in London appointed by the Issuer and approved by the Trustee or (failing such appointment within ten days after the Trustee shall have requested such appointment or failing such approval by the Trustee) appointed by the Trustee;

Index or **Index Figure** means, in relation to any Calculation Date, subject as provided in Condition 5.5 below, the Index or Index Figure as specified in the applicable Final Terms for the indexation of inflation as published by the government department of the Sovereign responsible for the publication of such index and applicable to that Calculation Date or, if that index is not published for any Calculation Date, any substituted index or index figures published by the government department responsible for the publication of such index or the comparable index which replaces such index for the purpose of calculating the amount payable on repayment of the Reference Gilt;

Any reference to the **Index Figure applicable** to a particular Calculation Date shall, subject as provided in Condition 5.5 below;

(i) if the applicable Final Terms specify that interpolation will apply, be calculated in accordance with the following formula:

$$\frac{IF_{m-y} + (\text{Day of Calculation Date} - 1) \times (IF_{m-x} - IF_{m-y})}{(\text{Days in month of Calculation Date})}$$

and rounded to five decimal places (0.000005 being rounded upwards) and where:

IF_{m-y} means the Index Figure for the first day of the month that is the number of months as specified in the applicable Final Terms (**Indexation Month Reference Period Y**) prior to the month in which the payment falls due; and

IF_{m-x} means the Index Figure for the first day of the month that is the number of months as specified in the applicable Final Terms (**Indexation Month Reference Period X**) prior to the month in which the payment falls due; or

(ii) otherwise means the Index Figure for the first day of the month that is the number of months as specified in the applicable Final Terms prior to the month in which the payment falls due (in the case of an Index published on a daily basis) or the Index Figure designated for the month that is the number of months as specified in the applicable Final Terms prior to the month in which the payment falls due (in the case of an Index published on a monthly basis);

the **Index Ratio** applicable to any Calculation Date means the Index Figure applicable to such date divided by the Base Index Figure and rounded to five decimal places (0.000005 being rounded upwards);

Limited Index Ratio means (a) in respect of any month or date, as the case may be, prior to the relevant Issue Date, the Index Ratio for that month or date, as the case may be, (b) in respect of any Limited Indexation Date after the relevant Issue Date, the product of the Limited Indexation Factor for that month or date, as the case may be, and the Limited Index Ratio as previously calculated in respect of the month or date, as the case may be, the number of months prior thereto (as specified in the applicable Final Terms (**Limited Indexation Month Reference Period**)); and (c) in respect of any other month or date, as the case may be, the Limited Index Ratio as previously calculated in respect of the most recent Limited Indexation Month;

Limited Indexation Date means any date falling during the period specified in the relevant Final Terms for which a Limited Indexation Factor is to be calculated;

Limited Indexation Factor means, in respect of a Limited Indexation Month or Limited Indexation Date, as the case may be, the ratio of the Index Figure applicable to that month or date, as the case may be, divided by the Index Figure applicable to the month or date, as the case may be, the number of months prior thereto (as specified in the applicable Final Terms (Limited Indexation Month Reference Period)), provided that (a) if such ratio is greater than the Maximum Indexation Factor specified in the relevant Final Terms, it shall be deemed to be equal to such Maximum Indexation Factor and (b) if such ratio is less than the Minimum Indexation Factor specified in the applicable Final Terms, it shall be deemed to be equal to such Minimum Indexation Factor;

Limited Indexation Month means any month specified in the applicable Final Terms for which a Limited Indexation Factor is to be calculated;

Limited Index Linked Instruments means Index Linked Instruments to which a Maximum Indexation Factor and/or a Minimum Indexation Factor (as specified in the applicable Final Terms) applies; and

Reference Gilt means Treasury Stock specified as such in the applicable Final Terms for so long as such stock is in issue, and thereafter such issue of index-linked Treasury Stock determined to be appropriate by a gilt-edged market maker or other adviser selected by the Issuer (an **Indexation Adviser**).

5.5 Change in circumstances affecting the Index

(a) Change in base

If at any time the Index is changed by the substitution of a new base for it, then with effect from and including the date on which such substitution takes effect the definition of Base Index Figure in Condition 5.4(b) shall be amended to mean the product of the then applicable Base Index Figure and the Index immediately following such substitution, divided by the Index immediately prior to such substitution.

(b) Delay in publication of the Index

(i) If, in relation to a particular Interest Period or to the redemption of all or some only of the Notes and otherwise than in circumstances which the Issuer certifies to the Trustee (in a

certificate addressed to the Trustee and signed by two Directors of the Issuer) may fall within Condition 5.5(c) or 7.7 (notwithstanding that the Issuer may subsequently be advised that they do not fall within Condition 5.5(c) or 7.7), the Index Figure relating to any month (the **calculation month**) which is required to be taken into account for the purposes of the determination of the Index Figure for any date is not published on or before the fourteenth day before the date on which such payment is due (the **date for payment**), the Issuer shall appoint an Expert and the Index Figure for the relevant calculation month shall be the substitute index figure (if any) as is published by the government department responsible for the publication of such index for the purposes of indexation of payments on the Reference Gilt or, failing such publication, on any one or more of Sovereign's index-linked stocks, as determined by the Expert; or

(ii) if no such determination is made by the Expert within seven days, the Index Figure last published before the date for payment.

Where the provisions of this Condition 5.5(b) apply, the certificate of the Issuer (signed by two Directors), acting on the advice of an Expert, as to the Index Figure applicable to the date for payment falls shall be conclusive and binding upon the Issuer, the Guarantor (if the Issuer is ESB Finance), the Trustee and the Noteholders and Couponholders. If a substitute index is published as specified in 5.5(b)(i) above, a determination made based on that index shall be final and no further payment by way of adjustment shall be made, notwithstanding that the Index Figure applicable to the date for payment may subsequently be published. If no substitute index is so published and the Index relating to the date for payment is subsequently published then:

(A) in the case of any Note not falling due for redemption on the date for payment, if the Index Figure so subsequently published (if published while that Note remains outstanding) is greater or less than the Index Figure applicable by virtue of 5.5(b)(ii) above, the interest payable on that Note on the Interest Payment Date next succeeding the date of such subsequent publication shall be increased or reduced to reflect the amount by which the interest payable on that Note on the date for payment on the basis of the Index Figure applicable by virtue of 5.5(b)(ii) above fell short of, or (as the case may be) exceeded the interest which would have been payable on that Note if the Index Figure subsequently published had been published on or before the second business day before the date for payment; or

(B) in the case of any Note falling due for final redemption on the date for payment, no subsequent adjustment to amounts paid will be made.

(c) Cessation of or fundamental changes to the Index

If the Index ceases to be published or any changes are made to it which, in the opinion of an Expert, constitute a fundamental change in the rules governing the Index and the change would, in the opinion of the Expert, be detrimental to the interests of the Issuer or the Noteholders and if, within 30 days after its appointment (or such longer period as the Trustee may consider reasonable), the Expert recommends for the purposes of the Notes one or more adjustments to the Index or a substitute index (with or without adjustments), then provided that such adjustments or substitute index (as the case may be) are not materially detrimental (in the opinion of the Expert) either to the interests of the Issuer or the interests of the Noteholders, as compared to the interests of the Issuer and the Noteholders (as the case may be) as they would have been had the Index continued to be published or such fundamental change in the rules governing the Index not been made, the Index shall be adjusted as so recommended or (as the case may be) shall be replaced by the substitute index so recommended (as so adjusted, if so recommended) and references in these Conditions to the Index shall be construed accordingly and the Issuer shall notify the Noteholders of the adjustments to the Index or the introduction of the substitute index (with or without adjustments) in accordance with Condition 14 (*Notices*).

If any payment in respect of the Notes is due to be made after the cessation or changes referred to in the preceding paragraph but before any such adjustment to, or replacement of, the Index takes effect, the Issuer shall (if the Index Figure applicable (or deemed applicable) to the date for payment is not available in accordance with the provisions of Condition 5.4) make a provisional payment on the basis that the Index Figure applicable to the date for payment is the Index last published. In that event or in the event of any payment on the Notes having been made on the basis of an Index deemed applicable under Condition 5.5(b)(i) above (also referred to below as a **provisional payment**) and in

either such case in the event of the Trustee on the advice of the Expert subsequently determining that the relevant circumstances fall within this Condition 5.5(c), then:

(i) except in the case of a payment on redemption of the Notes, if the sum which would have been payable if such adjustments or such substitute index had been in effect on the due date for such provisional payment is greater or less than the amount of such provisional payment, the interest payable on the Notes on the Interest Payment Date next succeeding the last date by which the Issuer and Trustee receive such recommendation shall be increased or reduced to reflect the amount by which such provisional payment of interest fell short of, or (as the case may be) exceeded, the interest which would have been payable on the Notes if such adjustments or such substituted index had been in effect on that date; or

(ii) in the case of a payment of principal or interest on redemption of the Notes, no subsequent adjustment to amounts paid will be made.

(d) Trustee

The Trustee shall be entitled to assume that no cessation of or change to the Index has occurred until informed otherwise by the Issuer and shall have no obligation to monitor any Index or to check any calculations made pursuant to this Condition and will not be responsible for identifying or appointing an Expert save as provided in these Conditions.

5.6 Adjustment of Rate of Interest for Fixed Rate Notes and Floating Rate Notes

If Ratings Step-up/Step-down is specified as being applicable in the applicable Final Terms, the following terms relating to the Rate of Interest for the Notes shall apply:

(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 Conditions 5.6(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 (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) payable on the Notes shall be increased by the Step Up Margin specified in the applicable Final Terms.

(iii) Subject to Conditions 5.6(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 (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) payable on the Notes shall be decreased by the Step Up Margin back to the initial Rate of Interest (in the case of Fixed Rate Notes) or the initial Margin (in the case of Floating Rate Notes).

(iv) If a Step Up Rating Change and, subsequently, a Step Down Rating Change occur during the same Fixed Interest Period (in the case of Fixed Rate Notes) or the same Interest Period (in the case of Floating Rate Notes), the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) 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 Condition 5.6 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 Condition 5.6 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 Condition 5.6, 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 (*Notices*) 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 Condition, 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 Condition 5.6:

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;

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;

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 the Maximum Step-up Coupon specified in the applicable Final Terms.

6. PAYMENTS

6.1 Method of payment

Subject as provided below:

(a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and

(b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8 (*Taxation*)) any law implementing an intergovernmental approach thereto.

6.2 Presentation of definitive Notes and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A Long Maturity Note is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note. If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

6.3 Payments in respect of Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and/or otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, whether against presentation or surrender of any Global Note or otherwise, distinguishing between any payment of principal and any payment of interest, will be made either on such Global Note by the Paying Agent to which it was presented or in the records of Euroclear and/or Clearstream, as applicable and in each case such record shall be *prima facie* evidence that the payment in question has been made.

6.4 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer and the Guarantor (if the Issuer is ESB Finance) will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Guarantor to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

(a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(c) such payment is then permitted under United States law without involving, in the opinion of the Issuer and, where applicable, the Guarantor, adverse tax consequences to the Issuer or, as the case may be, the Guarantor.

6.5 Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, Payment Day means any day which (subject to Condition 9 (Prescription)) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

  (i) in the case of Notes in definitive form only, the relevant place of presentation;

  (ii) each Additional Financial Centre specified in the applicable Final Terms; and

(b) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

6.6 Interpretation of principal and interest

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 8 (*Taxation*) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes;

(e) the Make-Whole Redemption Amount(s) (if any) of the Notes

(f) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7.8); and

(g) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 (*Taxation*) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

7. REDEMPTION AND PURCHASE

7.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

7.2 Redemption for tax reasons

Subject to Condition 7.8, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note nor an Index Linked Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Interest Note), on giving not less than the minimum nor more than the maximum period of notice specified in the applicable Final Terms to the Trustee and the Agent and, in accordance with Condition 14 (*Notices*), the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

(a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) or (if the Issuer is ESB Finance) the Guarantor would be unable for reasons outside its control to procure payment by ESB Finance and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as

defined in Condition 8 (*Taxation*)) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and

(b) such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee to make available at its specified office to the Noteholders (i) a certificate signed by two Directors of the Issuer or, as the case may be, the Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to accept the certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

Notes redeemed pursuant to this Condition 7.2 will be redeemed at their Early Redemption Amount referred to in Condition 7.8 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

7.3 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum nor more than the maximum period of notice specified in the applicable Final Terms to the Noteholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (the **Redeemed Notes**) will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 (*Notices*) not less than 15 days prior to the date fixed for redemption.

7.4 Redemption at the option of the Issuer (Make-Whole Redemption by the Issuer)

If Make-Whole Redemption by the Issuer is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum nor more than the maximum period of notice specified in the applicable Final Terms to the Noteholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption (the **Make-Whole Redemption Date**)), redeem all or some only of the Notes then outstanding (other than any such Note in respect of which an Optional Redemption Date pursuant to Condition 7.5 or Event Risk Put Date pursuant to Condition 7.6 occurs prior to the relevant Make-Whole Redemption Date) at a redemption price per Note (the "**Make Whole Redemption Amount**") equal to the higher of the following, in each case together with, if applicable, interest accrued to (but excluding) the relevant Make Whole Redemption Date:

(a) the nominal amount of the Note; and

(b) the sum of the then current values of the remaining scheduled payments of principal and interest (not including any interest accrued but unpaid on the Notes to, but excluding, the Make Whole Redemption Date) discounted to the Make Whole Redemption Date on an annual basis (based on the Day Count Fraction specified in the applicable Final Terms) at (i) the Euro Make Whole Redemption Rate (as defined below), in the case of the Notes denominated in euro; (ii) the Gross Redemption Yield (as defined below), in the case of the Notes denominated in Sterling; or (iii) the Make Whole

Redemption Rate (as defined below), in the case of the Notes denominated in any currency other than euro or Sterling, plus in each case any applicable Discount Margin specified in the applicable Final Terms, in each case as determined by the Reference Dealers or the Determination Agent, as applicable.

Any notice of redemption given under the above paragraph will, in respect of the Notes to which it relates, override any notice of redemption given (whether previously, on the same date, or subsequently) under Condition 7.2 or Condition 7.3. Any such redemption must be of a nominal amount not less than the Minimum Make Whole Redemption Amount and not more than the Maximum Make Whole Redemption Amount specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Redeemed Notes will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 (Notices) not less than 15 days prior to the date fixed for redemption.

