

INFORMATION MEMORANDUM dated 4 March 2016

The European Stability Mechanism



Debt Issuance Programme

This document (the "**Information Memorandum**") describes the debt issuance programme established on 3 December 2012 (the "**Programme**") by the European Stability Mechanism, an international financial institution established by the Treaty Establishing the European Stability Mechanism between the Kingdom of Belgium, the Federal Republic of Germany, the Republic of Estonia, Ireland, the Hellenic Republic, the Kingdom of Spain, the French Republic, the Italian Republic, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Grand Duchy of Luxembourg, Malta, the Kingdom of the Netherlands, the Republic of Austria, the Portuguese Republic, the Republic of Slovenia, the Slovak Republic and the Republic of Finland signed in Brussels on 2 February 2012, as amended (the "**Treaty**"), whose seat and principal office is at 6a Circuit de la Foire Internationale, L-1347 Luxembourg (the "**Issuer**"). Under the Programme, the Issuer may from time to time issue notes (the "**Notes**") on the terms and conditions set out in this Information Memorandum as modified or supplemented by the final terms (the "**Final Terms**") published at the time of issue.

Application may be made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to the Official List of the Luxembourg Stock Exchange and to trading on the regulated market of the Luxembourg Stock Exchange. The Programme also permits Notes to be issued on an unlisted basis or to be admitted to listing, trading and/or quotation by such other further listing authorities, stock exchanges, regulated markets and/or trading facilities or quotation systems as may be agreed between the Issuer and the relevant Dealers, in each case as specified in the relevant Final Terms. Notes will be issued in bearer form or registered form, or, to the extent possible, in dematerialised form, as indicated in the Final Terms.

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This Information Memorandum is dated as of 4 March 2016.

IMPORTANT NOTICES

This Information Memorandum, together with any Final Terms, contains all the information that the Issuer has authorised to be published concerning the Programme. This Information Memorandum was last revised on the date appearing on the cover and speaks as of that date only. Any information concerning the Programme not contained herein must not be relied upon as having been authorised by the Issuer.

Neither this Information Memorandum nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer that any recipient of this Information Memorandum or any Final Terms should subscribe for or purchase any Notes.

The Notes have not been, and will not be, registered under the U.S. 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, subject to certain exceptions, may not be offered or sold 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**”)) and Notes that are in bearer form for U.S. federal income tax purposes are not being offered to U.S. Holders. The Notes may be offered and sold (i) within the United States to qualified institutional buyers, as defined in Rule 144A under the Securities Act (“**Rule 144A**”), that are also qualified purchasers, as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended (the “**Investment Company Act**”) in reliance on the exemption from registration provided by Rule 144A and (ii) to non-U.S. persons in offshore transactions in reliance on Regulation S. The Issuer has not been and will not be registered under the Investment Company Act. Prospective purchasers are hereby notified that sellers of the Rule 144A Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions, see “*Subscription and Sale*” and “*Transfer Restrictions*”.

Neither the Programme nor the Notes have been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor has any of the foregoing authorities passed upon or endorsed the merits of any offering of notes or the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offence in the United States.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising 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, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the 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 Stabilising Manager(s) (or persons acting on behalf of the Stabilising Manager(s)) in accordance with all applicable laws and rules.

Notice to New Hampshire Residents

Neither the fact that a registration statement nor an application for a licence has been filed under chapter 421-b of the New Hampshire revised statutes annotated, 1955 (“RSA 421-b”) with the state of New Hampshire or the fact that a security is effectively registered or a person is licensed in the state of New Hampshire constitutes a finding by the secretary of state of the state of New Hampshire that any document filed under RSA 421-b is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or a transaction means that the secretary of state has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person, security or transaction. It is unlawful to make, or cause to be made, to any prospective purchaser, customer or client any representation inconsistent with the provisions of this paragraph.

In this Information Memorandum, unless otherwise specified, references to an “**ESM Member**” are references to a contracting party to the Treaty, references to “**EUR**” or “**euro**” are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 3 of the Treaty on European Union, and references to “**USD**”, “**U.S. dollars**” are to United States dollars.

SUMMARY

This summary must be read as an introduction to this Information Memorandum and is qualified in its entirety by the remainder of this Information Memorandum.

Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Information Memorandum have the same meanings in this summary.

Issuer:	European Stability Mechanism
Issuing and Paying Agent:	In relation to any Series of Notes, Deutsche Bundesbank or any other issuing and paying agent as indicated in the relevant Final Terms.
Registrar and Transfer Agent:	Citibank, N.A., or in respect of a particular Series, the registrar and transfer agent as indicated in the relevant Final Terms.
Luxembourg Listing Agent:	Deutsche Bank Luxembourg S.A., or in respect of a particular Series, the Luxembourg listing agent as indicated in the relevant Final Terms.
Calculation Agent	In respect of a particular Series, the calculation agent as indicated in the relevant Final Terms.
Method of Distribution:	Notes may be sold (i) by means of auction, (ii) to or through one or more Dealers, including by syndicated issuance or (iii) by private placement.
Final Terms:	Notes issued under the Programme will be issued pursuant to this Information Memorandum and associated Final Terms. The terms and conditions applicable to any particular Tranche of Notes will be the Terms and Conditions of the Notes as supplemented, amended and/or replaced to the extent described in the relevant Final Terms.
Listing and Trading:	Applications have been made for Notes issued under the Programme to be admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Regulated Market of the Luxembourg Stock Exchange. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or trading facility or quotation systems as may be agreed with the Issuer and the relevant Dealers, as specified in the relevant Final Terms.
Clearing Systems:	In relation to any Series of Notes, Euroclear Bank S.A./N.V., Brussels (" Euroclear "), Clearstream Banking, société anonyme, Luxembourg (" Clearstream, Luxembourg "), Clearstream Banking AG Frankfurt (" Clearstream, Frankfurt "), The Depository Trust Company (" DTC ") and/or any other clearing system as may be specified in the relevant Final Terms (each, a " Clearing System "). As at the date of this Information Memorandum, arrangements are only in place for Notes to be deposited with Clearstream, Frankfurt. It is expected that arrangements will be put in place subsequently for certain Series of Notes to be deposited with Clearstream, Luxembourg, Euroclear and/or DTC. This Information Memorandum will be updated accordingly at such time.

Issuance in Series:	Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue price, the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.
Forms of Notes:	Notes will be issued in bearer form or in registered form or, to the extent possible, in dematerialised form.
Currencies:	Notes may be denominated in euro or in any other currency or currencies, provided that, for any Series of Notes which is denominated in a currency other than euro, such issuance is approved by the board of directors of the Issuer (the " Board of Directors ").
Status of the Notes:	Notes will be issued on an unsecured, unsubordinated basis and will constitute direct and unconditional obligations of the Issuer and will at all times rank <i>pari passu</i> among themselves.
Issue Price:	Notes may be issued at any price and either on a fully or partly paid basis, as specified in the relevant Final Terms.
Maturities:	The maximum authorised maturity for Notes will be set at the lowest of (i) forty-five years and (ii) the maximum maturity of any financial assistance by the Issuer, from the date of issue of the relevant Notes.
Redemption:	Notes may be redeemable in a single payment at maturity or by instalments, in each case, at par or at such other amount (detailed in a formula, index or otherwise) as may be specified in the relevant Final Terms.
Optional Redemption:	Notes may be redeemed by the Issuer before their stated maturity to the extent (if at all) specified in the relevant Final Terms.
Tax Redemption:	Not applicable.
Interest:	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked.
Denominations:	Notes will be issued in denominations of one euro cent (€0.01) or such denominations as may be specified in the relevant Final Terms.
Negative Pledge:	None.
Events of Default:	None.
Taxation:	All payments in respect of Notes will be made free and clear of withholding taxes, unless the withholding is required by any applicable law, in which case the Issuer will be under no obligation to gross-up any payment under the Notes.
Governing Law:	The Notes and all non-contractual obligations arising out of or in connection with the Notes shall, as specified in the relevant Final Terms, be governed by Luxembourg law, English law or such other law designated in the relevant Final Terms.

