Final Terms dated 24 September 2013

EUROPEAN STABILITY MECHANISM ("ESM")

Issue of EUR 1,500,000,000 Floating Rate Notes due 27 March 2015

under the Debt Issuance Programme

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “Securities Act”) or with any securities regulatory authority of any state or other jurisdiction of the United States, and Notes in bearer form are subject to U.S. tax law requirements. The Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S’)) except in certain transactions exempt from the registration requirements of the Securities Act.

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the Information Memorandum dated 3 December 2012 (the ‘Information Memorandum’). This document constitutes the Final Terms of the Notes described herein. These Final Terms contain the final terms of the Notes and must be read in conjunction with such Information Memorandum.

1. Issuer: European Stability Mechanism
2. Series Number: 25
3. Tranche Number: 1
4. Specified Currency or Currencies: Euro ("EUR")
5. Aggregate Nominal Amount:
   (i) Series: EUR 1,500,000,000
   (ii) Tranche: EUR 1,500,000,000
6. Issue Price: 100 per cent. of the Aggregate Nominal Amount
7. Specified Denominations: EUR 0.01
8. (i) Issue Date: 27 September 2013
    (ii) Interest Commencement Date: 27 September 2013
9. Maturity Date: The Specified Interest Payment Date scheduled to fall on 27 March 2015
10. Interest Basis: Six-month EURIBOR -0.21 per cent. Floating Rate
    (further particulars specified below)
11. Redemption/Payment Basis: Redemption at par
12. Change of Interest or Redemption/Payment Basis: Not Applicable
13. Call Option: Not Applicable
14. (i) Status of the Notes: Senior
    (ii) Date of Board of Directors approval: 16 September 2013
for issuance of Notes obtained:

15. Method of distribution: Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. Fixed Rate Note Provisions: Not Applicable

17. Floating Rate Note Provisions: Applicable

   (i) Interest Period(s): The period beginning on (and including) a Specified Interest Payment Date and ending on (but excluding) the next Specified Interest Payment Date provided that the first Interest Period shall begin on (and include) the Interest Commencement Date and end on (but exclude) the next Specified Interest Payment Date

   (ii) Specified Period: Not Applicable

   (iii) Specified Interest Payment Dates: From (but excluding) the Issue Date to (and including) the Maturity Date, interest will be payable semi-annually in arrear on 27 March and 27 September in each year, commencing on 27 March 2014, (subject in each case) to adjustment in accordance with the Business Day Convention

   (iv) First Interest Payment Date: 27 March 2014

   (v) Business Day Convention: Modified Following Business Day Convention

   (vi) Manner in which the Rate(s) of Interest is/are to be determined: Screen Rate Determination

   (vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s): HSBC Bank plc shall be the Calculation Agent

   (viii) Screen Rate Determination: Applicable

       • Reference Rate: Six-month EURIBOR

       • Interest Determination Date(s): Second TARGET Settlement Day prior to the commencement of each Interest Period

       • Relevant Screen Page: Reuters page EURIBOR 01

       • Relevant Time: 11 a.m. Brussels time

   (ix) ISDA Determination: Not Applicable

   (x) Margin(s): -0.21 per cent. per annum

   (xi) Minimum Rate of Interest: 0 per cent.

   (xii) Maximum Rate of Interest: Not Applicable

   (xiii) Day Count Fraction: Actual/360

   (xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out: Not Applicable
in the Conditions:

18. **Zero Coupon Note Provisions:** Not Applicable

19. **Index-Linked Interest Note/other variable-linked interest Note Provisions:** Not Applicable

**PROVISIONS RELATING TO REDEMPTION**

20. **Call Option:** Not Applicable

21. **Final Redemption Amount of each Note:** EUR 0.01 per Specified Denomination

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

22. **Form of Notes:**
   - **Bearer Note:**
   - **Reg S:**
   - **Global Note exchangeable for Definitive Notes:**
     Global Note deposited with the Clearing System and exchangeable for Definitive Notes in the limited circumstances described in the Global Note

23. **New Global Note form:** Not Applicable

24. **Talons for future coupons or Receipts to be attached to Definitive Notes (and dates on which such talons mature):** Not Applicable

25. **Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:** Not Applicable

26. **Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:** Not Applicable

27. **Redenomination, renominalisation and reconventioning provisions:** Not Applicable

28. **Consolidation provisions:** Not Applicable

29. **Other final terms:** Not Applicable

**DISTRIBUTION**

30. (i) **If syndicated, names and addresses of Managers and underwriting commitments:** Not Applicable

   (ii) **Date of Subscription Agreement:** 24 September 2013

   (iii) **Stabilising Manager(s) (if any):** Not Applicable

31. **If non-syndicated, name and address of Dealer:** HSBC Trinkaus & Burkhardt AG
    Königsallee 21/23, 40212 Düsseldorf, Germany
32. Total commission and concession: As separately agreed between the Issuer and the Dealer

33. Net proceeds: 1,500,000,000

34. U.S. Selling Restrictions: Reg. S, Category 2

35. Additional selling restrictions: Not Applicable

GOVERNING LAW

36. Governing law: English law

Signed on behalf of the European Stability Mechanism:

By: ROLF STRAUCH
Duly authorised
Rolf Strauch
Member of the Management Board – Economics and Policy Strategy

By: RALF JANSEN
Duly authorised
Ralf Jansen
Member of the Management Board – General Counsel
PART B – OTHER INFORMATION

1. **LISTING**

(i) Listing: Luxembourg

(ii) Admission to trading: Application is/has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange with effect from 27 September 2013

2. **RATINGS**

Ratings: Moody’s Investors Service Limited has assigned ESM’s Debt Issuance Programme a long-term rating of (P)Aa1 (Negative Outlook).

Fitch Rating Ltd has assigned ESM’s Debt Issuance Programme a long-term rating of AAA(exp).

Each of the above credit ratings will be treated for the purposes of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies as amended (the "CRA Regulation") as having been issued by Moody’s Investors Service Limited and Fitch Ratings Ltd. respectively. Each of Moody’s Investors Service Limited and Fitch Ratings Ltd. is established in the European Union and is registered under the CRA Regulation. As such, each of Moody’s Investors Service Limited and Fitch Ratings Ltd. is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

3. **OPERATIONAL INFORMATION**

ISIN Code: EU000A1U98Y4

Common Code: 097435618

Clearing System, including the relevant identification number(s): Clearstream Banking AG Frankfurt

Intended for New Global Note Form: Not Applicable

Intended for New Safekeeping Structure (NSS): Not Applicable

Delivery: Delivery against payment
| Names and addresses of the Issuing and Paying Agent: | Deutsche Bundesbank  
Wilhelm-Epstein-Straße 14  
60431 Frankfurt am Main  
Germany |
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<td>Names and addresses of additional paying agent(s) (if any):</td>
<td>Not Applicable</td>
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| Names and addresses of the Luxembourg Listing Agent: | Deutsche Bank Luxembourg S.A.  
2, Boulevard Konrad Adenauer  
L-1115 Luxembourg  
Grand Duchy of Luxembourg |
| Names and addresses of the Calculation Agent (if any): | HSBC Bank plc  
Level 27  
8 Canada Square  
London E14 5HQ  
United Kingdom |
| 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 a Clearing System and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday 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.