For the purposes of this Condition 7.4:

Determination Agent means the entity specified as such in the applicable Final Terms or such other reputable financial services institution as may be appointed as such from time to time for this purpose by the Issuer;

Euro Make Whole Redemption Rate means (i) the average of five Reference Dealer Quotations, after excluding the highest and the lowest of such Reference Dealer Quotations, or (ii) if the Determination Agent obtains fewer than five such Reference Dealer Quotations, the average of any such Reference Dealer Quotations;

Euro Reference Stock means the euro-denominated security specified in the applicable Final Terms issued by the Federal Republic of Germany selected by the Determination Agent (with the advice of the Reference Dealers and in consultation with the Issuer) as having an actual or interpolated maturity comparable to the remaining term of the Notes to be redeemed that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of the Notes;

Gross Redemption Yield on the Sterling Reference Stock means a yield, expressed as a percentage and calculated at or around 10.00 a.m. (London time) on the Determination Date specified in the applicable Final Terms by the Determination Agent on the basis set out by the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields" page 5, Section One: Price/Yield Formulae (Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date) (published on 8 June, 1998 and updated on 15 January, 2002 and 16 March, 2005) (as updated, amended or supplemented from time to time) on a semi-annual compounding basis (converted on an annualised yield and rounded up (if necessary) to four decimal places) or, if such formula does not reflect generally accepted market practice at the time of redemption, a yield calculated in accordance with generally accepted market practice at such time, all as advised to the Issuer by the Determination Agent;

Make Whole Redemption Rate on the Reference Stock means a yield expressed as a percentage and calculated by the Determination Agent as at or around the time of day customary for such determination in the relevant market on the Determination Date and in accordance with generally accepted market practice at such time, as advised to the Issuer by the Determination Agent;

Reference Dealer Quotation means in respect of each Reference Dealer the quotation of such Reference Dealer for the mid-market annual yield to maturity of the Euro Reference Stock (expressed as a percentage of its principal amount) quoted in writing to the Determination Agent by such Reference Dealer at or around 11.00 a.m. (Central European time) on the Determination Date specified in the applicable Final Terms;

Reference Dealers means any credit institution or financial services institution that regularly deals in bonds and other debt securities (which may include the Determination Agent) and who is selected by the Determination Agent after the consultation with the Issuer;

Reference Stock means the security specified as such in the applicable Final Terms (or, where the Determination Agent advises the Issuer that such security is no longer in issue or, for reasons of illiquidity or otherwise, is no longer appropriate for such purpose, such other security as the Determination Agent may determine to be appropriate by way of substitution for the original security); and

Sterling Reference Stock means the United Kingdom Government Treasury Stock specified in the applicable Final Terms (or, where the Determination Agent advises the Issuer that such stock is no longer in issue or, for reasons of illiquidity or otherwise, is no longer appropriate for such purpose, such other United Kingdom government stock as the Determination Agent may determine to be appropriate by way of substitution for the original stock).

7.5 Redemption at the option of the Noteholders (Investor Put)

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 14 (*Notices*) not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 7.5 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and the Trustee has declared the Notes to be due and payable pursuant to Condition 10 (*Events of Default and Enforcement*), in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7.5 and instead to declare such Note forthwith due and payable pursuant to Condition 10 (*Events of Default and Enforcement*).

7.6 Redemption as a result of a Change of Control of the Issuer

An **Event Risk Put Event** will occur if, while any of the Notes remains outstanding (as defined in the Trust Deed) a Change of Control Event occurs and during the Change of Control Period either:

(i) a Ratings Downgrade occurs; or

(ii) if at the time of the commencement of the Change of Control Period the Notes do not carry a credit rating from a Rating Agency, the relevant Issuer is unable to obtain an investment grade rating from any Rating Agency before the end of the Change of Control Period.

Further, if at the time of the commencement of the Change of Control Period the Notes carry a non-investment grade credit rating (as described below) from any Rating Agency, an Event Risk Put Event will be deemed to occur upon the occurrence of a Change of Control Event alone.

If an Event Risk Put Event occurs (unless the Issuer has given notice under Condition 7.2 (*Redemption for tax reasons*), Condition 7.3 (*Redemption at the option of the Issuer (Issuer Call)*) or Condition 7.4 (*Redemption at the option of the Issuer (Make-Whole Redemption by the Issuer)*) in respect of all of the Notes then outstanding):

(a) the Issuer shall, within 10 Dublin Business Days after the occurrence of such Event Risk Put Event, and at any such time upon the Trustee becoming similarly so aware the Trustee may, and if so requested by the holders of at least one-fifth in nominal amount of the Notes then outstanding or if so directed by Extraordinary Resolution of the Noteholders, shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), give notice (an **Event Risk Put Event Notice**) to the Noteholders in accordance with Condition 14 (*Notices*) specifying the nature of

the Event Risk Put Event and the procedure for exercising the option contained in this Condition 7.6; and

(b) the holder of each Note will have the option to require the Issuer to redeem or, at the relevant Issuer's option, purchase (or procure the purchase of) that Note on the Event Risk Put Date (as defined below) at its Early Redemption Amount, together with any interest accrued up to (but excluding) the Event Risk Put Date.

To exercise the right to require redemption of the Notes following an Event Risk Put Event, the holder of the Notes must, if the Notes are in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent on any Business Day falling within the Event Risk Put Period, deliver a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (an **Event Risk Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition. If the Notes are in definitive bearer form, the Event Risk Put Notice must be accompanied by the Notes (together with all Coupons appertaining thereto maturing after the Event Risk Put Date), or evidence satisfactory to the Paying Agent concerned that the Notes (and such Coupons) will, following delivery of the Event Risk Put Notice, be held to its order or under its control.

If the Notes are represented by a Global Note or are in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of the Notes following an Event Risk Put Event the holder of the Notes must, within the Event Risk Put Period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear and Clearstream, Luxembourg, or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if the Notes are represented by a Global Note and the terms of such Global Note so provide, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly.

The Issuer shall redeem or, at the option of the Issuer, purchase (or procure the purchase of) the relevant Notes on the Event Risk Put Date at their principal amount, together with any interest accrued up to (but excluding) the Event Risk Put Date unless previously redeemed or purchased.

If 80 per cent. or more in nominal amount of the Notes originally issued have been redeemed or purchased and cancelled pursuant to the provisions of this Condition 7, the Issuer may, on not less than 30 or more than 60 days' notice to the Noteholders given within 30 days after the Event Risk Put Date, redeem the remaining Notes as a whole at a redemption price of the principal amount thereof plus interest accrued to but excluding the date of such redemption.

If the rating designations employed by Moody's, Fitch and S&P are changed from those which are described within the applicable definition of Ratings Downgrade (below), or if a rating is assigned by another Rating Agency, the Issuer shall determine, with the agreement of the Trustee the rating designations of Moody's, Fitch and S&P or such other Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's, Fitch and S&P and this Condition shall be construed accordingly.

The Trustee is under no obligation to ascertain whether an Event Risk Put Event or any event which would lead to the occurrence of or could constitute an Event Risk Put Event has occurred and, until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Event Risk Put Event or other such event has occurred.

Where the definitions within this Condition 7.6 state that the Issuer will seek to obtain a rating from a Rating Agency, the Issuer undertakes that it will make all reasonable endeavours to seek a rating in respect of the Notes from a Rating Agency either prior to or not later than the timeframe as specified.

For the purpose of these Conditions:

A **Change of Control Event** shall occur if the Government of Ireland ceases, directly or indirectly (through any government agency or political subdivision thereof or otherwise), to have Control of ESB;

Change of Control Period means the period:

(a) commencing on the date that is one Business Day before the earlier of (a) the date of the relevant Change of Control Event and (b) the date of the earliest Relevant Potential Change of Control Announcement (if any); and

(b) ending 90 days after the date of the Change of Control Event or such longer period for which the Notes are under consideration by a Rating Agency for rating or rating review (such consideration having been announced publicly within the period ending 90 days after the date of the Change of Control Event and such period not to exceed 60 days after the public announcement of such consideration);

Control of ESB means the right, by virtue of holding shares in ESB or otherwise, or by virtue of any contract or other arrangement with any holder of shares in such body corporate, to exercise or control the exercise of more than 50 per cent. of the total voting rights conferred upon the holders of the entire capital stock for the time being of ESB;

Dublin Business Day means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Dublin;

Event Risk Put Date means the date falling seven days after the expiry of the Event Risk Put Period;

Event Risk Put Period means the period of 45 days after an Event Risk Put Event Notice is given;

Rating Agency means Moody's Investors Service, Inc. (**Moody's**), Fitch Ratings Ltd. (**Fitch**) or Standard & Poor's Rating Services, a division of the McGraw-Hill Companies Inc, (**S&P**), or their respective successors, replacements or substitutes;

Ratings Downgrade means, with respect to a Rating Agency and a Change of Control Event, immediately prior to the commencement of the relevant Change of Control Period, such Rating Agency rated the Notes as investment grade (being at or above Baa3, BBB- or BBB- for Moody's, Fitch and S&P respectively, or its respective equivalent for the time being), or, in the case of a Rating Agency which had not assigned a rating to the Notes immediately prior to the commencement of the relevant Change of Control Period, such Rating Agency assigns an investment grade rating to the Notes during the relevant Change of Control Period, and during such Change of Control Period:

(a) such Rating Agency rates the Notes as non-investment grade (being at or below Ba1, BB+ or BB+ for Moody's, Fitch and S&P respectively, or its respective equivalent for the time being) and such rating is not within such Change of Control Period restored to an investment grade rating by such Rating Agency or replaced by an investment grade rating of another Rating Agency, or

(b) such Rating Agency withdraws its rating of the Notes and that rating is not within such Change of Control Period replaced by an investment grade rating of another Rating Agency,

and in each case such Rating Agency publicly announces or confirms in writing to the Issuer, the Guarantor (if the Issuer is ESB Finance) or the Trustee that such non-investment grade rating or withdrawal of rating was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control Event (whether or not such Change of Control Event shall have occurred at the time such rating is given or rating is withdrawn); and

Relevant Potential Change of Control Announcement means any formal public announcement or statement by or on behalf of ESB or the Government of Ireland relating to any potential Change of Control Event where, within 180 days of the date of such announcement or statement, a Change of Control Event occurs.

7.7 Redemption for Indexation Reasons

In the case of Index Linked Interest Notes or Index Linked Redemption Notes:

(a) if the Index ceases to be published or any changes are made to it which, in the opinion of an Expert, constitute a fundamental change in the rules governing the Index and the change would, in the opinion of the Expert, be detrimental to the interests of the Noteholders and if the Expert fails within 30 days after its appointment (or such longer period as the Trustee considers reasonable), or states to the Issuer and the Trustee that it is unable, to recommend for the purposes of the Notes any adjustments to the Index or any substitute index (with or without adjustments) as described in Condition 5.5(c), the Issuer shall, within 14 days after the expiry of such period or (as the case may be) after the date of such statement, give notice (which shall be irrevocable and shall state the date fixed for redemption which shall be not more than 15 days after the date on which the notice is given) to redeem the Notes then outstanding, at a price equal to their principal amount multiplied by the Index Ratio (or Limited Index Ratio in the case of Limited Index Linked Notes), applicable to the date on which the date fixed for redemption falls, together with accrued interest, subject to the

Minimum Index Redemption Amount and Maximum Index Redemption Amount specified in the applicable Final Terms; or

(b) if the Index ceases to be published or any changes are made to it which, in the opinion of an Expert, constitute a fundamental change in the rules governing the Index and the change would, in the opinion of the Expert, be detrimental to the interests of the Issuer and if the Expert fails within 30 days after its appointment (or such longer period as the Trustee considers reasonable), or states to the Issuer and the Trustee that it is unable, to recommend for the purposes of the Notes any adjustments to the Index or any substitute index (with or without adjustments) as described in Condition 5.5(c), the Issuer may at its option, within 14 days after the expiry of such period or (as the case may be) after the date of such statement, give notice (which shall be irrevocable and shall state the date fixed for redemption which shall be not more than 15 days after the date on which the notice is given) to redeem the Notes then outstanding, at a price equal to their principal amount multiplied by the Index Ratio or Limited Index Ratio (in the case of Limited Index Linked Notes) applicable to the date on which the date fixed for redemption falls, together with accrued interest, subject to the Minimum Index Redemption Amount and Maximum Index Redemption Amount specified in the applicable Final Terms.

7.8 Early Redemption Amounts

Subject to Condition 5.4(a) which applies to Index Linked Redemption Notes, for the purpose of Conditions 7.2 and 7.6 above and Condition 10 (*Events of Default and Enforcement*):

(a) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount; and

(b) each Zero Coupon Note will be redeemed at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

Early Redemption Amount = $RP \times (1 + AY)^y$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

^{y} is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360 or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

7.9 Purchases

The Issuer, the Guarantor (where the Issuer is ESB Finance) or any of their respective Subsidiaries may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. All Notes so purchased will be surrendered to a Paying Agent for cancellation.

7.10 Cancellation

All Notes which are redeemed, or purchased pursuant to Condition 7.9, will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 7.9 above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

7.11 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1, 7.2, 7.3, 7.4, 7.5 or 7.6 above upon its becoming due and repayable as provided in Condition 10 (*Events of Default and Enforcements*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as

provided in Condition 7.8 above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 14 (*Notices*).

8. TAXATION

All payments in respect of the Notes and Coupons by or on behalf of the Issuer or the Guarantor (where the Issuer is ESB Finance) will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer, or as the case may be, the Guarantor (where the Issuer is ESB Finance) will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

(a) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; or

(b) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6.5); or

(c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(d) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.

As used herein:

(i) **Tax Jurisdiction** means Ireland or any political subdivision or any authority thereof or therein having power to tax; and

(ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14 (*Notices*).

9. PRESCRIPTION

The Notes and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8 (*Taxation*)) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6.2 or any Talon which would be void pursuant to Condition 6.2.

10. EVENTS OF DEFAULT AND ENFORCEMENT

10.1 Events of Default

If any one or more of the following events (each an **Event of Default**) shall occur and be continuing the Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), (but in the case of the happening of any of the events described in paragraphs (b) to (d) (other than the winding up or dissolution of the Issuer or the Guarantor, if applicable), (e) to (g) and (i) inclusive below, only if the Trustee shall have certified in writing to the Issuer and, if applicable, the Guarantor that such event

is, in its opinion, materially prejudicial to the interests of the Noteholders), give notice in writing to the Issuer or the Guarantor, if applicable, that each Note is, and each Note shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed:

(a) if default is made in the payment in the Specified Currency of any amount due in respect of the Notes or any of them and the default continues for a period of 3 days in the case of principal or 7 days in the case of interest; or

(b) if the Issuer or the Guarantor (where the Issuer is ESB Finance) fails to perform or observe any of its other obligations under the Conditions or the Trust Deed and (except in any case where, in the opinion of the Trustee, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by the Trustee on the Issuer or the Guarantor (where the Issuer is ESB Finance), as the case may be, of notice requiring the same to be remedied; or

(c) if (i) any Indebtedness for Borrowed Money (as defined below) of the Issuer, the Guarantor (where the Issuer is ESB Finance) or any of ESB's Principal Subsidiaries is declared due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer, the Guarantor (where the Issuer is ESB Finance) or any of ESB's Principal Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment as extended by any originally applicable grace period; (iii) any security given by the Issuer, the Guarantor (where the Issuer is ESB Finance) or any of ESB's Principal Subsidiaries for any Indebtedness for Borrowed Money is enforced; or (iv) default is made by the Issuer, the Guarantor (where the Issuer is ESB Finance) or any of ESB's Principal Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person; or

(d) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer, the Guarantor (where the Issuer is ESB Finance) or any of ESB's Principal Subsidiaries, save for the purposes of reorganisation, amalgamation, merger, consolidation or restructuring (i) in the case of a Principal Subsidiary, whilst solvent, (ii) in the case of the Issuer or the Guarantor, on terms previously approved in writing by the Trustee or by an Extraordinary Resolution; or

(e) if the Issuer, the Guarantor (where the Issuer is ESB Finance) or any of ESB's Principal Subsidiaries ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation, amalgamation, merger, consolidation or restructuring (i) in the case of a Principal Subsidiary, whilst solvent, or (ii) in the case of the Issuer or the Guarantor, on terms previously approved in writing by the Trustee or by an Extraordinary Resolution or, the Issuer, the Guarantor (where the Issuer is ESB Finance) or any of ESB's Principal Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

(f) if (A) proceedings are initiated against the Issuer, the Guarantor (where the Issuer is ESB Finance) or any of ESB's Principal Subsidiaries under any applicable liquidation, insolvency, composition, examination, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, examiner, administrator or other similar official, or an administrative or other receiver, manager, examiner, administrator or other similar official is appointed, in relation to the Issuer, the Guarantor (where the Issuer is ESB Finance) or any of ESB's Principal Subsidiaries or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of any of them and (B) in any case (other than the appointment of an administrator) is not discharged within 30 business days; or

(g) if the Issuer, the Guarantor (where the Issuer is ESB Finance) or any of ESB's Principal Subsidiaries initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, examination, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or

(h) if (where the Issuer is ESB Finance) ESB Finance ceases to be a subsidiary wholly owned and controlled, directly or indirectly, by ESB; or

(i) if (where the Issuer is ESB Finance) the Guarantee ceases to be, or is claimed by the Issuer or the Guarantor not to be, in full force and effect; or

(j) if any event occurs which, under the laws of any relevant jurisdiction, has or may have, in the Trustee's opinion, an analogous effect to any of the events referred to in paragraphs (d) to (i) above.