Selling Restrictions:

Restrictions may apply to the offer, sale or delivery of Notes and on the distribution of offering material in various jurisdictions. See “*Subscription and Sale*” below.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as supplemented, amended and/or replaced by the relevant Final Terms, will be endorsed on each Note in definitive or individual certificate form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive or individual certificate form to the extent described under "Form of Notes" below.

1. Introduction

- (a) *Programme*: The European Stability Mechanism, an international financial institution established by the Treaty and with its seat and principal office in Luxembourg (the "**Issuer**"), has established a Debt Issuance Programme (the "**Programme**") for the issuance of notes (the "**Notes**"). Notes issued under the Programme are obligations of the Issuer only and not of any Member State.
- (b) *Final Terms*: Notes issued under the Programme are issued in Series, each of which may comprise one or more Tranches. Each Tranche is the subject of Final Terms which supplement these Conditions. The terms and conditions applicable to any particular Tranche of Notes are these Conditions as modified or supplemented by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail for the purpose of the relevant Tranche.
- (c) *Deed of Covenant*: Bearer Notes in global form which are governed by English law have the benefit of a deed of covenant dated on or about 30 November 2012 (the "**Deed of Covenant**") entered into by the Issuer. Registered Notes which are governed by English law are constituted by the Deed of Covenant.

2. Interpretation

- (a) *Definitions*: In these Conditions the following expressions have the following meanings:
 - "**Accrual Yield**" has the meaning given in the relevant Final Terms;
 - "**Agents**" means the Issuing and Paying Agent, the Registrar and the Transfer Agent;
 - "**Bearer Notes**" means Notes in bearer form;
 - "**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for business in Luxembourg; provided that such day shall also be, in relation to a transfer of
 - (a) cash denominated in euro, a day on which TARGET2 is open for the settlement of payments in euro;
 - (b) cash denominated in another currency, a day on which commercial banks are open for business in the principal financial centre, if any, of the currency of such payment;
 - (c) securities, a day on which the relevant Clearing System is open for the acceptance and execution of settlement instructions; and
 - (d) Note Certificates, a day on which commercial banks are open for business in the city in which the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office;
 - "**Business Day Convention**" has the meaning given in the relevant Final Terms;
 - "**Calculation Agent**" means such Person specified in the relevant Final Terms as being responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

“**Calculation Amount**” mean, unless otherwise specified in the relevant Final Terms, the aggregate principal amount of Notes of a Series outstanding on any Interest Payment Date ;

“**Calculation Period**” means any period for which a Day Count Fraction is calculated;

“**Clearing System**” means Euroclear, Clearstream Luxembourg, Clearstream Frankfurt, DTC or, in relation to any Series, any other clearing system as specified in the relevant Final Terms;

“**Clearstream Frankfurt**” means Clearstream Banking AG, Frankfurt;

“**Clearstream Luxembourg**” means Clearstream Banking, société anonyme, Luxembourg;

“**Coupon Sheet**” means, in respect of a Note, a coupon sheet relating to the Note;

“**Cross-Series Modification**” means a Modification involving (i) the Notes or any agreement governing the issuance or administration of the Notes, and (ii) the Debt Securities of one or more other Debt Securities Series or any agreement governing the issuance or administration of such other Debt Securities provided that all Debt Securities Series affected by the Modification have an original stated maturity of one year or more and references in any provisions relating to Cross-Series Modification in these Conditions to Notes, Debt Securities, Holders, Noteholders, Series and Debt Securities Series shall be construed on the basis of such minimum maturity;

“**Day Count Fraction**” means, in respect of the calculation of an amount for any Calculation Period, such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (a) if “**Actual/Actual (ICMA)**” is so specified, means:
 - (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (ii) where the Calculation Period is longer than one Regular Period, the sum of:
 - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (b) if “**Actual/365**” or “**Actual/Actual (ISDA)**” is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (c) if “**Actual/365 (Fixed)**” is so specified, means the actual number of days in the Calculation Period divided by 365;
- (d) if “**Actual/360**” is so specified, means the actual number of days in the Calculation Period divided by 360;

- (e) if “**30/360**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

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

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and **D₁** is greater than 29, in which case **D₂** will be 30”;

- (f) if “**30E/360**” or “**Eurobond Basis**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case **D₂** will be 30; and

if “**30E/360 (ISDA)**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation 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 D₂ will be 30,

provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

“**Debt Securities**” means the Notes and any other bills, bonds, debentures, notes or other debt securities issued by the Issuer in one or more series with an original stated maturity of more than one year, and includes any such obligation, irrespective of its original stated maturity, that formerly constituted a component part of a Debt Security;

“**Debt Securities Series**” means a Series of Notes, or a tranche of Debt Securities together with any further tranche or tranches of Debt Securities that in relation to each other and to the original tranche of Debt Securities are (i) identical in all respects except for their date of issuance or first payment date, and (ii) expressed to be consolidated and form a single series, and includes the Debt Securities and any further issuances of Debt Securities;

“**DTC**” means The Depository Trust Company;

“**Euroclear**” means Euroclear Bank S.A./N.V., Brussels;

“**Final Redemption Amount**” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

“**Final Terms**” means the final terms applicable to any Tranche;

“**First Interest Payment Date**” means the date specified in the relevant Final Terms;

“**Global Note**” means a temporary global note or a permanent global note, as applicable;

“**Holder**” means, in relation to Bearer Notes, the holder of such Note and in relation to Registered Notes, the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof);

“**Interest Amount**” means, in relation to the Notes of a Series and in relation to an Interest Period, the amount of interest payable in respect of such Notes for that Interest Period;

“**Interest Commencement Date**” means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

“**Interest Determination Date**” has the meaning given in the relevant Final Terms;

“**Interest Payment Date**” means the First Interest Payment Date and any date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (a) as the same may be adjusted in accordance with the relevant Business Day Convention;
or
- (b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the First Interest Payment Date) or the previous Interest Payment Date (in any other case);

“**Interest Period**” means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

“**Issue Date**” has the meaning given in the relevant Final Terms;

“**Issuing and Paying Agency Agreement**” means the issuing and paying agency agreement applicable to a Series of Notes, as specified in the relevant Final Terms, being either:

- (a) an agency letter dated on or about 30 November 2012 between the Issuer and Deutsche Bundesbank as issuing and paying agent, (ii) an agency letter dated on or about 30 November 2012 between the Issuer and Clearstream, Frankfurt and (iii) an agency agreement dated on or about 30 November 2012 between the Issuer and Citibank, N.A. as registrar and as transfer agent; or
- (b) any other issuing and paying agency agreement as specified in the relevant Final Terms.