10.2 Enforcement

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer or the Guarantor (where the Issuer is ESB Finance) as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor (where the Issuer is ESB Finance) unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

10.3 Definitions

For the purposes of the Conditions:

Indebtedness for Borrowed Money means any indebtedness (whether being principal, premium, interest or other amounts), other than Non Recourse Indebtedness which singularly or in the aggregate is in excess of €50,000,000 (or its equivalent in other currencies) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money or any liability under or in respect of any acceptance or acceptance credit.

11. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

12. PAYING AGENTS

The names of the initial Paying Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer and the Guarantor (where the Issuer is ESB Finance) are entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

(a) there will at all times be an Agent;

(b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;

(c) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and

(d) there will at all times be a Paying Agent in a jurisdiction other than a Tax Jurisdiction.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.4. Notice of any variation, termination, appointment or change in Paying Agents will be been given to the Noteholders promptly by the Issuer in accordance with Condition 14 (*Notices*).

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and the Guarantor (where the Issuer is ESB Finance) and, in certain circumstances specified therein, of the

Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

The Issuer shall maintain the Determination Agent and the Reference Dealers only at such times when the relevant functions specified in Condition 7.4 need to be performed.

13. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9 (*Prescription*).

14. NOTICES

All notices regarding the Notes will be deemed to be validly given if published (a) in a leading English language daily newspaper of general circulation in the United Kingdom and (b) if and for so long as the Notes are admitted to trading on, and listed on the Official List of the Irish Stock Exchange and the guidelines of the Irish Stock Exchange so require, filed with the Companies Announcement Office of the Irish Stock Exchange. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

15.1 Meetings of Noteholders, Modification and Waiver

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Guarantor (where the Issuer is ESB Finance) or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or

more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held by a majority consisting of not less than three-fourths of votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three- fourths in principal amount of the Notes for the time being outstanding or (iii) consents given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holder(s) of not less than three-fourths in principal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or potential Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest error. Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 (*Notices*) as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Guarantor (where the Issuer is ESB Finance), the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 8 (*Taxation*) and/or any undertaking or covenant given in addition to, or in substitution for, Condition 8 (*Taxation*) pursuant to the Trust Deed.

15.2 Substitution

The Trustee may, without the consent of the Noteholders or Couponholders agree:

(a) with the Issuer and the Guarantor (where the Issuer is ESB Finance) to the substitution in place of the Issuer (or of any previous substitute of the Issuer under this Condition) as the principal debtor under the Notes, the Coupons and the Trust Deed, of another company, being either ESB itself or another Subsidiary of ESB, or

(b) with ESB to the substitution in place of ESB, either as Issuer or as Guarantor (or of any previous substitute of ESB in either capacity under this Condition) as the principal debtor under the Notes, the Coupons and the Trust Deed, or under the Guarantee, as the case may be, of another company,

in each case subject to (i) (in the case of a substitution under (a) above of another Subsidiary of ESB) the Notes being unconditionally and irrevocably guaranteed by ESB; (ii) the Trustee being satisfied that such substitution will not be materially prejudicial to the interests of the Noteholders; and (iii) certain other conditions set out in the Trust Deed being complied with.

16. INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer, the Guarantor (where the Issuer is ESB Finance) and/or any of their Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, the Guarantor (where the Issuer is ESB Finance) and/or any of their Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders and (c) to retain and not be

liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

17. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

19. GOVERNING LAW AND SUBMISSION TO JURISDICTION

19.1 Governing law

The Trust Deed, the Agency Agreement, the Notes, the Coupons and any non- contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement, the Notes and the Coupons are governed by, and construed in accordance with, English law.

19.2 Submission to jurisdiction

(a) Subject to Condition 19.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed, the Notes and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes and/or the Coupons (the **Dispute**) and accordingly each of the Issuer, the Guarantor (where the Issuer is ESB Finance) and the Trustee and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

(b) For the purposes of this Condition 19.2, the Issuer and the Guarantor (where the Issuer is ESB Finance) each waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(c) To the extent allowed by law, the Trustee, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

19.3 Appointment of Process Agent

The Issuer and the Guarantor (where the Issuer is ESB Finance) each irrevocably appoints ESBII UK Limited at its registered office for the time being in England as its agent for service of process in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of ESBII UK Limited being unable or unwilling for any reason so to act, it or they will immediately appoint another person approved by the Trustee as its agent for service of process in England in respect of any Dispute. The Issuer and the Guarantor (where the Issuer is ESB Finance) each agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

19.4 Waiver of immunity

The Issuer and the Guarantor (where the Issuer is ESB Finance) each irrevocably and unconditionally with respect to any Dispute (i) waives any right to claim sovereign or other immunity from jurisdiction, recognition or enforcement and any similar argument in any jurisdiction, (ii) submits to the jurisdiction of the English courts and the courts of any other jurisdiction in relation to the recognition of any judgment or order of the English courts or the courts of any competent jurisdiction in relation to any Dispute and (iii) consents to the giving of any relief (whether by way of injunction, attachment, specific performance or other relief) or the issue of any related process, in any jurisdiction, whether before or after final judgment, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Dispute.

USE OF PROCEEDS

Subject to (a) and (b) below, the net proceeds from each issue of Notes will be applied by the relevant Issuer for its general corporate purposes, which include making a profit.

If, in respect of an issue of Notes:

(a) which are derivative securities for the purposes of Article 15 of Commission Regulation No 809/2004 implementing the Directive 2003/71/EC, there is a particular identified use of proceeds, such purposes may be more particularly described under "Reasons for the offer" in the applicable Final Terms; or

(b) which are designated in the applicable Final Terms as "Green Bonds", the net proceeds of such issuance will be applied exclusively to finance or refinance, in whole or in part, Green Projects (as defined below) which meet the Eligibility Criteria (as defined below).

"**ESB Green Bond Framework**" means the ESB green bond framework which will be published on the website of ESB (currently www.esb.ie) in advance of the issuance of Green Bonds, as such framework may be updated from time to time.

"**Green Projects**" means those projects that are described as "Eligible Green Projects" in the ESB Green Bond Framework.

"**Eligibility Criteria**" means the eligibility criteria applicable to Green Projects as set out in the ESB Green Bond Framework.

Green Projects have been (or will be, as the case may be) selected by the Issuer in accordance with the broad categorisation of eligibility for Green Projects set out in the International Capital Market Association Green Bond Principles 2018, and are further described in the ESB Green Bond Framework.

OVERVIEW OF THE ELECTRICITY MARKETS IN IRELAND AND NORTHERN IRELAND

The structure of the electricity market in Ireland and Northern Ireland (the two jurisdictions being referred to together as **Island of Ireland**) can be divided into four segments: generation, supply, transmission and distribution. Electricity generation and supply are open to full competition throughout the Island of Ireland. Electricity transmission and distribution are regulated monopolies in each of Ireland and Northern Ireland.

Energy Policy and Regulation

The Government of Ireland, through the Minister for Communications, Climate Action and Environment is responsible for energy policy and energy affairs in Ireland. In Northern Ireland, the Department for the Economy is responsible for energy policy and energy affairs. Ireland's and Northern Ireland's respective energy policies and regulations are heavily influenced by European Union law.

The CRU is the independent regulator of the energy markets in Ireland. The UR is the independent regulator of the energy markets in Northern Ireland. Representatives from each of the CRU and the UR make up the SEM Committee which makes decisions in relation to the wholesale electricity market, SEM (see further below).

In November 2016 the European Commission presented a package of measures aimed at fulfilling the European Union's commitments under the Paris Agreement (which builds upon the United Nations Framework Convention on Climate Change); that package is referred to as the "Clean Energy for All Europeans package". The package aims to achieve several of the Energy Union objectives, including 2030 targets for energy and climate. On 21 December 2018, three key pieces of legislation to implement the Clean Energy for All Europeans package were published in the Official Journal (and entered into force 20 days thereafter) i.e. an amending Energy Efficiency Directive, a revised Renewable Energy Directive, and an EU Energy Union Governance Regulation. Member States are required to transpose the two Directives into national law no later than 18 months after their entry into force. The Regulation is directly applicable in all Member States. These policies, when fully implemented, will seek steeper emission reductions for the whole EU than anticipated – some 45 per cent. by 2030 relative to 1990 (compared to the existing target of a 40 per cent. reduction) and increase the indicative target for energy efficiency to 32.5 per cent. by 2030 and the binding target for renewables to 32 per cent. of energy consumed by 2030. The requirements of the package are understood by ESB and consistent with its corporate strategy.

Single Electricity Market

The original SEM came into operation on the Island of Ireland in November 2007. The redesign of the Irish wholesale electricity market under the Integrated Single Electricity Market (I-SEM) project was primarily driven by the Third Energy Package, and the EU Target Model for electricity which, are designed to harmonise cross-border trading arrangements across all European electricity markets, in addition to requirements for market based capacity remuneration schemes under EU State Aid rules. The design of both the energy and capacity market place a greater emphasis on market based mechanisms of price formation over the more regulated mechanisms operating within the SEM. The new arrangements under the I-SEM project were implemented on 1 October 2018. See further the section of this Offering Circular entitled "*Risk Factors – Political, regulatory and legal risks*".

It is operated by the Single Electricity Market Operator (**SEMO**). SEMO is a joint venture between EirGrid, the transmission system operator for Ireland, and SONI, the transmission system operator for Northern Ireland. SEMO is licensed and regulated co-operatively by the CRU and the UR.

The SEM operating post I-SEM includes a wholesale market for electricity in Ireland and Northern Ireland into which virtually all electricity generated in, or imported into, the Island of Ireland must be sold, and from which all wholesale electricity consumed in, or exported from, the Island of Ireland must be purchased. The key design features of the new market are a non-mandatory Day Ahead Market and Intraday Auctions as well as a mandatory Balancing Market. Generators and suppliers have the flexibility to price in these markets without reference to explicit bidding controls as existed in the previous SEM market, but must comply with competition and EU law requirements. The exception to this is in the Balancing Market, where non energy balancing actions related to system stability must comply with a Bidding Code of Practice.

The SEM incorporates an explicit Capacity Payment Mechanism based on annual auctions. Generators have the ability to bid for a T-1 contract (1 year prior to delivery) or a T-4 contract (4 years prior to delivery). Further, new capacity may compete in the T-4 auction and achieve a fixed capacity contract to support new investment. In addition, in order to mitigate perceived market power, the relevant regulatory bodies direct ESB, and potentially other market participants, to sell each year to eligible suppliers a portion of output in the form of directed contracts for differences (**Directed CfDs**). The relevant regulatory bodies determine both the quantity and price (which is calculated using a model based on forward Day Ahead Price values) of these Directed CfDs.

Therefore, to the extent set out in the preceding paragraphs, there remains an element of regulatory control over the wholesale price of electricity in the Island of Ireland.

A generator may wish to mitigate the uncertainty associated with fluctuating SEM energy prices by entering into bilateral arrangements with participating suppliers, so as to achieve the effect of a fixed output price. This continues to be achieved through the selling of Non-Directed CfD contracts, in addition to Directed CfDs where the regulator determines the strike price.

Electricity Transmission

Ireland

The Irish electricity transmission system is a high voltage network for the transmission of bulk electricity supplies around Ireland. Generally the high voltage lines deliver electricity from Ireland's generation sources to the transformer stations, where the electricity voltage is reduced and taken onwards through the distribution system to individual users' premises. There are also approximately 18 very large commercial users directly connected to the transmission system.

The Irish transmission system is operated and owned by separate entities, namely EirGrid and ESB (acting through its ring-fenced ESB Networks division, **ESBN**).

EirGrid, a separate Irish State-owned company, is the licensed operator of the Irish electricity transmission system (Transmission System Operator – **TSO**). It has responsibility for the operation, maintenance and development of Ireland's transmission system in a safe, secure, reliable, economical and efficient manner. It offers terms and levies charges regulated by the CRU for the connection to and use of the system by market participants.

ESBN owns the Irish transmission system assets (with a regulatory asset base (**RAB**) value as at 31 December 2018 of approximately €2.4 billion) and is licensed as the transmission asset owner (**TAO**) by the CRU. ESBN, in its capacity as TAO, is required to maintain the transmission system and carry out construction work for its development in accordance with the TSO's Transmission Development Plan.

The interaction between EirGrid as TSO and ESBN as TAO is the subject of an agreement which has been approved by the CRU.

In Ireland, transmission revenue reviews are carried out by the CRU every five years based on the CRU allowed operating costs, recovery of allowed capital investment over their asset lifetimes, and an allowed return on the regulatory network asset base. The latest five year review covers the period 2016 to 2020 and sets out the total allowed revenues over that period for both the TSO and the TAO. Each year the allowed revenue is refined in an annual review that updates a range of assumptions. This determines the allowed revenue in the relevant year, which is then used to calculate tariffs and charges to users of the transmission system. See further the section of this Offering Circular entitled "*Description of ESB - ESB Networks - ESB Networks Regulated Returns*".

Northern Ireland

EirGrid's subsidiary, SONI Limited, is the licensed operator of the Northern Ireland electricity transmission system (TSO).

Northern Ireland Electricity Networks Limited (**NIE Networks**), which was acquired by ESB in December 2010, owns the electricity transmission system in Northern Ireland (TAO).

The transmission functions of planning and operation of the transmission system are undertaken by SONI (as TSO) in accordance with the arrangements set out in a Transmission Interface Agreement (**TIA**) as agreed by the UR. NIE Networks is responsible for the development, construction and maintenance of the transmission system.

The UR sets the allowed TAO Transmission revenues and tariffs for NIE Networks based on the UR allowed operating costs, recovery of allowed capital investment over their asset lifetimes, and an allowed return on the regulatory network asset base. The principles applied in this regard by the UR are similar to those used by the CRU and are based on the UK regulatory model applied by Ofgem to regulated networks. As with Ireland, a multi-year price control review takes place. The latest multi-year review covers the period from October 2017 to March 2024 (referred to as RP6) and sets out the total allowed revenues over that period for the TAO. Each year in the tariff setting process the allowed revenue is refined and updated for a range of assumptions.

Electricity Distribution

The electricity distribution system is the combination of high, medium and low voltage electricity networks used to deliver electricity to individual users (other than those very large users connected directly to the transmission network, referred to above).