“**Issuing and Paying Agent**” has the meaning given in the relevant Final Terms;

“**Margin**” has the meaning given in the relevant Final Terms;

“**Maturity Date**” has the meaning given in the relevant Final Terms;

“**Meeting**” means a meeting of Holders (whether originally convened or resumed following an adjournment);

“**Member State**” means the Kingdom of Belgium, the Federal Republic of Germany, the Republic of Estonia, Ireland, the Hellenic Republic, the Kingdom of Spain, the French Republic, the Italian Republic, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Grand Duchy of Luxembourg, Malta, the Kingdom of the Netherlands, the Republic of Austria, the Portuguese Republic, the Republic of Slovenia, the Slovak Republic or the Republic of Finland;

“**Modification**” in relation to the Notes means any modification, amendment, supplement or waiver of the terms and conditions of the Notes or any agreement governing the issuance or administration of the Notes, and has the same meaning in relation to the Debt Securities of any other Debt Securities Series save that any of the foregoing references to the Notes or any agreement governing the issuance or administration of the Notes shall be read as references to such other Debt Securities or any agreement governing the issuance or administration of such other Debt Securities;

“**New ESM Notes**” means Notes issued by the Issuer for delivery to Holders if so specified in the relevant Final Terms in relation to a Call Option, the characteristics of such Notes and of their delivery being described in the relevant Final Terms;

“**Non-Reserved Matter**” means any Modification of the terms and conditions of the Notes or of any agreement governing the issuance or administration of the Notes that would affect a matter other than a Reserved Matter;

“**Note Certificate**” means a certificate issued to each Holder of Registered Notes in respect of its registered holding;

“**Optional Redemption Amount (Call)**” means, in respect of any Note, such amount as may be specified in, or determined in accordance with, the relevant Final Terms;

“**Optional Redemption Date (Call)**” has the meaning given in the relevant Final Terms;

“**Person**” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

“**Rate of Interest**” means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

“**Redemption Amount**” means, in respect of a Note, the Final Redemption Amount or the Optional Redemption Amount (Call);

“**Reference Banks**” has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

“**Register**” means the register of Registered Notes maintained by the Registrar;

“**Registered Notes**” means Notes in registered form;

“**Registrar**” has the meaning given in the relevant Final Terms;

“**Regular Period**” means:

- (a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the First Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (b) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “**Regular Date**” means the day and month (but not the year) on which any Interest Payment Date falls; and
- (c) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “**Regular Date**” means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

“**Relevant Date**” means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the principal financial centre of the currency of payment by the Issuing and Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Holders;

“**Relevant Screen Page**” means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

“**Relevant Time**” has the meaning given in the relevant Final Terms;

“**Reserved Matter**” means any Modification of the terms and conditions of the Notes or of any agreement governing the issuance or administration of the Notes that would:

- (a) change the date on which any amount is payable on the Notes;
- (b) reduce any amount, including any overdue amount, payable on the Notes;
- (c) change the method used to calculate any amount payable on the Notes;
- (d) reduce the redemption price for the Notes or change any date on which the Notes may be redeemed;
- (e) change the currency or place of payment of any amount payable on the Notes;
- (f) impose any condition on or otherwise modify the Issuer's obligation to make payments on the Notes;
- (g) change the seniority or ranking of the Notes;
- (h) change the law governing the Notes;
- (i) change any court to whose jurisdiction the Issuer has submitted in relation to legal proceedings arising out of or in connection with the Notes;
- (j) change the principal amount of outstanding Notes or, in the case of a Cross-Series Modification, the principal amount of Debt Securities of any other Debt Securities Series required to approve a proposed Modification in relation to the Notes, the principal amount of outstanding Notes required for a quorum to be present, or the rules for determining whether a Note is outstanding for these purposes;
- (k) to change the quorum required at any Meeting or the majority required to pass a resolution; or
- (l) change the definition of a “Reserved Matter”,

and has the same meaning in relation to the Debt Securities of any other Debt Securities Series save that any of the foregoing references to the Notes or any agreement governing the issuance or administration of the Notes shall be read as references to such other Debt Securities or any agreement governing the issuance or administration of such other Debt Securities;

“**Series**” means a tranche of Notes, together with any further tranche or tranches of Notes that in relation to each other and to the original tranche of Notes are (i) identical in all respects except for their issue price, date of issuance or the amount of the first payment of interest, and (ii) expressed to be consolidated and form a single series;

“**Specified Currency**” has the meaning given in the relevant Final Terms;

“**Specified Denomination(s)**” has the meaning given in the relevant Final Terms;

“**Specified Office**” means the offices of each of the Agents as set out in the relevant Notes;

“**Specified Period**” has the meaning given in the relevant Final Terms;

“**TARGET2**” means the Trans-European Automated Real-time Gross settlement Express Transfer system, established by the European Central Bank pursuant to Guideline ECB/2007/2 of 26 April 2007 (OJ L 237, 8.9.2007, p. 1.);

“**Transfer Agent**” has the meaning given in the relevant Final Terms;

“**Tranche**” means a tranche of Notes governed by the relevant Final Terms and these Conditions (as amended, modified or supplemented in the relevant Final Terms), and expressed to be consolidated and form a single series with other Tranches of the same Series;

“**Treaty**” means the Treaty Establishing the European Stability Mechanism between the Kingdom of Belgium, the Federal Republic of Germany, the Republic of Estonia, Ireland, the Hellenic Republic, the Kingdom of Spain, the French Republic, the Italian Republic, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Grand Duchy of Luxembourg, Malta, the Kingdom of the Netherlands, the Republic of Austria, the Portuguese Republic, the Republic of Slovenia, the Slovak Republic and the Republic of Finland signed in Brussels on 2 February 2012, as amended; and

“**Zero Coupon Note**” means a Note specified as such in the relevant Final Terms.

(b) *Interpretation:* In these Conditions:

- (i) all references to “Notes” are to the Notes which are the subject of the relevant Final Terms;
- (ii) if the Notes are Zero Coupon Notes, references to coupons and holders of coupons are not applicable;
- (iii) if talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to coupons shall be deemed to include references to talons;
- (iv) if talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to talons are not applicable;
- (v) any reference to principal shall be deemed to include the Redemption Amount, any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (vi) any reference to interest shall be deemed to include any other amount in the nature of interest payable pursuant to these Conditions;
- (vii) references to Notes being “outstanding” shall be construed in accordance with the Issuing and Paying Agency Agreement;
- (viii) if an expression is stated in Condition 2(a) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is “not applicable” then such expression is not applicable to the Notes; and
- (ix) any reference to the Issuing and Paying Agency Agreement shall be construed as a reference to the Issuing and Paying Agency Agreement as amended and/or supplemented up to and including the Issue Date of the Notes.

3. **Form, Denomination, Title and Transfer**

- (a) *Form:* Notes may be issued in bearer form or in registered form or, to the extent possible, in dematerialised form.

- (b) *Bearer Notes:* Bearer Notes are in the Specified Denomination(s) with coupons and, if specified in the relevant Final Terms, talons attached at the time of issue. In the case of a Series of Notes with more than one Specified Denomination, Notes of one Specified Denomination will not be exchangeable for Notes of another Specified Denomination.
- (c) *Title to Bearer Notes:* Title to Bearer Notes and coupons pertaining thereto will pass by delivery.
- (d) *Registered Notes:* Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Final Terms and higher integral multiples of a smaller amount specified in the relevant Final Terms.
- (e) *Title to Registered Notes:* The Registrar will maintain the Register in accordance with the provisions of the Issuing and Paying Agency Agreement. A Note Certificate will be issued to each Holder of Registered Notes in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.
- (f) *Ownership:* The Holder shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder.
- (g) *Transfers of Registered Notes:* Subject to paragraphs (i) (*Closed periods*) and (j) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided, however, that** a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.
- (h) *Registration and delivery of Note Certificates:* Within five Business Days of the surrender of an individual note certificate in accordance with paragraph (h) (*Transfers of Registered Notes*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder.
- (i) *No charge:* The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (j) *Closed periods:* Holders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.
- (k) *Regulations concerning transfers and registration:* All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Issuing and Paying Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Holder who requests in writing a copy of such regulations.