Ireland

The Irish electricity distribution system (with a RAB value as at 31 December 2018 of approximately €5.5 billion) is owned and operated by separate entities within the Group. ESB Networks DAC is the licensed

distribution system operator (**DSO**) in Ireland. The DSO is a wholly owned subsidiary of ESB and is subject to corporate governance oversight by the Board of ESB but operates independently of ESB in relation to its DSO functions. It has responsibilities which include the operation, maintenance and development of Ireland's electricity distribution system in a safe, secure, reliable, economical and efficient manner. It offers terms and levies charges regulated by the CRU for the connection to and use of the distribution system by market participants.

The Irish distribution system assets are owned by ESBN as the distribution asset owner (DAO). The interaction between ESB Networks DAC in its capacity as DSO and ESBN in its capacity as DAO is the subject of an agreement which has been approved by the CRU.

Distribution revenue reviews are carried out by the CRU every five years and are refined on an annual basis. The latest five year review covers the period 2016 to 2020 and sets out the total allowed revenues over that period for both the DSO and the DAO based on the CRU allowed operating costs, recovery of allowed capital investment over their asset lifetimes, incentives and/or penalties relating to achievement of agreed targets and an allowed return on the regulatory network asset base. Each year the allowed revenue is refined in an annual review that updates a range of assumptions. This determines the allowed revenue in the relevant year which is then used to calculate tariffs and charges to users of the distribution system. See further the section of this Offering Circular entitled "*Description of ESB - ESB Networks - ESB Networks Regulated Returns*".

Northern Ireland

NIE Networks owns the electricity distribution system assets in Northern Ireland and is responsible for the planning, development, construction and maintenance of the entire distribution network, as well as the operation of the distribution network. NIE Networks had a RAB value of GBP1.5 billion for its regulated transmission and distribution asset base at the end of December 2018. NIE Networks' licence requires it to develop and maintain an efficient, coordinated and economical system of electricity distribution. The UR sets the allowed DAO and DSO revenues and tariffs for NIE Networks based on the UR allowed operating costs, recovery of allowed capital investment over their asset lifetimes, and an allowed return on the regulatory network asset base. As with Ireland, a multi-year price control review takes place. The latest multi-year review covers the period from October 2017 to March 2024 (referred to as RP6) and sets out the total allowed revenues over that period for both the DSO and the DAO activities carried out by NIE Networks. Each year in the tariff setting process the allowed revenue is refined and updated for a range of assumptions. In addition to the charges for transmission services levied on SONI, NIE Networks' revenue is also derived from charges for use of the distribution system levied on electricity suppliers. These charges are also regulated by the UR as outlined above.

Interconnection with Other Networks

A 500-megawatt power interconnector, owned by EirGrid, between Ireland and Wales (the **East-West Interconnector**) links the electricity transmission system in Ireland to the electricity transmission system in Great Britain, enabling two way transmission of electricity. EirGrid is responsible for the operation of the East-West Interconnector with the cost of the project recovered from end users.

In addition a 500-megawatt interconnector exists between Northern Ireland and Scotland (referred to as the **Moyle Interconnector**). This interconnector is owned and operated by Moyle Interconnector Limited.

Electricity Generation

The Single Electricity Market (SEM) for wholesale electricity generation sector comprises approximately 14,910 MW of capacity connected to the system on an island of Ireland basis. The capacity connected to the system includes a mix of older generation plants alongside modern combined cycle gas turbine (**CCGT**) plants and renewable energy sources such as wind power. These stations generate electricity from fuels such as gas, coal and oil as well as indigenous fuels including hydro, wind, peat and biomass.

To connect to the electricity network, a generator must hold (i) an Authorisation to Construct or Reconstruct a Generating Station and (ii) a Generation Licence. In Ireland, the CRU is responsible for assessing and for granting, or refusing to grant, these permits. The conditions imposed in the Authorisation and in the Licence must be met by the generator and compliance is monitored by the CRU on an on-going basis.

Electricity Supply

The liberalisation of Ireland's electricity supply market began in February 2000, with a 28 per cent. market opening, allowing major consumers of electricity to select a supplier of their choice. A second phase brought market liberalisation to most non-domestic customers. Full market opening to all consumers occurred in February 2005.

The CRU licences electricity suppliers in Ireland and the UR licences electricity suppliers in Northern Ireland.

Following a public consultation process commenced by the CRU in December 2009, with effect from 4 April 2011, the CRU removed price regulation previously imposed on ESB's retail electricity supply business in Ireland. In connection with the removal of such price regulation, ESB re-branded its retail electricity supply business in Ireland as 'Electric Ireland' and this business now operates in Ireland without price regulation.

The CRU's conditions for the price deregulation of ESB's retail electricity supply business in Ireland requires that ESB does not have a market share of more than 60 per cent. in Ireland's residential market and 50 per cent. market share for each of the small, medium and large business user segments.

With the entry of two significant new suppliers into the Irish residential retail electricity supply market in 2009, Electric Ireland's aggregate customer numbers fell from approximately 2.1 million at 31 December 2008 to approximately 1.4 million at 31 December 2011. Electric Ireland entered the retail market in Northern Ireland in October 2015. As at 31 December 2018, Electric Ireland had approximately 1.25 million residential electricity customers in Ireland and Northern Ireland.

Electric Ireland holds the public electricity supply licence issued by the CRU. See further the section of this Offering Circular entitled "*Description of* ESB *–Customer Solutions*".

DESCRIPTION OF ESB FINANCE DAC

Introduction

ESB Finance was incorporated in Ireland on 26 January 2010 as a private limited company with registered number 480184. It re-registered as a designated activity company in 2016. As an Irish incorporated company it operates under the Companies Act 2014 of Ireland. ESB Finance's registered office is at Two Gateway, East Wall Road, Dublin 3, Ireland and its telephone number is +353 1676 5831. ESB Finance is a wholly owned subsidiary of ESB.

ESB Finance was incorporated for the purpose of, *inter alia*, acting as a general financing vehicle for the Group, including lending or otherwise making available to other members of the Group the proceeds of fundraisings in which it engages from time to time.

ESB Finance is managed in accordance with the Companies Act 2014 of Ireland and all other applicable provisions of Irish company law, its constitution, relevant provisions of the ESB Acts 1927 to 2014 of Ireland and the Code of Practice for the Governance of State Bodies published by the Department of Public Expenditure and Reform of Ireland.

Board of ESB Finance

The Directors of ESB Finance and their principal outside activities are:

Name	Principal Activities outside ESB Finance
Deirdre Cowler	Director of certain other ESB subsidiaries and employee of ESB
Gerry Tallon	Director of certain other ESB subsidiaries and employee of ESB
Pat Fenlon	Director of certain other ESB subsidiaries and employee of ESB
Susan McCarthy	Employee of ESB
Eddie Byrne	Employee of ESB

Pat Fenlon is part of the Senior Management of ESB, see further the section of this Offering Circular entitled "Senior Management of ESB". The business address of each of the Directors of ESB Finance for the purposes of this Offering Circular is Two Gateway, East Wall Road, Dublin 3, Ireland.

There are no potential conflicts of interests between the duties of ESB Finance's Directors in such capacity and their private or other professional interests.

The Issuer and ESB

As a wholly-owned subsidiary of ESB, ESB Finance is dependent on the performance of ESB and the other members of the Group to generate sufficient income to enable ESB Finance to perform and satisfy its payment obligations under the Notes.

Auditors

The auditors to ESB Finance are PricewaterhouseCoopers, Chartered Accountants and Registered Auditors, whose office is at One Spencer Dock, North Wall Quay, Dublin 1.

DESCRIPTION OF ESB

Overview

ESB was established as a statutory corporation in Ireland under the Electricity (Supply) Act 1927 and it operates under the ESB Acts 1927 to 2014 of Ireland. ESB's head office is at Two Gateway, East Wall Road, Dublin 3, Ireland and its telephone number is +353 1 676 5831. ESB is majority owned by the Government of Ireland through the Minister for Public Expenditure and Reform of Ireland (who holds just over 85 per cent. of its issued capital stock) and the Minister for Communications, Climate Action and Environment of Ireland (who holds 10 per cent. of its issued capital stock). The remaining issued capital stock of ESB (just under 5 per cent.) is held by an Employee Share Ownership Trust.

The primary activities of ESB and its subsidiaries (together, the **Group**) are the ownership and/or operation of electricity distribution and transmission networks in Ireland and Northern Ireland and the generation and supply of electricity in Ireland and Great Britain. In addition, the Group supplies gas, energy services and uses its networks to carry fibre for telecommunications. As at 31 December 2018, the Group was the sole owner of the electricity distribution and transmission networks in Ireland and Northern Ireland (via Northern Ireland Electricity Networks Limited which is 100 per cent. indirectly owned by ESB) providing the Group with a RAB (see further below for an explanation of this term) of approximately €9.6 billion; owned a generation portfolio of 5.6 GW of thermal and renewable assets across the Island of Ireland (4.2 GW) and Great Britain (1.4 GW); and supplied electricity, gas and energy services to approximately 1.25 million customer accounts throughout the Island of Ireland. On average in 2018, the Group employed approximately 7,874 people.

Dividend Policy

ESB agreed a dividend policy with the Government of Ireland in 2013 which provides for a target dividend pay-out ratio of 40 per cent. of normalised profit after tax from 2017 and thereafter. It also recognises that sustaining a minimum credit rating of BBB+ on a standalone basis is a key policy objective for ESB and that this should be a priority consideration when considering dividend payments under this dividend policy.

ESB's Summary Financial Information

Key Financial Performance Measures	**2014**	**2015**	**2016**	**2017**	**2018**	
	€'m	**€'m**	**€'m**	**€'m**	**€'m**	
Operating Profit before exceptional items	552	635	597	490	455	
EBITDA	1,301	1,348	1,324	1,276	1,175	Note 1
Capital Expenditure	960	873	897	867	1,165	Note 2
Net Debt	4,639	4,975	4,524	4,377	4,915	Note 3
Gearing	53%	55%	51%	52%	56%	Note 4

Note 1 EBITDA by Business Segment

Definition: Financial measure of operating performance.

EBITDA for any given period is calculated as operating profit before interest, taxation, depreciation, impairment, amortisation (including amortisation of supply contracts) and exceptional items (as defined and described in the Group's accounting policies within the financial statements) for that period per the consolidated financial statements of the Group.

ESB Group Consolidated EBITDA by Business Segment						
	Financial Statements for the year ended 31 December 2018					
	Operating Profit (including exceptional)	Exceptional Items	Operating Profit Excl Exceptionals	Net Depreciation & Amortisation	Impairment not classified as exceptional	Earnings Before Interest Tax Depreciation and Amortisation (EDITDA)
	€'m	€'m	€'m	€'m		€'m
ESB Networks	354	-	354	(363)	-	717
NIE Networks	62	-	62	(128)	-	190
Generation & Trading	(103)	(140)	37	(192)	(2)	231
Electric Ireland	54	-	54	(8)	-	62
Other Segments	(52)	-	(52)	(22)	(3)	(26)
Total	**315**	**(140)**	**455**	**(714)**	**(5)**	**1,175**

Business Segment EBITDA as % of ESB Consolidated Group EBITDA	
ESB Networks	61%
NIE Networks	16%
Generation & Trading	20%
Electric Ireland	5%
Other Segments	(2%)
Total	**100%**

Note 2 ESB Regulated Networks and Unregulated Capital Expenditure Analysis

Definition: Financial measure of the amount of funds used to acquire, upgrade and maintain fixed assets.

Capital Expenditure	2014	2015	2016	2017	2018
	€'m	€'m	€'m	€'m	€'m
ESB Networks	448	494	373	501	590
NIE Networks	102	135	141	143	171
ESB Regulated Networks Capital Expenditure	550	629	514	644	761
ESB Unregulated Capital Expenditure	410	244	383	223	404
ESB Total Capital Expenditure	960	873	897	867	1165
Regulated Networks Business capital expenditure as % of ESB Consolidated Capital Expenditure	57%	72%	57%	74%	65%

* 2018 Capex figure is gross of supply contributions in line with IFRS 15 'Revenue from Contracts with Customers', the impact of this change in accounting treatment results in higher comparative network capex of €133 million year on year.

Note 3 Net Debt

Definition: Financial measure which indicates the overall debt situation of ESB.

Net Debt for any given date is the total of borrowing and other debt less cash and cash equivalents per the consolidated financial statements of the Group at that date.

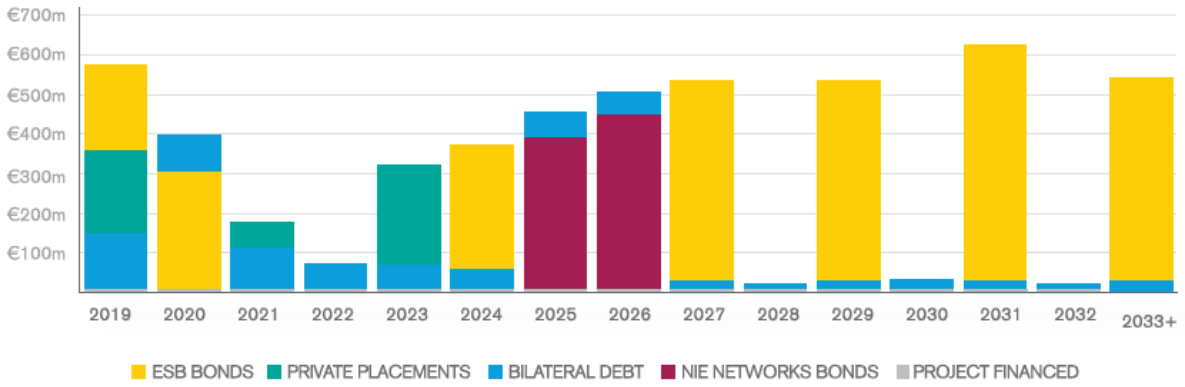
ESB Group Balance Sheet as at 31 December 2018	December-18	December-17
	€'billion	€'billion
Net Debt		
Total debt (included in liabilities)	(5.1)	(4.8)
Cash & cash equivalents (included in current assets)	0.2	0.4
	(4.9)	(4.4)

Total Debt

The analysis of total debt of €5.1 billion by source at 31 December 2018 (€4.8 billion as at 31 December 2017) is summarised below:

% of Total borrowings and other debt by source at	December-18	December-17
Bonds	73%	63%
US Private Placement	10%	13%
European Investment Bank	16%	15%
Project Finance	1%	9%

ESB total debt maturity profile at 31 December 2018



Note 4 Gearing Percentage

Definition: Financial measure in the form of a leverage ratio used to evaluate the financial position.

Gearing percentage (%) is net debt divided by the sum of net assets and gross debt (excluding joint ventures) per the consolidated financial statements of the Group.

Total Assets

Definition: Financial measure to assess the value of the total assets of the Guarantor.

Total Assets is the total of non-current assets and current assets per the consolidated financial statements of ESB Group. As at 31 December 2018, ESB Group's Total Assets excluding cash were €13.1 billion and the % of Total Assets excluding cash by business segments is summarised below.

% of Total Assets (excluding cash) by Business Segment at 31 December 2018	
ESB Networks	55%
NIE Networks	19%
Generation & Trading	19%
Electric Ireland	3%
Other	4%

Regulated Asset Base

Definition: Regulated Asset Base (RAB) is a valuation of the transmission and distribution networks related assets for regulatory purposes which are held by ESB Networks and NIE Networks respectively. In the case of the relevant assets held by ESB Networks, the RAB value is determined in accordance with the CRU's required

methodology and, in the case of the relevant assets held by NIE Networks, the RAB value is determined in accordance with the UR's required methodology.