4. **Status of the Notes**

Notes will be issued on an unsecured, unsubordinated basis and will constitute direct and unconditional obligations of the Issuer and will at all times rank *pari passu* among themselves.

5. **Calculation of Interest**

- (a) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 9 (*Payments- Bearer Notes*) and Condition 10 (*Payments- Registered Notes*). Notes will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case they will continue to bear interest in accordance with this Condition 5 (*Calculation of Interest*) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of the Notes held by the relevant Holder up to that day are received by or on behalf of such Holder and (ii) the day which is seven days after the Issuing and Paying Agent has notified the Holders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (b) *Calculation of Interest Amount:* The Interest Amount shall be determined by applying the Rate of Interest (as determined, where applicable, pursuant to Condition 6 (*Floating Rate Note and Index-Linked Interest Note Provisions*)) to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). In relation to Floating Rate Notes and Index-Linked Interest Notes the Interest Amount shall be calculated and published by the Calculation Agent in accordance with Condition 6 (*Floating Rate Note and Index-Linked Interest Note Provisions*).
- (c) *Payment to Holder:* The amount of interest payable to each Holder, for any Interest Period, in respect of the Notes held by it shall, subject to Condition 9 (*Payments- Bearer Notes*) and Condition 10 (*Payments- Registered Notes*), be an amount calculated by dividing the principal amount of the Notes held by such Holder, on the relevant Interest Payment Date, by the Calculation Amount, multiplying the resulting figure by the Interest Amount and rounding such amount to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards).
- (d) For the purposes of this Condition 5 (*Calculation of Interest*), a “**sub-unit**” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

6. **Floating Rate Note and Index-Linked Interest Note Provisions**

- (a) *Application:* This Condition 6 (*Floating Rate Note and Index-Linked Interest Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

- (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
 - (A) request the principal financial centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the interbank market of the principal financial centre in an amount that is representative for a single transaction in that market at that time; and
 - (B) determine the arithmetic mean of such quotations; and
- (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the principal financial centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the principal financial centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

- (c) *ISDA Determination:* If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “ISDA Rate” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
 - (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
 - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
 - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.
- (d) *Index-Linked Interest:* If the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable, the Rate(s) of Interest applicable to the Notes for each Interest Period will be determined in the manner specified in the relevant Final Terms.
- (e) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (f) *Calculation of other amounts:* If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount.

The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.

- (g) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Issuing and Paying Agent and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Holders. The Calculation Agent will be entitled to recalculate any Interest Amount without notice in the event of an extension or shortening of the relevant Interest Period.
- (h) *Notifications etc.:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 (*Calculation of Interest*) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Agents, the Holders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

7. **Zero Coupon Note Provisions**

- (a) *Application:* This Condition 7 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Holder and (ii) the day which is seven days after the Issuing and Paying Agent has notified the Holders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

8. **Redemption and Purchase**

- (a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 9 (*Payments- Bearer Notes*) and Condition 10 (*Payments- Registered Notes*).
- (b) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Final Terms as being applicable, all, but not some only, of the Notes may be redeemed at the option of the Issuer on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) or, if so specified in the relevant Final Terms, by delivery by the Issuer to the Holders of New ESM Notes on the Issuer's giving not less than 15 nor more than 30 days' notice to the Holders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date or, if so specified in the relevant Final Terms, by delivery of New ESM Notes).
- (c) *No other redemption:* The Issuer shall not be entitled to redeem Notes otherwise than as provided in paragraph (a) above or as expressly provided in the Final Terms of the relevant issue of Notes.

- (d) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
- (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 8(d) or, if none is so specified, a Day Count Fraction of 30E/360.

- (e) *Notice of redemption:* All Notes in respect of which any notice of redemption is given under this Condition shall be redeemed on the date specified in accordance with this Condition.
- (f) *Purchase:* The Issuer may at any time purchase Notes in the open market or otherwise and at any price, **provided that** all unmatured coupons are purchased therewith.
- (g) *Cancellation:* All Notes so redeemed or purchased by the Issuer and any unmatured coupons attached to or surrendered with them may be held by the Issuer or resold or may be cancelled and, if so cancelled, may not be reissued or resold.

9. **Payments – Bearer Notes**

This Condition 9 (*Payments - Bearer Notes*) is only applicable to Bearer Notes.

- (a) *Principal:* Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Bearer Notes at the Specified Office of the Issuing and Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the principal financial centre of that currency Principal Financial Centre of that currency.
- (b) *Interest:* Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate coupons at the Specified Office of the Issuing and Paying Agent outside the United States in the manner described in paragraph (a) above.
- (c) *Payments in New York City:* Payments of principal or interest may be made at the Specified Office of the Issuing and Paying Agent in New York City if (i) the Issuer has appointed the Issuing and Paying Agent outside the United States with the reasonable expectation that the Issuing and Paying Agent will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all the Issuing and Paying Agent is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (d) *Payments subject to fiscal laws:* All payments in respect of the Bearer Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*). No commissions or expenses shall be charged to the Holders in respect of such payments.
- (e) *Deductions for unmatured coupons:* If the relevant Final Terms specify that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured coupons relating thereto:

- (i) if the aggregate amount of the missing coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
- (ii) if the aggregate amount of the missing coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing coupons (the “**Relevant Coupons**”) being equal to the amount of principal due for payment; **provided, however, that** where this sub-paragraph would otherwise require a fraction of a missing coupon to become void, such missing coupon shall become void in its entirety; and
 - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing coupons.

- (f) *Unmatured coupons void:* If the relevant Final Terms specifies that this Condition 9(f) is applicable or that the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are applicable, on the due date for final redemption of any Bearer Note, all unmatured coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (g) *Payments on Business Days:* If the due date for payment of any amount in respect of any Bearer Note or coupon is not a Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (h) *Payments other than in respect of matured coupons:* Payments of interest other than in respect of matured coupons shall be made only against presentation of the relevant Notes at the Specified Office of the Issuing and Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).
- (i) *Partial payments:* If the Issuing and Paying Agent makes a partial payment in respect of any Bearer Note or coupon presented to it for payment, the Issuing and Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (j) *Exchange of talons:* On or after the maturity date of the final coupon which is (or was at the time of issue) part of a coupon sheet relating to the Bearer Notes, the talon forming part of such coupon sheet may be exchanged at the Specified Office of the Issuing and Paying Agent for a further coupon sheet (including, if appropriate, a further talon but excluding any coupons in respect of which claims have already become void pursuant to Condition 12 (*Prescription*)). Upon the due date for redemption of any Bearer Note, any unexchanged talon relating to such Bearer Note shall become void and no coupon will be delivered in respect of such talon.

10. **Payments - Registered Notes**

This Condition 10 (*Payments - Registered Notes*) is only applicable to Registered Notes.