Regulated Asset Base	**December-18**	**December-17**
ESB Networks	7.9	7.7
NIE Networks	1.7	1.7
Total Regulated Assets Base	**9.6**	**9.4**

Definition: Liquidity is a measure of the cash and committed facilities available to ESB at a point in time.

Liquidity is the total of cash and cash equivalents per the Group's consolidated financial statements and undrawn committed facilities. As at 31 December 2018, the Group's liquidity was €1.6 billion made up of cash and cash equivalents €0.2 billion and committed undrawn committed facilities of €1.4 billion.

Alternative Performance Measures

The terms "EBITDA", "Net Debt", "Gearing Percentage", "Regulated Asset Base", "Total Assets excluding cash by business segment" and "Liquidity" are alternative performance measures and provide a measure of the key financial performance indicators of the Group's business. These alternative performance measures are included in this Offering Circular to allow potential Noteholders to better assess the Group's performance and business.

Organisational Structure

The Group is organised into six main operating divisions as of 31 December 2018:

ESB Networks, which consists of the ownership of the electricity distribution and transmission assets in Ireland and the operation, through ESB Networks DAC, of the electricity distribution system in Ireland;

Northern Ireland Electricity Networks Limited, which is an independent company within the Group with its own board of directors, management and staff, that owns the electricity transmission and distribution networks in Northern Ireland and operates the electricity distribution network in Northern Ireland;

Generation and Trading *(previously Generation and Wholesale Markets)*, which consists of the Group's generation assets (both in Ireland and abroad) and related trading functions;

Customer Solutions, which consists primarily of the Group's customer facing businesses including energy supply (including Electric Ireland), energy services, Telecoms and ecars (the Group's electric vehicle infrastructure business);

Engineering and Major Projects, which is focused on delivering major projects and engineering services across the Group;

Enterprise Services, which delivers key internal business and strategic services to support the operating divisions.

The Group's generation and supply operational structure is motivated by an intention to implement a Generation, Trading and Supply business model, whilst observing applicable regulatory constraints. Regulatory developments may facilitate further movement towards this model in the future.

In addition, a Strategy, Innovation and Transformation Directorate is responsible for setting and managing strategic direction, corporate affairs, energy and regulatory policy and managing enterprise risk drivers. This Directorate is also responsible for managing the Group's investment in SIRO, a joint venture with Vodafone Ireland Limited investing in telecommunication assets through the rollout of its national Fibre-to-the-Building network with services available to over 208,000 premises as at December 2018. A Finance and Commercial Directorate is responsible for Group financing, the assessment of investments, overall Group risk management and governance, and central accounting and reporting.

The primary activities of these six core operational divisions are described below.

ESB Networks

ESB Networks (**ESBN**) owns the electricity distribution and transmission systems in Ireland. The CRU has issued to ESB (i) Distribution Asset Owner (**DAO**) and (ii) Transmission Asset Owner (**TAO**) licences. As a regulated entity ESBN is subject to ring-fencing arrangements and its activities are subject to regulation by the CRU.

To date ESBN has carried out its functions through an integrated asset management and work delivery organisational model that covers both distribution and transmission. It has a staff of approximately 3,440, who are supplemented by external resources when required. As at 31 December 2018, it had a Regulated Asset Base (RAB) of approximately €7.9 billion. For comparison, its RAB as at 31 December 2015 was approximately €7.4 billion and as at 31 December 2010 was approximately €6.1 billion. ESB Networks accounted for 61 per cent. of the Group's EBITDA in 2018 and 55 per cent. of the Group's total assets (excluding cash) as at 31 December 2018.

ESB Networks DAC was established as a separate company to act as independent operator of the electricity distribution system in Ireland with effect from 1 January 2009. It holds a Distribution System Operator (**DSO**) licence from the CRU. ESB Networks DAC is a wholly owned subsidiary of ESB and is subject to corporate governance oversight by the Board of ESB, but operates independently of ESB in the exercise of its DSO functions.

ESBN's role as TAO is carried out under an agreement entered into with EirGrid, a separate Irish State-owned company, which is the operator of the electricity transmission system in Ireland (Transmission System Operator – **TSO**). This agreement has been approved by the CRU.

ESB, through ESBN, also owns and maintains transmission circuits interconnecting the Northern Ireland and Ireland transmission systems. ESB's role with respect to these existing circuits is restricted to ownership, maintenance and asset replacement. Transmission system operation is the responsibility of EirGrid (in conjunction with SONI in Northern Ireland).

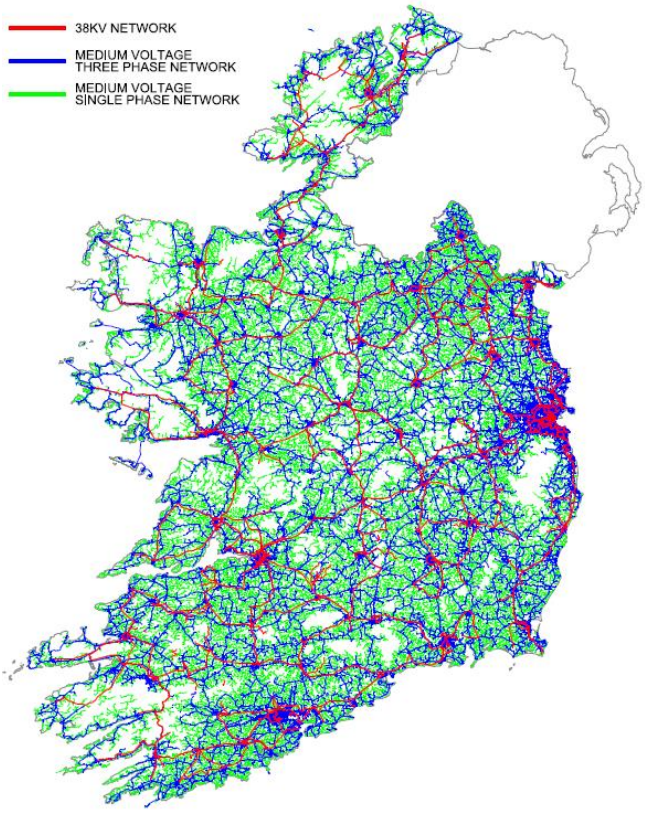
Distribution Business

As the holder of the DAO licence issued by the CRU, ESBN is the sole owner of the electricity distribution network in Ireland.

As holder of the DSO licence issued by the CRU, ESB Networks DAC is responsible for distribution system development and the construction, operation, and maintenance of over 260,000 transformers and over 170,000km of distribution networks. ESB Networks DAC is also responsible for the installation and maintenance of meters, for reading all end-user meters and for the processing of meter readings on behalf of all supply companies.

ESBN in its capacity as DAO and ESB Networks DAC in its capacity as DSO earn their respective revenues principally through charges for connection to and use of the distribution system, in each case as regulated by the CRU.

Ireland Distribution Network Diagram



Source: ESBN

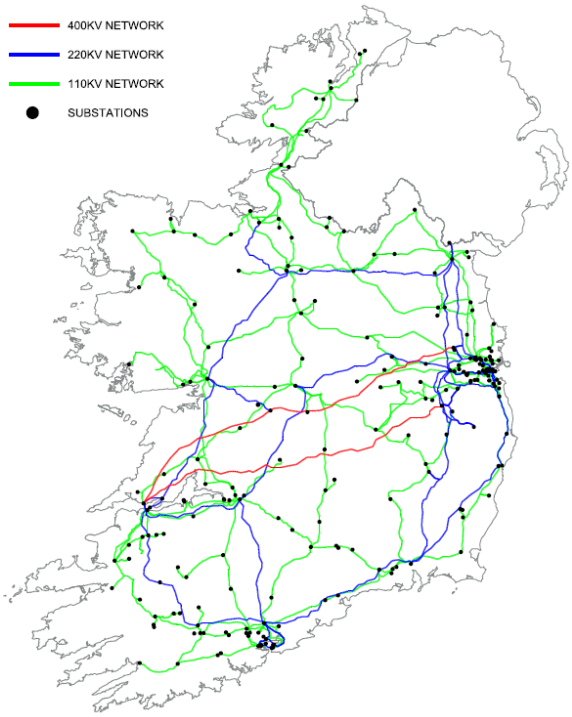
Transmission Business

As the holder of the TAO licence issued by the CRU, ESBN is the sole owner of the electricity transmission network in Ireland and is responsible for the construction and maintenance of the transmission system, subject to the terms of an agreement with the TSO, which has been approved by the CRU.

The transmission network comprises 99 transmission stations and over 7,400km of lines at three voltage levels: 400 kV, 220 kV and 110 kV.

The TAO earns its revenue principally through charges for connection to and use of the transmission system, as regulated by the CRU.

Ireland Transmission Network Diagram



Source: EirGrid

ESB Networks Regulated Returns

The returns which ESB Networks makes, in its respective capacities as TAO and DAO, are regulated by the CRU. The CRU sets the total revenues allowed to the TAO and DAO from the transmission system assets and distribution system assets, respectively, for consecutive five year periods (each a **Regulatory Price Control Period**) based on allowed operating costs, recovery of allowed capital investment over their asset lifetimes, and an allowed return on the regulatory network asset base . On 23 December 2015, the CRU published its final revenue determination for the five year Regulatory Price Control Period covering the years 2016 to 2020 (inclusive) to progress ESB Networks' strategy of smart and reliable networks for the benefit of its customers and the economy of Ireland. This Regulatory Price Control Period is the fourth such period since inception of this legal regime in Ireland and is termed Price Review 4 (**PR4**). Each year the allowed revenue is refined in an annual review that updates a range of assumptions. This determines the allowed revenue in the relevant year which is then used to calculate tariffs and charges to users of the transmission and distribution systems. ESB Networks is now focused on the delivery of the work programmes approved as part of the PR4 allowed revenue determination.

As at 31 December 2018, the value of the RAB in respect of the transmission assets was approximately €2.4 billion and the value of the RAB in respect of the distribution assets was approximately €5.5 billion. The RAB value is adjusted annually for inflation or deflation. The CRU determined that the annual allowed return (Weighted Average Cost of Capital or **WACC**) on the RAB (as so adjusted) for PR4 is 4.95 per cent. plus inflation (calculated pre-tax real cost of debt and real pre-tax cost of equity). This WACC applies to both the transmission and distribution RAB. ESB Networks' RAB value is estimated by CRU to increase to approximately €8.7 billion (in 2014 money) at the end of the PR4 period in 2020 per the CRU's required RAB valuation methodology as outlined in the CRU's PR4 published revenue determination. The actual RAB value at the end of the PR4 period may differ from this estimate, depending on actual capital expenditure and the rate of inflation or deflation over the PR4 period. Price Review 5 (PR5) commences in 2021 for a period of five years. ESB Networks is currently engaging with CRU in preparation for PR5. It is expected that the regulatory framework used by CRU for PR5 will largely mirror that used by CRU in PR4.

ESB Networks made an operating profit of €354 million in the financial year ended 31 December 2018.

Northern Ireland Electricity Networks Limited

On 21 December 2010, ESB acquired Northern Ireland Electricity Networks Limited (then Northern Ireland Electricity Limited) (**NIE Networks**), the regulated Northern Ireland electricity networks business, from Viridian Group Ltd. for approximately GBP1.3 billion. NIE Networks is the sole owner and operator of the distribution network in Northern Ireland and the sole owner of the electricity transmission network in Northern Ireland (SONI Limited operates the Northern Ireland transmission system). NIE Networks operates as a ring-fenced business within the Group. NIE Networks accounted for 16 per cent. of the Group's EBITDA in 2018 and 19 per cent. of the Group's total assets (excluding cash) as at 31 December 2018.

NIE Networks Regulated Returns

NIE Networks is subject to periodic reviews by the Northern Ireland Utility Authority for Regulation (**UR**) in respect of prices it may charge for use of the transmission and distribution network in Northern Ireland.

The price control in respect of the fifth regulatory period since privatisation (**RP5**) applied for the period from 1 April 2012 to 30 September 2017. The sixth regulatory price control (**RP6**) commenced on 1 October 2017 and will apply for the period to 31 March 2024.

The UR's RP6 final published revenue determination sets ex ante allowances of GBP0.7 billion for capital investment and GBP0.4 billion in respect of operating costs (in 2015/2016 money). The allowances in respect of major transmission load growth projects will be considered on a case by case basis, for example, the North-South Interconnector. The allowances will be adjusted to reflect 50 per cent. of the difference between the allowances set and actual costs incurred for both capital and operating costs. NIE Networks' customer connections business is largely outside the scope of the RP6 price control following the introduction of contestability in Northern Ireland.

The RP6 baseline rate of return of 3.18 per cent. plus inflation (weighted average cost of capital based on a pre-tax cost of debt and post-tax cost of equity) will be adjusted to reflect the market cost prevailing for new debt raised during the RP6 period. This mechanism is new for RP6, departing from the RP5 approach of setting an ex-ante allowance, and will align the cost of debt component of the return more closely with prevailing market conditions at the time of drawdown of new debt. The allowed WACC will be applied to both the transmission and distribution Regulatory Asset Base, with NIE Networks' RAB value estimated by UR to be approximately GBP1.5 billion (in 2015/2016 money) at the end of the RP6 period in 2024 per the UR's required RAB valuation

methodology as outlined in the UR's RP6 final published revenue determination. The actual RAB value at the end of the RP6 period may differ from this estimate, depending on actual capital expenditure and the rate of inflation or deflation over the RP6 period.

As at the end of the RP5 period at 30 September 2017, NIE Networks had a RAB value of GBP1.5 billion (nominal prices), an increase of GBP0.3 billion since the end of RP4 at the end of March 2012.

Generation and Trading

Generation and Trading (**GT)** develops, operates and trades the output of ESB's generation assets. It has a generation portfolio of 5.6 GW, which includes approximately 4.2GW of generation in the Single Electricity Market (**SEM**) on the Island of Ireland and approximately 1.4GW in Great Britain. GT accounted for 20 per cent. of the Group's EBITDA in 2018 and 19 per cent. of the Group's total assets (excluding cash) as at 31 December 2018. GT has a diversified mix of fuels in its portfolio (per cent. of total installed GT capacity at 31 December 2018: 14 per cent. renewable (wind and hydro), gas and oil 62 per cent., coal 15 per cent., peat 4 per cent. and pumped storage 5 per cent.)

For further details in relation to the SEM see the section of this Offering Circular entitled "*Overview of the Electricity Markets in Ireland and Northern Ireland*".

Generation – SEM

GT is to date the SEM's largest generator in Ireland with an approximate 38 per cent. of market share by volume for the twelve month period ended on 31 December 2018.

Details of GT's SEM generation plants in operation as at 31 December 2018 are shown in the table below:

GT's Generation Capacity Breakdown – SEM			
At 31 December 2018	**MW**		
Coal		**Hydro**	
Moneypoint	855	Ardnacrusha	86
		Erne (Cathleen's Falls/Cliff) and Clady	66
Gas		Lee (Carrigdrohid/Inniscarra)	27
Aghada	702	Liffey (Leixlip/Golden Falls/Poulaphuca)	38
Coolkeeragh	400		
Northwall	104	**Pumped Storage**	
Poolbeg	468	Turlough Hill	292
Synergen	415		
		Wind	
Peat		Wind Portfolio	414
Lough Ree	91		
West Offaly	137		
Oil			
Coolkeeragh	55	**Total SEM Portfolio**	**4,150**

Source: ESB

GT's generation portfolio contains a balance of plants at various stages in the merit order including base-load, mid-merit and peaking plant. This diversification helps to protect GT from reductions in demand while allowing returns to be maximised during peak periods. GT also has a diversified mix of fuel which aims to protect the generation portfolio from commodity movements.

Licence changes were put in place by the regulatory authorities in 2013, giving effect to their decision to allow the removal of ring–fences which had historically separated GT's regulated and unregulated generation portfolios. This allowed organisational and system changes to be implemented within GT to bring the two portfolios together, resulting in reduced costs and improved risk management capabilities.

Generation – Great Britain

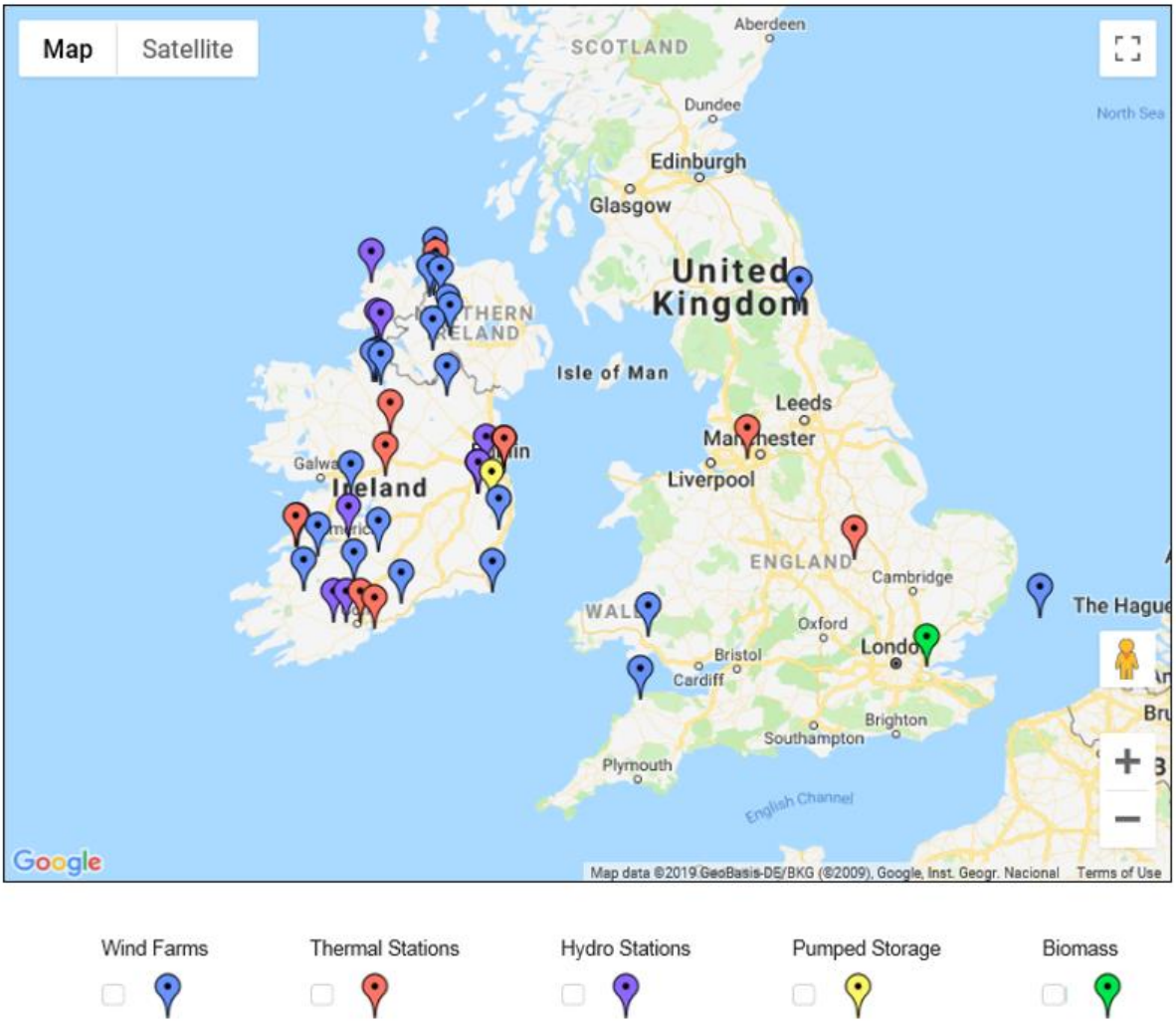
Given EU level market integration initiatives and increasing physical interconnection, ESB views its future home market as comprising the SEM (Island of Ireland) and Great British markets. GT has therefore focused development activities on increasing its presence in Great Britain.

GT currently owns 100 per cent. of Corby CCGT plant in addition to three wind farms in Devon, Wales and West Durham and the 885MW CCGT plant at Carrington in Great Britain, which successfully entered commercial operation in September 2016. In 2015, ESB invested in, and managed the construction of, Tilbury Green Power, a waste wood biomass plant in Tilbury Docks near London. In March 2018, ESB acquired a 12.5 per cent. of the Galloper offshore wind farm in the North Sea, which reached commercial operations in September 2018.

The table below outlines details of the operational Great British portfolio of assets as at 31 December 2018:

GT Generation Assets Operating Outside SEM

Location	**Type / Capacity**	**Operational Since**	**ESB Ownership**
Corby, England	Gas-Fired, 350 MW	1992	100%
Wind Assets	Wind, 125 MW	Various	100%
Carrington England	Gas-Fired, 885 MW	September 2016	100%
Tilbury Green Power, England	Biomass, 40 MW	January 2019	47%
Galloper Offshore Windfarm, England	Wind, 353 MW	September 2018	12.5%



Wind Farms | Thermal Stations | Hydro Stations | Pumped Storage | Biomass

Source: ESB

Trading

ESB Trading engages in energy trading activities to manage the operational and commercial exposures arising from ESB's ownership of generation assets. The output of these assets are sold into the SEM and Great Britain markets and GT seeks to hedge forecast generation to have the effect of reducing energy margin volatility.

Within the SEM market a large portion of forecast generation is hedged through contracts for differences (CfDs) to suppliers and through bi-lateral sales to industrial and commercial customers. As part of the regulatory regime to mitigate ESB's market power, the regulatory authorities mandate ESB to sell CfD hedging contracts known as 'Directed Contracts' each year to other market participants (amounting to approximately 5.3TWh in 2018). These Directed Contracts are sold at a price determined by the regulatory authorities. Within the Great Britain market, forecast generation is hedged directly with wholesale counterparties in the market.

In addition GT executes hedges on behalf of other ESB entities to support the risk management of their electricity and gas customer business.

Development Activities

GT is responsible for identifying and developing opportunities to enhance and expand ESB's generation portfolio, in order to build a balanced, low-carbon generation portfolio in Ireland and Great Britain, as part of ESB's strategic ambition of delivering generation/supply businesses of scale. There was good progress on this objective during 2018, with the development, construction and delivery of a number of new generation assets including the following:

Biomass

Completion of construction on the 40 MW renewable waste wood biomass plant at Tilbury (a joint venture with the Green Investment Group), with final takeover occurring in January 2019. ESB has the sole right to develop phase two of the Tilbury project, a consented Energy from Waste plant, and pre-development work is on-going with respect to that project.

Onshore Wind

Final takeover of the 35 MW wind farm at Castlepook, a joint venture with Coillte. In December 2018, ESB exercised a pre-emption right to acquire Coillte's shareholding in this project and now holds 100 per cent.

Construction continued on the 114 MW wind farm at Grousemount in Kerry, where commercial operations are scheduled to commence in 2019.

Financial close and commencement of construction of Oweninny wind farm Phase 1-89 MW), a 50/50 joint venture with Bord na Móna. Commercial operations are scheduled to commence in 2019.

Continuing development of up to 700 MW of wind generation in Scotland, in conjunction with Coriolis and with REG Holdings.

In February 2019, ESB and Coillte announced that discussions were progressing towards a joint venture to develop up to 1 GW of onshore wind on the Coillte estate in Ireland.

Solar

Continuing development of potential solar projects from the Terra solar pipeline and through ESB's joint venture with Bord na Móna.

Offshore Wind

In 2018 ESB acquired a 12.5 per cent. shareholding in the 353 MW Galloper offshore wind farm off the southeast coast of England. Further, in January 2019, ESB along with its development partner, Parkwind, announced plans to develop two offshore wind farms at Oriel and Clogherhead off the East coast of Ireland.

Early stage development and due-diligence work on various other offshore opportunities off the coast of Ireland, Northern Ireland and Great Britain is on-going.

Customer Solutions

Customer Solutions consists primarily of the Group's customer facing businesses including energy supply, energy services, telecoms and ecars (the Group's electric vehicle infrastructure business).

In 2010, ESB rebranded its two previously separate energy supply businesses, the regulated ESB Customer Supply (**ESBCS**) and the unregulated ESB Independent Energy (**ESBIe**), as Electric Ireland. The rebranding was a regulatory requirement to facilitate the deregulation of ESBCS and the uniting of the two businesses into a single supply entity. Ring-fencing restrictions between ESBIe and ESBCS were lifted by the CRU following full business market deregulation on 1 October 2010. From April 2011, Electric Ireland has been free to offer

competitive, unregulated tariffs to all electricity and gas users in Ireland. Electric Ireland entered the Northern Ireland Market in October 2015.

Electric Ireland currently supplies electricity to all segments of the market in both Ireland and Northern Ireland.

As at 31 December 2018, Electric Ireland supplied electricity to approximately 1.25 million customers in the retail market of the island of Ireland and had an island of Ireland market share (including businesses) of approximately 33 per cent. Electric Ireland accounted for 5 per cent. of the Group's EBITDA in 2018.

Electric Ireland entered the Irish retail mass market for gas supply in April 2011 and as at 31 December 2018 supplied approximately 140,000 domestic gas customers, which represents 20 per cent. of the domestic gas market in Ireland.

In 2017 ESB entered the Great Britain domestic market organically through the establishment of ESB Energy. ESB Energy, part of the Electric Ireland business unit, competes in the domestic market throughout England, Scotland and Wales in both electricity and gas and had approximately 36,000 customers as at 31 December 2018.

Electric Ireland is the main brand within the Customer Solutions business and operates on a standalone basis from other businesses within the Group. It purchases electricity from the SEM in order to supply the electricity needs of its customers. Electric Ireland hedges a significant part of its purchasing requirements through **CfDs**. ESB is working towards an integrated generation, trading and supply (GTS) model.

To facilitate end user price stability, Electric Ireland has a strategy of hedging a high proportion of demand, excluding Large Energy Users, through power CfDs.

As the Public Electricity Supplier (**PES**), Electric Ireland is required to offer a supply of electricity to all customers in the Irish market with a demand level of less than 30kVA. In 2011, the CRU decided that the role of the Supplier of Last Resort (**SoLR**) should be offered to the market subject to the design and completion of a competitive process (that is not yet in place) and that the incremental costs of a SoLR event should be socialised. All supply licenses now contain an obligation to serve as the SoLR, where directed by the CRU.

Customer Solutions also includes ESB's other customer facing businesses including Smart Energy Services, ESB Telecoms (via ESB Telecoms Ltd) and ESB ecars (the Group's electric vehicle infrastructure business).

- Smart Energy Services – provides energy management services to large energy users in Ireland and Great Britain.
- ESB Telecoms Ltd – provides telecommunications and fibre solutions in the wholesale market leveraging ESB's electricity network infrastructure.
- ESB ecars - has installed and is operating a national electric vehicle charging infrastructure in Ireland which will support the Irish Government's stated target of widespread electric vehicle penetration. It also provides a growing number of vehicle charging points in the UK.

Engineering and Major Projects

Engineering and Major Projects is focused on delivering major projects and engineering solutions required by ESB and its customers to lead the transition to reliable, affordable and low carbon energy. It includes ESB International which offers a full range of engineering consultancy and operations and maintenance services to utility customers in Ireland, including the Group and internationally.

Enterprise Services

Enterprise Services delivers key internal business and strategic services to support the operating divisions including IT, legal, procurement, insurance, pensions, people and finance operations.

Board of ESB

The Board of ESB currently comprises twelve members - a non-executive Chairman, six independent non-executive members and the Chief Executive (all of whom are appointed by the Government of Ireland for terms of up to five years and may be reappointed) and four worker board members who are ESB staff members and who are appointed to the Board by the Minister for Communications, Climate Action and Environment of Ireland for a four year term and may be reappointed under the Worker Participation (State Enterprises) Act 1977 (as amended).

The current Board members and their principal outside activities are:

Name	Title	Principal Activities outside ESB
Anne Butler	Independent Board Member	**Appointment to the Board**: November 2012. Career experience: Chartered engineer. Worked in engineering consultancy for Dublin local authorities and was a founding director (executive) of the Environmental Protection Agency (EPA). Former President of the Institution of Engineers and a member of the Irish Academy of Engineering. **External appointments**: Served on a number of boards including the National Roads Authority (NRA), Ordinance Survey Ireland (OSI) and Dublin Institute of Technology (DIT) and currently serves on the REPAK and National Paediatric Hospital Development Boards.
Dave Byrne	Worker Board Member	**Appointment to the Board**: January 2011 under the Worker Participation (State Enterprises) Act 1977. Re-appointed to the Board in September 2018 for a term of four years commencing 1 January 2019. Tenure: Eight years. Career experience: Member of a team that is now part of ESB's Enterprise Services organisation and previously worked in ESB Customer Supply (now Customer Solutions). **External appointments**: President of ESB Officers Association (ESBOA) until April 2010 and then appointed as the Group of Unions' representative in Central Partnership.
Stephen Carrig	Worker Board Member	**Appointment to the Board**: January 2019 under the Worker Participation (State Enterprises) Act 1977. Career experience: Joined ESB as apprentice electrician in 1985. Holds primary and master's degree in engineering from Trinity College Dublin and UCD respectively. He is currently the Controls and Instrument (C&I) Asset Management Specialist for the ESB Generation Portfolio. **External appointments**: Member of the Institute of Engineers Ireland (IEI) and former Chair of Energy Sector Professional Association (ESPA) from 2014 to 2018.
Ellvena Graham, OBE	Chairman	**Appointment to the Board**: October 2010 and appointed as Chairman with effect from July 2015. Career experience: Ellvena brings wide-ranging experience of business and regulatory/policy issues to her role as Chairman of ESB. For over 30 years she worked in banking, most recently at senior executive level in Ulster Bank and Royal Bank of Scotland in both Ireland and Northern Ireland and managed large-scale operations in Europe, the Middle East and Africa. She is a Fellow of the Institute of Banking. **External appointments**: Chairman of the Belfast Waterfront and Ulster Hall, Member of Queen's University Senate, President of the Northern Ireland Chamber of Commerce & Industry (until December 2018) and Chairman of the Economic Advisory Group (EAG) in Northern Ireland.