- (a) *Principal:* Payments of principal shall be made by cheque drawn in the currency in which the payment is due, or, upon application by a Holder of a Registered Note to the specified office of the Registrar not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the principal financial centre of that currency (in the case of a sterling cheque, a branch of a bank in the City of London) and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of the Registrar.
- (b) *Interest:* Payments of interest shall be made by cheque drawn in the currency in which the payment is due, or, upon application by a Holder of a Registered Note to the specified office of the Registrar not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the principal financial centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of the Registrar.
- (c) *Payments subject to fiscal laws:* All payments in respect of the Registered Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*). No commissions or expenses shall be charged to the Holders in respect of such payments.
- (d) *Payments on Business Days:* Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not a Business Day, for value the next succeeding Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the specified office of the Registrar and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a Business Day or (B) a cheque mailed in accordance with this Condition 10 (*Payments - Registered Notes*) arriving after the due date for payment or being lost in the mail.
- (e) *Partial payments:* If the Registrar makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.
- (f) *Record date:* Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's specified office on the fifteenth day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

11. **Taxation**

All payments of principal and interest in respect of the Notes and the coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any jurisdiction or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by any applicable law. In that event, the Issuer shall not be under any obligation to pay any additional amounts in respect of such withholding or deduction whatsoever.

12. **Prescription**

Claims for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest on redemption in respect of Registered Notes shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

13. **Replacement of Notes and Coupons**

If any Note or coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Issuing and Paying Agent, in the case of Bearer Notes, or the Registrar in the case of Registered Notes (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of the Issuing and Paying Agent or Transfer Agent in any particular place, the Issuing and Paying Agent or the Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or coupons must be surrendered before replacements will be issued.

14. **Agents**

- (a) *Agents:* The Agents shall act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Holders.

The initial Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor issuing and paying agent or Calculation Agent and additional or successor paying agents; **provided, however, that:**

- (i) the Issuer shall at all times maintain an issuing and paying agent; and
- (ii) the Issuer shall at all times maintain a paying agent in a Member State that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC; and
- (iii) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (iv) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a paying agent and/or a transfer agent in any particular place, the Issuer shall maintain a paying agent and/or a transfer agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Holders.

15. Meetings of Holders; Modification and Waiver

- (a) *Meetings of Holders:* The Issuing and Paying Agency Agreement contains provisions for convening Meetings of Holders to consider matters relating to the Notes, including the Modification of any provision of these Conditions. Certain provisions of this Condition 15 (*Meetings of Holders, Modifications and Waivers*) are summaries of the Issuing and Paying Agency Agreement and are subject to their detailed provisions. Holders are bound by, and are deemed to have notice of, all the provisions of the Issuing and Paying Agency Agreement.
- (b) *Convening of Meeting:* A Meeting may be convened by the Issuer at any time.
- (c) *Quorum and Voting:* The quorum at any Meeting at which Holders will vote on a proposed Modification of: (a) a Reserved Matter will be one or more voters present and holding not less than 66 2/3% of the aggregate principal amount of the Notes then outstanding; and (b) a Non-Reserved Matter will be one or more voters present and holding not less than 50% of the aggregate principal amount of the Notes then outstanding.

These Conditions and any agreement governing the issuance or administration of the Notes may be modified in relation to a Reserved Matter with the consent of the Issuer and: (a) the affirmative vote of Holders of not less than 75% of the aggregate principal amount of the outstanding Notes represented at a duly called Meeting; or (b) a written resolution signed by or on behalf of Holders of not less than 66 2/3% of the aggregate principal amount of the Notes then outstanding.

In the case of a Cross-Series Modification, these Conditions and the terms and conditions of Debt Securities of any other Debt Securities Series, and any agreement governing the issuance or administration of the Notes or the Debt Securities of such other Debt Securities Series, may be modified in relation to a Reserved Matter with the consent of the Issuer and: (a) (i) the affirmative vote of not less than 75% of the aggregate principal amount of the outstanding Debt Securities represented at separate duly called Meetings of the holders of the Debt Securities of all the Debt Securities Series (taken in the aggregate) that would be affected by the proposed Modification; or (ii) a written resolution signed by or on behalf of the holders of not less than 66 2/3% of the aggregate principal amount of the outstanding Debt Securities of all the Debt Securities Series (taken in the aggregate) that would be affected by the proposed Modification; and (b) (i) the affirmative vote of more than 66 2/3% of the aggregate principal amount of the outstanding Debt Securities represented at separate duly called Meetings of the holders of each Debt Securities Series (taken individually) that would be affected by the proposed Modification; or (ii) a written resolution signed by or on behalf of the holders of more than 50% of the aggregate principal amount of the then outstanding Debt Securities of each Debt Securities Series (taken individually) that would be affected by the proposed Modification. A separate Meeting will be called and held, or a separate written resolution signed, in relation to the proposed Modification of the Notes and the proposed Modification of each other affected Debt Securities Series.

The provisions of these Conditions relating to Cross-Series Modification shall only apply in relation to Notes with an original stated maturity of one year or more.

These Conditions and any agreement governing the issuance or administration of the Notes may be modified in relation to any Non—Reserved Matter with the consent of the Issuer and: (a) the affirmative vote of Holders of more than 50% of the aggregate principal amount of the outstanding Notes represented at a duly called Meeting; or (b) a written resolution signed by or on behalf of Holders of more than 50% of the aggregate principal amount of the outstanding Notes.

Any such resolution duly passed at a Meeting convened and held in accordance with these Conditions and the provisions of the Issuing and Paying Agency Agreement, and a written resolution duly signed by the requisite majority of Holders, will be binding on all Holders,

whether or not the Holder was present at the Meeting, voted for or against the resolution or signed the written resolution.

- (d) *Modification:* The Notes and these Conditions may be amended without the consent of the Holders to correct a manifest error.

16. **Further Issues**

The Issuer may from time to time, without the consent of the Holders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest and the issue price) so as to form a single series with the Notes. The Issuer may from time to time create and issue other series of notes.

17. **Notices**

- (a) *Bearer Notes:* Notices to the Holders of Bearer Notes shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) and, if the Bearer Notes are admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Holders of coupons shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes.

- (b) *Registered Notes:* Notices to the Holders of Registered Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register and, if the Registered Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, notices to Holders will be published on the date of such mailing in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

18. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), and (b) all amounts paid to Holders resulting from such calculations will be rounded to the nearest euro cent or, in the case of any currency other than euro, to the nearest integer of the lowest unit of such currency that is available as legal tender in the country of such currency with half such unit being rounded upwards.

19. **Governing Law and Jurisdiction**

- (a) *Governing law:* The Notes and all non-contractual obligations arising out of or in connection with the Notes shall, as specified in the relevant Final Terms, be governed by Luxembourg law, English law or such other law designated in the relevant Final Terms, except as to matters relating to the authorisation and execution of the Notes by the Issuer which shall be governed by the Treaty.

- (b) *Jurisdiction:* The courts of Luxembourg-City (Grand Duchy of Luxembourg) shall have exclusive jurisdiction to settle any dispute arising out of or in connection with the terms of the Notes (a “**Dispute**”).
- (c) *Appropriate forum:* The Issuer agrees that the courts referred to in Condition 19(b) are the most appropriate and convenient courts to settle any Dispute and, accordingly, it shall not argue to the contrary.
- (d) *Waiver of immunity:* The Issuer hereby agrees (to the extent permitted by law and the Treaty) but solely in respect of the proceedings described in Condition 19(b) to waive irrevocably its immunity from suit. This waiver shall not extend to (i) any dispute or controversy relating to non-contractual obligations, (ii) any measure of execution, or (iii) any other proceedings (including actions under the securities laws of Luxembourg, the United States or any other jurisdictions), and does not imply a waiver of any other privileges and immunities from which the Issuer may benefit under the Treaty or the laws of the relevant jurisdiction.