Andrew Hastings	Independent Board Member	**Appointment to the Board**: July 2015. Career experience: Independent Non-Executive Director and Mentor following a 30-year career in banking and financial services. A chartered director, chartered banker and certified bank director, held CEO position of Barclays Bank Ireland plc until March 2015, which included responsibility for NI. Previously, CEO of BNP Paribas Ireland from 2007 to 2011. **External appointments**: Director of Elavon Financial Services DAC, the Dublin-based subsidiary of US Bancorp, Pepper Finance Corporation (Ireland) DAC and a consultant to London-based Valuation Consulting LLP.
Seán Kelly	Worker Board Member	**Appointment to the Board**: January 2011 under the Worker Participation (State Enterprises) Act 1977. Re-appointed to the Board in September 2018 for a term of four years commencing 1 January 2019. Career experience: A 20-year career in ESB Networks, currently in the field of Safety and Technical Services. Holds an honours degree in business from University College Dublin (UCD) and a higher diploma in mediation and conflict resolution from Maynooth University. He holds certificates in health and safety from UCD and in company directorship from the Institute of Directors in Ireland. **External appointments**: Former chairperson and current member of the ESB Defined Benefit Superannuation Committee, Chairperson of the Networks National Safety Committee and Training Officer for the National Worker Directors Group. He is a member of the Chartered Institute of Personnel and Development (CIPD).
Paul Lynam	Independent Board Member	**Appointment to the Board**: October 2016. Career experience: Holds a BSc in analytical science from Dublin City University (DCU), a postgraduate diploma in business studies from UCD and an MBA from City University Seattle. He has a total of 25 years' experience in business, having served as CEO of the Whitfield Clinic in Waterford, as CEO of Siemens Limited Ireland and previously as CFO of Siemens Limited Ireland in the period 2008 to 2010. Before his 10 years with Siemens, Paul spent 14 years in Germany in various management roles in both the Smurfit Group and Kappa Packaging. **External appointments**: Served as a director of Siemens Limited Ireland and director of Whitfield Clinic associated companies.
Tony Merriman	Worker Board Member	**Appointment to the Board**: January 2007 under the Worker Participation (State Enterprises) Act 1977. Re-appointed to the Board in September 2018 for a term of four years commencing 1 January 2019. Career experience: Joined ESB as a network technician in 1979. Served as an officer with the ESB Group of Unions. **External appointments**: Board member of ESB ESOP Trustee Limited and Chairman of the National Worker

		Directors Group.
Pat O'Doherty	Chief Executive	**Appointment to the Board**: January 2013 as Board member and December 2011 as Chief Executive. Term as Chief Executive and Board member extended by a further three years, effective 1 December 2018. Career experience: Holds primary and master's degrees in engineering from UCD. Prior to his current role, Pat headed up ESB's largest businesses as Executive Director, ESB International, Managing Director, ESB Networks and Executive Director, ESB Power Generation. He completed the Advanced Management Programme at Harvard Business School. **External appointments**: Trustee of The Conference Board of the United States, Director of Energy UK and Chair of the Apprenticeship Council of Ireland.
Noreen O'Kelly	Independent Board Member	**Appointment to the Board**: April 2013. Career experience: A chartered accountant, who trained with KPMG. Held a number of senior positions in Independent News and Media Group including Head of Treasury and Group Secretary and was also Company Secretary of C&C Group. She currently works as a consultant on corporate governance. **External appointments**: Director, Vice Chair and Chair of the Audit Committee of Rehab and external member of the Audit Committee of the Institute of Technology, Sligo.
Alf Smiddy	Independent Board Member	**Appointment to the Board**: October 2016. Career experience: A chartered accountant, who trained with PwC. Chairman and managing director of Cork headquartered Beamish & Crawford plc for over 12 years and on the Board of its parent company, Scottish & Newcastle (UK) Ltd. Member of the National Executive Council of IBEC, director of Cork Chamber of Commerce, Chairman of the Cork Local Government Committee and served on the board of Cork Airport Authority. He is a Fellow of the Irish Marketing Institute. **External appointments**: senior independent non-executive director of The Dalata Hotel Group Plc, Chairman of Quintas (Accountancy, Taxation and Corporate Finance) and a director of the Government-backed Social Innovation Fund Ireland.
Noreen Wright	Independent Board Member	**Appointment to the Board**: June 2011. Career experience: Called to the Bar of Northern Ireland in 1976. Worked in the electricity industry for 25 years and held a number of senior management posts in both Northern Ireland Electricity plc and Viridian Group plc, including Company Secretary and Head of Legal Services. **External appointments**: Lay Magistrate, member of both the Industrial and Fair Employment Tribunals of Northern Ireland and the Northern Ireland Valuation Tribunal. Non-Executive Director of Camerata Ireland.

The business address of each member of the Board is Two Gateway, East Wall Road, Dublin 3, 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	**Appointed**: December 2011, term extended by a further three years, effective 1 December 2018. **Career Experience**: Pat joined ESB in 1981. Prior to his current role, Pat headed up ESB's largest businesses as Executive Director of ESB International, Managing Director of ESB Networks DAC and Executive Director of ESB Power Generation. Pat holds both primary and master's degrees in engineering from University College Dublin. He completed the Advanced Management Programme at Harvard Business School. He is a trustee of The Conference Board of the United States, a Director of Energy UK and Chair of the Apprenticeship Council of Ireland.
Jerry O'Sullivan	Deputy Chief Executive and Executive Director, Strategy, Innovation and Transformation	**Appointed:** October 2014 **Career Experience:** Jerry was appointed Deputy Chief Executive in October 2014 and in May 2018 was also appointed Executive Director, Strategy, Innovation and Transformation. Jerry was Managing Director of ESB Networks DAC. He joined ESB in 1981 and held a number of positions in Power Station Construction, Distribution and Transmission, Retail, Contracting, Marketing and Customer Service. He was appointed Head of Network Services in 2002 and Head of Sustainability and Network Systems in 2008. He holds a primary degree in civil engineering from University College Cork and is a Fellow of Engineers Ireland.
John Redmond	Company Secretary	**Appointed**: October 2002 **Career Experience**: Prior to his current role, John was Assistant Secretary and then Group Secretary and Senior Vice President, Corporate Affairs of GPA Group plc/AerFi Group plc and subsequently Company Secretary of Debis AirFinance BV. From 1980 to 1988, he worked in the Department of Foreign Affairs and the Department of Finance. John holds a bachelor's degree in philosophy from Maynooth University and holds postgraduate qualifications in corporate governance from Napier University, Edinburgh and from University College Dublin. He became a Fellow of the Institute of Chartered Secretaries in 1997. It has been announced that John will be retiring from ESB later in 2019 and the process to find a replacement is currently underway.
Pat Fenlon	Executive Director, Group Finance and	**Appointed:** July 2016

	Commercial	**Career Experience:** Prior to his current role, Pat held a number of senior financial, commercial and general management positions across ESB including Group Finance and Commercial Manager, Group Treasurer, General Manager of Electric Ireland and Corporate Change Manager. He is a Fellow of Chartered Accountants Ireland and worked with PwC in Dublin before joining ESB in 1993.
Marguerite Sayers	Executive Director, Customer Solutions	**Appointed:** November 2014 **Career Experience:** Marguerite was appointed Executive Director, Customer Solutions in May 2018. Prior to this she held the role of Managing Director ESB Networks DAC. Marguerite joined ESB in 1991 and holds a primary degree in electrical engineering from University College Cork. Previously, she was Head of Asset Management for ESB Networks and Customer Service Manager for Dublin South, and has had roles in HR, Network Planning, Operations and Construction. Marguerite was also Manager of ESB Generation where she was responsible for ESB's generation portfolio in Ireland and the UK. She is currently Vice President of Engineers Ireland and is a member of the National Paediatric Hospital Development Board.
Pat Naughton	Executive Director, People and Organisation Development	**Appointed**: June 2012 **Career Experience**: A mechanical engineer, Pat has worked in a variety of roles since joining the Group in 1978. He previously held senior positions as HR Manager in ESB Energy International, Manager Strategy and Portfolio Development, ESB Energy International and Manager of Hydro Stations, ESB Power Generation.
Jim Dollard	Executive Director, Generation and Trading	**Appointed**: July 2013 **Career Experience**: Jim Dollard was appointed Executive Director, Generation & Trading in May 2018. Prior to this he held the position of Executive Director for Business Service Centre and Electric Ireland. A chartered management accountant, Jim began his career at ESB in 1992 and has held a number of senior management positions throughout the Group. Jim holds a bachelor's degree in commerce and a master's degree in business studies from University College Dublin. He completed the Advanced Management Programme at Harvard Business School in 2017.
Paul Mulvaney	Executive Director, Customer Delivery, ESB Networks	**Appointed:** October 2014 **Career Experience:** Paul Mulvaney was appointed Executive Director, Customer Delivery ESB Networks in May 2018. Prior to this he held the position of Executive Director, Innovation. Paul joined ESB in 1985 and has held a number of senior management positions, including Manager of Great Island and Moneypoint Generation Stations, Group Manager of Coal/Oil/Gas Stations, Asset Manager Power

		Generation and Programme Manager, Corporate Change. He was appointed Managing Director of ecars in 2009 and Head of Distribution and Customer Service, ESB Networks in 2012. Paul holds a primary degree in mechanical engineering and has completed the advanced management programme at the Business School of the University of Navarra, Spain.
Paddy Hayes	Managing Director, ESB Networks	**Appointed**: June 2012 **Career Experience**: Paddy was appointed Managing Director, ESB Networks in May 2018. Prior to his current role, Paddy was Executive Director of Generation and Wholesale Markets and held various senior management positions in ESB including Head of Independent Generation. Before joining ESB in 1999, Paddy worked with British Steel. A chartered engineer, he holds a master's degree in engineering from University College Dublin and an MBA from the University of Warwick.
Nicholas Tarrant	Executive Director, Engineering and Major Projects	**Appointed:** June 2018 **Career Experience:** Nicholas Tarrant was appointed Executive Director, Engineering and Major Projects in June 2018. Prior to this he held the position of Managing Director, Northern Ireland Electricity Networks. Nicholas joined ESB in 1993 where he held a number of senior management positions including Generation Manager with responsibility for ESB's generation portfolio. He is a chartered engineer at the Institute of Engineers of Ireland and holds an MSc (management) from Trinity College Dublin and completed the Stanford Executive program in 2014.
Geraldine Heavey	Executive Director, Enterprise Services	**Appointed**: June 2018 **Career Experience**: Geraldine Heavey was appointed to the position of Executive Director Enterprise Services in June 2018. Prior to this she held a number of senior financial and general management positions across ESB Group including Finance Controller, Business Service Centre (BSC) and Electric Ireland, Manager, ESB Trading and most recently Group Finance and Commercial Manager. She is an accountant and holds a master's degree in business administration (MBA) from Dublin City University.

Auditors

The auditors to ESB are PricewaterhouseCoopers Chartered Accountants and Registered Auditors whose office is at One Spencer Dock, North Wall Quay, Dublin 1.

TAXATION

Irish Taxation

The following summary of the anticipated tax treatment in Ireland in relation to the payments on Notes is based on Irish tax law and the practices of the Revenue Commissioners of Ireland (the Irish tax authorities) as in force at the date of this Offering Circular. It does not constitute tax or legal advice and it does not purport to be, and is not, a complete description of all of the tax considerations that may be relevant to a decision to subscribe for, buy, hold, sell, redeem or dispose of Notes. The summary relates only to the position of persons who are the absolute beneficial owners of Notes and the interest payable on them (**Noteholders**). Prospective investors should consult their own professional advisers on the implications of subscribing for, buying, holding, selling, redeeming or disposing of Notes and the receipt of interest on Notes under the laws of the jurisdictions in which they may be liable to tax.

1. Withholding Taxes

Unless otherwise exempt, withholding tax at the standard rate of income tax (currently 20 per cent.) must be deducted from payments of yearly interest that are within the charge to Irish tax, which would include payments of interest on Notes. Yearly interest is interest that is capable of arising for a period of one year.

1.1 Discount

No withholding for or on account of income tax will be required to be made from payments of discount on Notes, as such amounts do not represent yearly interest.

1.2 Notes having a maturity of less than one year

No withholding for or on account of income tax will be required to be made from payments of interest on Notes having a maturity of less than one year, as such amounts do not represent yearly interest.

1.3 Quoted Eurobond exemption

Section 64 of the Taxes Act provides for the payment of interest in respect of Quoted Eurobonds without deduction of tax in certain circumstances. A **Quoted Eurobond** is defined in section 64 of the Taxes Act as a security which:

(a) is issued by a company;

(b) is quoted on a recognised stock exchange (the Irish Stock Exchange plc trading as Euronext Dublin is a recognised stock exchange for this purpose); and

(c) carries a right to interest.

There is no obligation to withhold tax from payments of interest on Quoted Eurobonds (**Exempted Quoted Eurobonds**) where:

(a) the person by or through whom the payment is made is not in Ireland; or

(b) the payment is made by or through a person in Ireland; and

(i) the Quoted Eurobond is held in a recognised clearing system (Euroclear and Clearstream, Luxembourg are recognised clearing systems for this purpose); or

(ii) the person who is the beneficial owner of the Quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made an appropriate declaration to this effect.

1.4 Wholesale Debt Instrument exemption

Section 246A of the Taxes Act provides for the payment of interest on certain Wholesale Debt Instruments without deduction of tax in certain circumstances. Notes are **Wholesale Debt Instruments** for this purpose if they:

(a) recognise an obligation to pay a stated amount;

(b) carry a right to interest or are issued at a discount or at a premium;

(c) mature within two years; and

(d) are issued with a minimum denomination of €500,000 if denominated in euro, US$500,000 if denominated in US dollars or, in the case of Notes which are denominated in a currency other than euro or US dollars, the equivalent in that other currency of €500,000 (such amount to be determined by reference to the relevant rate of exchange at the date of the first publication of this program).

There is no obligation to withhold tax from payments of interest on Wholesale Debt Instruments (**Exempted Wholesale Debt Instruments**) in certain circumstances. These circumstances are where:

(a) the Wholesale Debt Instrument is held in a recognised clearing system (Euroclear and Clearstream, Luxembourg are recognised clearing systems for this purpose); or

(b) the person by whom the payment is made or the person through whom the payment is made is resident in Ireland or the payment is made by or through a branch or agency through which a company not resident in Ireland carries on a trade or business in Ireland; and

either:

(i) the person who is beneficially entitled to the interest is a resident of Ireland who has provided their tax reference number to the payer; or

(ii) the person who is the beneficial owner of the Wholesale Debt Instrument and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration in the prescribed form.

1.5 Section 246 of the Taxes Act (**Section 246**)

Section 246 provides certain exemptions from this general obligation to withhold tax including an exemption in respect of interest payments made by a company in the ordinary course of business carried on by it to a company:

(a) that is resident for the purposes of tax in a relevant territory except where the interest is paid to the company in connection with a trade or business carried on in Ireland by that company through a branch or agency, provided that relevant territory imposes a tax that generally applies to interest receivable in that relevant territory by companies from sources outside that relevant territory; or

(b) provided that the interest payable is exempted from the charge to income tax under a double taxation agreement in effect with Ireland or would be so exempted if a double taxation agreement signed by Ireland that will have the force of law following completion of the procedures set out in section 826(1) of the Taxes Act, had the force of law.

In addition, section 246 includes an exemption in respect of interest payments made by a qualifying company within the meaning of section 110 of the Taxes Act (ESB Finance DAC is such a qualifying company) to a person who is resident for the purposes of tax in a relevant territory, except, in a case where the person is a company, where the interest is paid to the company in connection with a trade or business carried on in Ireland through a branch or agency.

For the purpose of this Irish Taxation section "relevant territory" means an E.U. Member State, other than Ireland, or not being such a Member State, a territory with which Ireland has signed a double taxation agreement.

For the purpose of this section 1.6, residence is to be determined under the laws of the relevant territory.