FORM OF FINAL TERMS

The Final Terms in respect of each Tranche of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.

Final Terms dated [•]

EUROPEAN STABILITY MECHANISM

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

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.][*Option for Reg S Notes only*]

[The Notes have not been, and will not be, registered under the U.S. 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, subject to certain exceptions, may not be offered or sold 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**”)) and Notes that are in bearer form for U.S. federal income tax purposes are not being offered to U.S. Holders. The Notes may be offered and sold (i) within the United States to qualified institutional buyers (“**QIBs**”), as defined in Rule 144A under the Securities Act (“**Rule 144A**”), that are also qualified purchasers (“**QPs**”), as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended (the “**Investment Company Act**”) in reliance on the exemption from registration provided by Rule 144A (the “**Rule 144A Notes**”) and (ii) to non-U.S. persons in offshore transactions in reliance on Regulation S (the “**Regulation S Notes**”). The Issuer has not been and will not be registered under the Investment Company Act. Prospective purchasers are hereby notified that sellers of the Rule 144A Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.][*Option for RegS/144A Notes*]

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 4 March 2016 [and the supplemental Information Memorandum dated [•], which together constitutes an Information Memorandum] (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 [as so amended or supplemented].

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Final Terms.]

1. Issuer: European Stability Mechanism
2. Series Number: [•]
3. Tranche Number: [•]

(If fungible with an existing Series, details of that Series, including the date on

- which the Notes become fungible)
4. Specified Currency or Currencies: [•]
 [Notes may be denominated in euro or in any other currency or currencies, provided that, for any Series of Notes which is denominated in a currency other than euro, such issuance is approved by the Board of Directors.]
 5. Aggregate Nominal Amount: [•]
 - (i) Series: [•]
 - (ii) Tranche: [•]
 6. Issue Price: [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (*in the case of fungible issues only, if applicable*)] [In the case of Notes issued pursuant to the auction process the weighted average of all accepted bids should be included as the issue price]
 7. Specified Denominations: [€0.01] / [•]
 8. (i) Issue Date: [•]
 (ii) Interest Commencement Date: [*Specify/Issue Date/Not Applicable*]
 9. Maturity Date: [*Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*]
[The maximum authorised maturity for Notes will be set at the lowest of (i) forty-five years and (ii) the maximum maturity of any financial assistance by the Issuer, from the date of issue of the relevant Notes]
 10. Interest Basis: [• per cent. Fixed Rate]
 [[*Specify reference rate*] +/- [•] per cent. Floating Rate]
 [Zero Coupon]
 [Index Linked Interest]
 [Other (*Specify*)]
 (further particulars specified below)
 11. Redemption/Payment Basis: [Redemption at par]
 [Index Linked Redemption]
 [Partly Paid]
 [Instalment]
 [Other (*Specify*)]
 12. Change of Interest or Redemption/Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis*]
 [Other (*Specify*)]

[(further particulars specified below)]

13. Call Option

[Issuer Call]

[(further particulars specified below)]

14. (i) Status of the Notes: Senior

(ii) Date of Board of Directors approval for issuance of Notes obtained: [•], respectively

(N.B. Only relevant where Board of Directors (or similar) authorisation is required for the particular tranche of Notes)

15. Method of distribution:

[Syndicated/Non-syndicated/Auction/Private Placement]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. **Fixed Rate Note Provisions**

[Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Rate[(s)] of Interest: [•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (specify)] in arrear]

(ii) Interest Payment Date(s): [•] in each year [adjusted in accordance with [specify Business Day Convention]/not adjusted]

(iv) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA) / other]

(v) [Regular Dates: [•] in each year *(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))*]

(vi) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]

17. **Floating Rate Note Provisions**

[Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Interest Period(s): [•]

(ii) Specified Period: [•]

(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")

(iii) Specified Interest Payment Dates: [•]

(Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar

Convention, insert "Not Applicable")

- (iv) [First Interest Payment Date]: [•]
- (v) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (*give details*)]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (*give details*)]
- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) : [[Name] shall be the Calculation Agent]
- (ix) Screen Rate Determination:
- Reference Rate: [For example, LIBOR or EURIBOR]
 - Interest Determination Date(s): [•]
 - Relevant Screen Page: [For example, Reuters LIBOR 01/ EURIBOR 01]
 - Relevant Time: [For example, 11.00 a.m. London time/Brussels time]
- (x) ISDA Determination:
- Floating Rate Option: [•]
 - Designated Maturity: [•]
 - Reset Date: [•]
- (xi) Margin(s): [+/-][•] per cent. per annum
- (xii) Minimum Rate of Interest: [•] per cent. per annum
- (xiii) Maximum Rate of Interest: [•] per cent. per annum
- (xiv) Day Count Fraction: [•]
- (xv) 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 in the Conditions: [•]

18. Zero Coupon Note Provisions

[Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Accrual Yield: [•] per cent. per annum
- (ii) Reference Price: [•]
- (iii) Any other formula/basis of determining amount payable: [Consider whether it is necessary to specify a Day Count Fraction]

19. Index-Linked Interest Note/other variable-

[Applicable/Not Applicable]

linked interest Note Provisions*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Index/Formula/other variable: [give or annex details]

(ii) Calculation Agent responsible for calculating the interest due: [•]

(iii) Provisions for determining coupon where calculated by reference to Index and/or Formula and/or other variable: [•]

(vi) Interest Determination Date(s): [•]

(v) Provisions for determining coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [•]

(vi) Interest or calculation period(s): [•]

(vii) Specified Period: [•]

(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")

(viii) Specified Interest Payment Dates: [•]

(Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")

(ix) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (give details)]

(xi) Minimum Rate/Amount of Interest: [•] per cent. per annum

(xii) Maximum Rate/Amount of Interest: [•] per cent. per annum

(xiii) Day Count Fraction: [•]

PROVISIONS RELATING TO REDEMPTION**20. Call Option**

[Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Optional Redemption Date(s): [•]

(ii) Optional Redemption Amount(s) or New ESM Notes to be delivered: [Specify details, including, if New ESM Notes to be delivered, the characteristics of such Notes and of their delivery.]

21. **Final Redemption Amount of each Note** [•] per Specified Denomination

In cases where the Final Redemption Amount is Index-Linked or other variable-linked:

- (i) Index/Formula/variable: [give or annex details]
- (ii) Calculation Agent responsible for calculating the Final Redemption Amount: [•]
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [•]
- (iv) Date for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable: [•]
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [•]
- (vi) [Payment Date]: [•]
- (vii) Minimum Final Redemption Amount: [•] per Specified Denomination
- (viii) Maximum Final Redemption Amount: [•] per Specified Denomination

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. **Form of Notes:**

[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

[Temporary Global Note exchangeable for Permanent Global Note

Temporary Global Note exchangeable for Definitive Notes

Permanent Global Note exchangeable for Definitive Notes

Global Note Certificate exchangeable for Individual Note Certificate]]

[Reg S/144A

[Unrestricted Global Note]/[unrestricted global certificate] exchangeable for Unrestricted Individual Note Certificates

[Unrestricted Global Note]/[unrestricted global certificate] deposited with the Clearing System and exchangeable for Unrestricted Individual Note Certificates in the limited circumstances described in the relevant [Global Note]/[global certificate]

[Restricted Global Note]/[restricted global certificate] exchangeable for Restricted Individual Note Certificates

[Restricted Global Note]/[restricted global certificate] deposited with the Clearing System and exchangeable for Restricted Individual Note Certificates in the limited circumstances described in the relevant [Global Note]/[global certificate] *If rule 144A, consider US tax disclosure*

- | | |
|---|--|
| 23. New Global Note form | [Applicable/Not Applicable] |
| 24. Talons for future coupons or Receipts to be attached to Definitive Notes (and dates on which such talons mature): | [Yes/No. <i>If yes, give details</i>] |
| 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/ <i>give details</i>] |
| 26. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: | [Not Applicable/ <i>give details</i>] |
| 27. Redenomination, renominatisation and reconventioning provisions: | [Not Applicable/The provisions [in Condition [•] apply] |
| 28. [Consolidation provisions: | Not Applicable/The provisions [in Condition [•] [annexed to this Final Terms] apply] |
| 29. Other final terms: | [Not Applicable/ <i>give details</i>] |

DISTRIBUTION

- | | |
|--|--|
| 30. (i) If syndicated, names and addresses of Managers and underwriting commitments: | [Not Applicable/ <i>give names, addresses and underwriting commitments</i>]

<i>(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses 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.)</i> |
|--|--|

- (ii) Date of Subscription Agreement: [•]
- (iii) Stabilising Manager(s) (if any): [Not Applicable/*give name*]
- 31. If non-syndicated, name and address of Dealer: [Not Applicable/*give name and address*]
- 32. Total commission and concession: [•] per cent. of the Aggregate Nominal Amount
- 33. Net proceeds: [•]
- 34. U.S. Selling Restrictions: [Reg. S, Category 2]/[Rule 144A, 3(c)7]
[TEFRA C]/[TEFRA D]/[TEFRA Not Applicable]
- 35. Additional selling restrictions: [Not Applicable/*give details*]

GOVERNING LAW

- 36. Governing law: [Luxembourg law]/[English law]/[*other*]

Signed on behalf of the European Stability Mechanism:

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING

- (i) Listing Luxembourg/Other (*specify*)/ [None]
- (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 [•.] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant market*] with effect from [•.] [Not Applicable.]
- (Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)*

2. RATINGS

- Ratings: The Notes to be issued have been rated:
- [•]
- [Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*
- (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. OPERATIONAL INFORMATION

- ISIN Code: [•]
- Common Code: [•]
- Clearing System, including the relevant identification number(s): [Euroclear Bank S.A./N.V., Brussels]/ [Clearstream Banking, société anonyme, Luxembourg]/[Clearstream Banking AG Frankfurt]/[The Depository Trust Company]/[*Other/give name(s) and number(s)*]
- Intended for New Global Note Form [Applicable/Not Applicable]
- Intended for New Safekeeping Structure (NSS) [Applicable/Not Applicable]
- Delivery: Delivery [against/free of] payment
- Names and addresses of the Issuing and Paying Agent: [•]
- Names and addresses of additional paying agent(s) (if any): [•]

Names and addresses of the Luxembourg Listing Agent: [•]

Names and addresses of the Calculation Agent (if any): [•]

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.

[TERMS AND CONDITIONS OF THE OFFER

Offer Price:	[Issue Price][specify]
Conditions to which the offer is subject:	[Not Applicable/give details]
Description of the application process:	[Not Applicable/give details]
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not Applicable/give details]
Details of the minimum and/or maximum amount of application:	[Not Applicable/give details]
Details of the method and time limits for paying up and delivering the Notes:	[Not Applicable/give details]
Manner in and date on which results of the offer are to be made public:	[Not Applicable/give details]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable/give details]
Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:	[Not Applicable/give details]
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[Not Applicable/give details]
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not Applicable/give details]

Name(s) and address(es), to the extent [None/*give details*]
known to the Issuer, of the placers in the
various countries where the offer takes
place.]

FORMS OF THE NOTES

As at the date of this Information Memorandum, arrangements are only in place for Notes to be deposited with Clearstream, Frankfurt. It is expected that arrangements will be put in place subsequently for certain Series of Notes to be deposited with Clearstream, Luxembourg, Euroclear and/or DTC. This Information Memorandum will be updated accordingly at such time.

1. Notes deposited with Clearstream, Frankfurt

The following is only applicable for Notes deposited with Clearstream Banking AG, Frankfurt ("**Clearstream, Frankfurt**").

(a) Form of Notes

Each Tranche of Notes will initially be in the form of one or more Global Notes deposited with Clearstream, Frankfurt.

Each Tranche of Notes sold solely in reliance on Regulation S will be represented by a Global Note deposited with Clearstream, Frankfurt (a "**Global Bearer Note**"). The relevant Final Terms for such Notes which have a maturity of more than 365 days will specify that United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") are applicable in relation to the Notes.

Each Tranche of Notes sold in part within the United States to qualified institutional buyers ("**QIBs**"), as defined in Rule 144A that are also qualified purchasers ("**QPs**"), as defined in Section 2(a)(51) of the Investment Company Act (a "**Restricted Note**") and in part in reliance on Regulation S (an "**Unrestricted Note**") will be represented by: (i) a Global Note deposited with Clearstream, Frankfurt in respect of Restricted Notes (a "**Restricted Global Note**") and (ii) a Global Note deposited with Clearstream, Frankfurt in respect of Unrestricted Notes (an "**Unrestricted Global Note**"), constituting one and the same Tranche, and will be subject to the Book-Entry Registration Agreement (as defined below).

All interests in the Global Notes will be subject to the operations and procedures of Clearstream, Frankfurt. The Notes will be transferable, subject to the limitations and procedures described below, by appropriate entries in securities accounts in accordance with applicable rules of Clearstream, Frankfurt. The Notes will not be eligible for clearance through the facilities of The Depository Trust Company.

Pursuant to the book-entry registration agreement between the Issuer and Clearstream, Frankfurt dated on or about the date hereof (the "**Book-Entry Registration Agreement**"), the Issuer has appointed Clearstream, Frankfurt as its book-entry registrar (the "**Book-Entry Registrar**") in respect of Restricted Notes and Unrestricted Notes and agreed to maintain a register (the "**Book-Entry Register**") showing the aggregate number of the Notes of each tranche represented by the Restricted Global Note and the Unrestricted Global Note for such tranche under the name of the Book-Entry Registrar. Clearstream, Frankfurt has agreed, as agent of the Issuer, to maintain records of each tranche of Restricted Notes and Unrestricted Notes credited to the accounts of the accountholders of Clearstream, Frankfurt, for the benefit of the holders of the co-ownership interests (*Miteigentumsanteile*) in the respective tranche of Notes represented by the Restricted Global Note and the Unrestricted Global Note. The Issuer and Clearstream, Frankfurt have agreed, for the benefit of the holders of co-ownership interests in the Restricted Notes and Unrestricted Notes of each tranche, that the actual number of the respective tranche of Notes from time to time shall be evidenced by the records of the Book-Entry Registrar. No transfer of any Restricted Note or Unrestricted Note through Clearstream, Frankfurt shall be effective unless it is recorded in the Book-Entry Register.

(b) Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Global Bearer Note exchangeable for Definitive Notes", the Notes will initially be in the form of a Global Note which will be exchangeable in whole, but not in part, for Definitive Notes only if Clearstream, Frankfurt or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business.