As of the date of this Offering Circular, Ireland has signed a double taxation agreement with each of Albania, Armenia, Australia, Austria, Bahrain, Belarus, Belgium, Bosnia & Herzegovina, Botswana, Bulgaria, Canada, China, Chile, Croatia, Cyprus, Czech Republic, Denmark, Egypt, Estonia, Ethiopia, Finland, France, Germany, Georgia, Ghana (not yet in effect), Greece, Hong Kong, Hungary, Iceland, Israel, India, Italy, Japan, Kazakhstan (Rep. of)., Korea (Rep. of), Kuwait, Latvia, Lithuania, Luxembourg, Macedonia, Malaysia, Malta, Mexico, Moldova, Montenegro, Morocco, the Netherlands, New Zealand, Norway, Pakistan, Panama, Poland, Portugal, Qatar, Romania, Russia, Saudi Arabia, Serbia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Thailand, Turkey, Ukraine, United Arab Emirates, United Kingdom, United States of America, Uzbekistan, Vietnam and Zambia. In addition negotiations for a double taxation agreement with each of Azerbaijan, Oman, Turkmenistan and Uruguay have concluded.

2. Liability of Noteholders to income tax

Persons resident in Ireland for the purposes of tax are subject to corporation tax or income tax on their worldwide income, which would include interest payable and discounts realised on Notes.

A company wherever resident, if receiving interest or discount in connection with a trade carried on in Ireland through a branch or agency is subject to Irish corporation tax on that interest and discount.

Other persons not resident in Ireland for the purposes of Irish tax are subject to Irish income tax on the interest payable and discounts realised on Notes unless otherwise exempt.

2.1 Section 198 of the Taxes Act

(a) A company which is not resident in Ireland for the purposes of Irish tax will not be chargeable to Irish income tax in respect of interest paid (in the ordinary course of business of the relevant Issuers) or discounts realised on Notes, if either:

(i) the company is resident in a relevant territory and such relevant territory imposes a corporate or income tax that generally applies to interest receivable in that relevant territory by companies from sources outside that relevant territory, or

(ii) the interest paid is exempted from the charge to Irish income tax under a double taxation agreement that is in effect with Ireland or would be so exempted if a double taxation agreement signed by Ireland that will have the force of law following completion of the procedures set out in section 826(1) of the Taxes Act, had that force of law.

(b) A person (whether or not a company) who is not resident in Ireland for the purposes of Irish tax will not be chargeable to Irish income tax in respect of discounts realised on Notes if the person is resident in a relevant territory; or

(c) A person will not be chargeable to income tax in respect of interest received in respect of an Exempted Quoted Eurobond or an Exempted Wholesale Debt Instrument where that person is:

(i) a person who is resident for the purposes of tax in a Member State of the European Union (other than Ireland) or in a relevant territory; or

(ii) a company controlled, either directly or indirectly, by persons resident the purposes of tax in a relevant territory, and who are not under the control, whether directly or indirectly, of a person who is, or persons who are not so resident; or

(iii) a company the principal class of shares of which, is substantially and regularly traded on a stock exchange in Ireland, on a recognised stock exchange in a relevant territory or on such other stock exchange as is approved by the Minister for Finance of Ireland.

(d) A person (whether or not a company) who is not resident in Ireland for the purposes of Irish tax will not be chargeable to Irish income tax in respect of interest received or discounts realised on Notes if the person is resident in a relevant territory and the interest is paid by a qualifying company within the meaning of section 110 of the Taxes Act out of the assets of the qualifying company.

For the purpose of this section 2.1, where a relevant territory has concluded as double taxation agreement with Ireland, residence is to be determined under the terms of that agreement.

2.2 Double taxation agreements

Ireland's double taxation agreements, that are in effect, may relieve or exempt interest from Irish tax when received by a resident of the other territory provided certain procedural formalities are completed. Currently such exemption or relief is available by way of refund only.

Interest and discounts realised on Notes that do not fall within the above exemptions are within the charge to income tax to the extent that a double taxation agreement that is in effect does not exempt the interest or discount as the case may be.

However, it is understood that the Revenue Commissioners have, in the past, operated a practice (as a consequence of the absence of a collection mechanism rather than adopted policy) whereby no action will be taken to pursue any liability to such tax in respect of persons who are regarded as not being resident in Ireland for the purposes of tax except where such persons:

(a) are chargeable in the name of a person (including a trustee) or in the name of an agent or branch in Ireland having the management or control of the interest; or

(b) seek to claim relief and/or repayment of tax deducted at source in respect of taxed income from Irish sources; or

(c) are chargeable to corporation tax on the income of an Irish branch or agency or to income tax on the profits of a trade carried on in Ireland to which the interest is attributable.

There can be no assurance that the Revenue Commissioners will apply this practice in the case of the holders of Notes and, as mentioned above, there is a statutory obligation to account for Irish tax on a self-assessment basis and there is no requirement for the Revenue Commissioners to issue or raise an assessment.

3. Encashment tax

Interest on any Note which is an Exempted Quoted Eurobond realised or collected by an agent in Ireland on behalf of a holder will generally be subject to a withholding at the standard rate of income tax (currently 20 per cent.). This is unless the beneficial owner of the Note that is entitled to the interest is not resident in Ireland and makes a declaration in the required form. This is provided that such interest is not for the purposes of tax deemed, under the provisions of tax legislation, to be the income of another person that is resident in Ireland.

4. Stamp Duty

No stamp duty is payable on the issue or the transfer by delivery of Notes.

Section 86 of the Stamp Duties Consolidation Act provides that no stamp duty will be chargeable on any instrument transferring Notes that are issued by ESB.

In the event of written transfer of Notes issued by ESB Finance, no stamp duty is chargeable provided that ESB Finance is a qualifying company within the meaning of section 110 of the Taxes Act, and the money raised by the Notes is used in the course of its business.

Where the above exemptions or another exemption does not apply, the instrument of transfer is liable to stamp duty at the rate of one per cent. of the consideration paid in respect of the transfer (or if greater, the market value thereof) which must be paid in Euro by the transferee (assuming an arm's length transfer) within 30 days of the date on which the transfer instrument is executed, after which interest and penalties will apply.

5. Capital Gains Tax

Section 607 of the Taxes Act provides that Notes issued by ESB are not chargeable assets for the purposes of Irish tax.

Separately, provided Notes are listed on a stock exchange, a holder will not be subject to tax on capital gains in respect of those Notes unless that holder is either resident or ordinarily resident for tax purposes in Ireland or that holder has an enterprise or an interest in an enterprise, which carries on business in Ireland through a branch or agency, or a permanent establishment, to which or to whom Notes are attributable.

If Notes issued by ESB Finance are at any time not listed on a stock exchange, then an exemption from tax on capital gains tax in respect of such Notes will continue to apply to the holders who are exempted in the circumstances referred to in the paragraph immediately above, insofar as Notes do not derive their value, or the greater part of their value, from Irish land or certain Irish mineral rights.

6. Capital Acquisitions Tax

If Notes are comprised in a gift or inheritance taken from a person resident or ordinarily resident for tax purposes in Ireland or if the disponer's successor is resident or ordinarily resident for tax purposes in Ireland, or if any of Notes are regarded as property situate in Ireland, the disponer's successor (primarily), or the disponer, may be liable to capital acquisitions tax. The Notes may be regarded as property situate in Ireland.

For the purposes of capital acquisitions tax, under current legislation a non-Irish domiciled person will not be treated as resident or ordinarily resident in Ireland for the purposes of the applicable legislation except where that person has been resident in Ireland for the purposes of tax for the 5 consecutive years of assessment immediately preceding the year of assessment in which the date of the gift or inheritance falls.

7. Automatic Exchange of Information for Tax Purposes

Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU) (**DAC2**) provides for the implementation among EU Member States (and certain third countries that have entered into information exchange agreements) of the automatic exchange of information in respect of various categories of income and capital and broadly encompasses the regime known as the CRS published by the OECD as a new global standard for the automatic exchange of information between tax authorities in participating jurisdictions.

Under the CRS, governments of participating jurisdictions are required to collect detailed information to be shared with other jurisdictions annually.

CRS is implemented in Ireland pursuant to the Returns of Certain Information by Reporting Financial Institutions Regulations 2015, S.I. 583 of 2015, made under Section 891F of the 1997 Act.

DAC2 is implemented in Ireland pursuant to the Mandatory Automatic Exchange of Information in the Field of Taxation Regulations of 2015, S.I. No. 609 of 2015 made under Section 891G of the 1997 Act.

Pursuant to these regulations, the Issuers and the Guarantor (where the Issuer is ESB Finance) may be required to obtain and report to the Revenue Commissioners annually certain financial account and other information for all non-Irish and non-U.S. new and existing holders of Notes (and, in certain circumstances, their controlling persons). The returns must be submitted by 30 June annually. The information must include amongst other things, details of the name, address, taxpayer identification number (**TIN**), place of residence and, in the case of holders of Notes who are individuals, the date and place of birth, together with details relating to payments made to accountholders and their holdings. This information may be shared with tax authorities in other EU Member States (and in certain third countries subject to the terms of Information Exchange Agreements entered into with those countries) and jurisdictions which implement the CRS.

Foreign Account Tax Compliance Act (FATCA)

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The Issuers and the Guarantor (where the Issuer is ESB Finance) may be foreign financial institutions for these purposes. A number of jurisdictions (including Ireland) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the relevant issuer). However, if additional Notes (as described under "Terms and Conditions—Further Issues") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes.

FATCA Implementation in Ireland

The obligations of Irish foreign financial institutions under FATCA are covered by the provisions of the Ireland/US IGA (signed in December 2012) and the Financial Accounts Reporting (United States of America) Regulations 2014, as amended (the **Regulations**). Under the IGA and the Regulations, any Irish financial institutions as defined under the IGA are required to report annually to the Revenue Commissioners details on its US account holders including the name, address and taxpayer identification number (**TIN**) and certain other details. Such institutions have been required to amend their account on-boarding procedures in order to easily identify US new account holders and report this information to the Revenue Commissioners.

8. The proposed financial transactions tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement dated 21 May 2019 (such programme agreement as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**), agreed with ESB and ESB Finance a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, ESB and ESB Finance have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of its distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issuance of Index Linked Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

Prohibition of sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression **retail investor** means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or

(ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the **Prospectus Directive**); and

(b) the expression an offer includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

If the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; and
- the expression **Prospectus Directive** means Directive 2003/71/EC (as amended or superseded), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the relevant Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the relevant Issuer or the Guarantor (where the relevant Issuer is ESB Finance); and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan,

except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Ireland

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it will not offer, sell, underwrite, place or do anything in Ireland in respect of any Notes otherwise than in compliance with (i) the provisions of the Companies Act 2014 of Ireland (as amended) (the **2014 Act**), (ii) the Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland (as amended), (iii) any rules issued under section 1363 of the 2014 Act by the Central Bank of Ireland, (iv) the European Union (Markets in Financial Instruments) Regulations 2017 of Ireland (as amended) and, in connection therewith, any codes of conduct used or rules issued and any conditions or requirements, or any other enactment, imposed or approved by the Central Bank of Ireland, and (v) the provisions of the Investor Compensation Act 1998 of Ireland;

(b) it will not offer, sell, underwrite, place or do anything in Ireland in respect of any Notes otherwise than in compliance with the Central Bank Acts 1942 to 2018 of Ireland and any codes of conduct made under Section 117(1) thereof or any regulations issued pursuant to Part 8 of the Central Bank (Supervision and Enforcement) Act 2013 of Ireland (as amended); and

(c) it will not offer, sell, underwrite, place or do anything in Ireland in respect of any Notes otherwise than in compliance with Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, the Market Abuse Directive on criminal sanctions for market abuse (Directive 2014/57/EU), the European Union (Market Abuse) Regulations 2016 of Ireland (as amended) and any Irish market abuse law as defined in those Regulations or the 2014 Act and any rules made or guidance issued by the Central Bank of Ireland in connection therewith, including any rules issued under Section 1370 of the 2014 Act by the Central Bank of Ireland.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither Issuer, the Guarantor, the Trustee nor any of the other Dealers shall have any responsibility therefor.

None of the Issuers, the Guarantor, the Trustee and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The update of the Programme by ESB Finance has been duly authorised by a resolution of the Board of Directors of ESB Finance dated 16 May 2019. The update of the Programme by ESB and the giving of the guarantee in respect of the Notes issued by ESB Finance have been duly authorised by a resolution of the Board of ESB dated 22 January 2019.

Listing of Notes

Application has been made to Euronext Dublin for Notes issued under the Programme to be admitted to the Official List of Euronext Dublin and to trading on its regulated market. Euronext Dublin's regulated market is a regulated market for the purposes of MiFID II.

Documents Available

From the date of this Offering Circular and for as long as the Programme remains in effect or any Notes issued thereunder remain outstanding, copies of the following documents will, when published, be available for inspection (by physical and/or electronic means) from the registered office of the relevant Issuer and from the specified offices of the Paying Agents for the time being in London:

(a) the ESB Acts 1927 to 2014 of Ireland establishing ESB as a body corporate in Ireland;

(b) the constitutional documents of ESB Finance;

(c) the consolidated audited financial statements of ESB in respect of the financial years ended 31 December 2017 and 31 December 2018, 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 in respect of the financial years ended 31 December 2017 and 31 December 2018, together with the audit reports prepared in connection therewith. ESB Finance currently prepares audited accounts on an annual basis;

(e) the Trust Deed, the Agency Agreement, and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;

(f) a copy of this Offering Circular; and

(g) any future offering circulars, prospectuses, information memoranda, supplements and Final Terms (save that a Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

There has been no significant change in the financial or trading position of ESB or ESB Finance since 31 December 2018. There has been no material adverse change in the prospects of ESB or ESB Finance since 31 December 2018.

Litigation

Neither ESB nor ESB Finance 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 ESB

or ESB Finance 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 ESB, ESB Finance or the Group.

Auditors

PricewaterhouseCoopers, Chartered Accountants and members of the Institute of Chartered Accountants in Ireland, as auditors for ESB, audited ESB's accounts, without qualification, in accordance with International Standards on Auditing (Ireland) for each of the financial years ended on 31 December 2017 and 31 December 2018. PricewaterhouseCoopers are independent of ESB in accordance with the ethical requirements applicable to their audit of its financial statements in Ireland, including the ethical standards of the Irish Auditing and Accounting Supervisory Authority (IAASA).

PricewaterhouseCoopers, Chartered Accountants and members of the Institute of Chartered Accountants in Ireland, as auditors for ESB Finance, audited ESB Finance's accounts, without qualification, in accordance with International Standards on Auditing (Ireland) for each of the financial years ended on 31 December 2017 and 31 December 2018. PricewaterhouseCoopers are independent of ESB Finance in accordance with the ethical requirements applicable to their audit of its financial statements in Ireland, including the ethical standards of IAASA.

Post-issuance information

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

Dealers transacting with ESB and ESB Finance

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for ESB and ESB Finance and their affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Websites

No website referred to in this Offering Circular forms part of this document for the purposes of the listing of any Notes on Euronext Dublin.

Trustee's action

The Conditions and the Trust Deed provide for the Trustee to take action on behalf of the Noteholders in certain circumstances, but only if the Trustee is indemnified and/or secured and/or pre-funded to its satisfaction. It may not always be possible for the Trustee to take certain actions, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it. Where the Trustee is unable to take any action, the Noteholders are permitted by the Conditions and the Trust Deed to take the relevant action directly.

ISSUERS

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Ireland

ESB Finance DAC
Two Gateway, East Wall Road
Dublin 3
Ireland

GUARANTOR

Electricity Supply Board
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Ireland

TRUSTEE

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