Whenever the Global Bearer Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Global Bearer Note to the bearer of the Global Bearer Note against the surrender of the Global Bearer Note to or to the order of Clearstream, Frankfurt within 30 days of the bearer requesting such exchange.

(c) Unrestricted Global Note exchangeable for Unrestricted Individual Note Certificates

If the relevant Final Terms specifies the form of Notes as being “Unrestricted Global Note exchangeable for Unrestricted Individual Note Certificates”, the Notes will initially be in the form of an Unrestricted Global Note which will be exchangeable in whole, but not in part, for individual Note Certificates in registered form (“**Unrestricted Individual Note Certificates**”) if Clearstream, Frankfurt or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business.

Whenever an Unrestricted Global Note is to be exchanged for Unrestricted Individual Note Certificates, each person having an interest in an Unrestricted Global Note must provide the Registrar (through the relevant clearing system) with such information as the Issuer and the Registrar may require to complete and deliver Unrestricted Individual Note Certificates (including the name and address of each person in whose name the Notes represented by the Unrestricted Individual Note Certificates are to be registered and the principal amount of each such person’s holding).

Whenever an Unrestricted Global Note is to be exchanged for Unrestricted Individual Note Certificates, the Issuer shall procure that Unrestricted Individual Note Certificates will be issued in an aggregate principal amount equal to the outstanding principal amount of the Unrestricted Global Note within five business days of the delivery, by or on behalf of the holder of the Unrestricted Global Note to the Registrar, of such information as is required to complete and deliver such Unrestricted Individual Note Certificates against the surrender of the Unrestricted Global Note at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Issuing and Paying Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled to the Issuing and Paying Agency Agreement and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

(d) Restricted Global Note exchangeable for Restricted Individual Note Certificates

If the relevant Final Terms specifies the form of Notes as being “Restricted Global Note exchangeable for Restricted Individual Note Certificates”, the Notes will initially be in the form of a Restricted Global Note which will be exchangeable in whole, but not in part, for individual Note Certificates in registered form (“**Restricted Individual Note Certificates**”) if Clearstream, Frankfurt or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business.

Whenever a Restricted Global Note is to be exchanged for Restricted Individual Note Certificates, each person having an interest in a Restricted Global Note must provide the Registrar (through the relevant clearing system) with such information as the Issuer and the Registrar may require to complete and deliver Restricted Individual Note Certificates (including the name and address of each person in whose name the Notes represented by the Restricted Individual Note Certificates are to be registered and the principal amount of each such person’s holding).

In addition, whenever a Restricted Global Note is to be exchanged for Restricted Individual Note Certificates, each person having an interest in the Restricted Global Note must provide the Registrar (through the relevant clearing system) with a certificate given by or on behalf of the holder of each beneficial interest in the Restricted Global Note stating either (i) that such holder is not transferring its interest at the time of such exchange or (ii) that the transfer or exchange of such interest has been made in compliance with the transfer restrictions applicable to the Notes and that the person transferring such interest reasonably believes that the person acquiring such interest is a QIB who is also a QP and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A and Rule

3(c)(7). Restricted Individual Note Certificates issued in exchange for interests in the Restricted Global Note will bear the legends and be subject to the transfer restrictions set out under “Transfer Restrictions”.

Whenever a Restricted Global Note is to be exchanged for Restricted Individual Note Certificates, the Issuer shall procure that Restricted Individual Note Certificates will be issued in an aggregate principal amount equal to the outstanding principal amount of the Restricted Global Note within five business days of the delivery, by or on behalf of the holder of the Restricted Global Note to the Registrar, of such information as is required to complete and deliver such Restricted Individual Note Certificates against the surrender of the Restricted Global Note at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Issuing and Paying Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled to the Issuing and Paying Agency Agreement and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

In relation to any Tranche of Notes represented by a Global Note which is held by Clearstream, Frankfurt, references in the Terms and Conditions of the Notes to “Noteholder” are references to the holders of co-ownership interests (*Miteigentum nach Bruchteilen*) in the Notes represented by the Global Notes.

On or after the issue date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Frankfurt will generally have a settlement date two business days after the trade date (T+2). The customary arrangements for delivery versus payment will apply to such transfers.

For a further description of restrictions on the transfer of Notes, see “*Subscription and Sale*” and “*Transfer Restrictions*”.

2. Notes deposited with Clearstream, Luxembourg or Euroclear

The following is only applicable for Notes to be deposited with Euroclear Bank S.A./N.V., Brussels (“**Euroclear**”) and Clearstream Banking, société anonyme, Luxembourg (“**Clearstream, Luxembourg**”).

(a) Bearer Notes

Each Tranche of Notes in bearer form (“**Bearer Notes**”) will initially be in the form of either a temporary global note in bearer form (the “**Temporary Global Note**”), without interest coupons, or a permanent global note in bearer form (the “**Permanent Global Note**”), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note which is not intended to be issued in new global note (“**NGN**”) form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

In the case of each Tranche of Bearer Notes, the relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the “**TEFRA C Rules**”) or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the “**TEFRA D Rules**”) are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

(b) Registered Notes

Each Tranche of registered notes (“**Registered Notes**”) will be represented by either:

- (i) individual Note Certificates in registered form (“**Individual Note Certificates**”); or
- (ii) one or more unrestricted global note certificates (“**Unrestricted Global Note Certificate(s)**”) in the case of Registered Notes sold outside the United States to non-U.S. persons in reliance on Regulation S and/or one or more restricted global note certificates (“**Restricted Global Note Certificate(s)**”) in the case of Registered Notes sold to QIBs in reliance on Rule 144A,

in each case as specified in the relevant Final Terms, and references in this Information Memorandum to "**Global Note Certificates**" shall be construed as a reference to Unrestricted Global Note Certificates and/or Restricted Global Note Certificates.

Each Note represented by an Unrestricted Global Note Certificate will either be: (a) in the case of a Global Note Certificate which is not to be held under the new safekeeping structure ("**New Safekeeping Structure**"), registered in the name of a common depository (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Unrestricted Global Note Certificate will be deposited on or about the issue date with the common depository; or (b) in the case of a Global Note Certificate to be held under the New Safekeeping Structure, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Unrestricted Global Note Certificate will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

If the relevant Final Terms specifies the form of Notes as being "Individual Note Certificates", then the Notes will at all times be represented by Individual Note Certificates issued to each Noteholder in respect of their respective holdings.

3. **Notes deposited with DTC**

The following is only applicable for Notes to be deposited with The Depository Trust Company ("**DTC**").

(a) **Form of Notes**

Each Tranche of Registered Notes will be represented by one or more restricted global note certificates ("**Restricted Global Note Certificate(s)**") in the case of Registered Notes sold to QIBs in reliance on Rule 144A.

Each Note represented by a Restricted Global Note Certificate will be registered in the name of Cede & Co. (or such other entity as is specified in the applicable Final Terms) as nominee for DTC and the relevant Restricted Global Note Certificate will be deposited on or about the issue date with the custodian for DTC (the "**DTC Custodian**"). Beneficial interests in Notes represented by a Restricted Global Note Certificate may only be held through DTC at any time.

(b) **Restricted Global Note Certificate exchangeable for Individual Note Certificates**

If the relevant Final Terms specifies the form of Notes as being "Restricted Global Note Certificate exchangeable for Individual Note Certificates", then the Notes will initially be represented by one or more Global Note Certificates each of which will be exchangeable in whole, but not in part, for Individual Note Certificates:

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies "in the limited circumstances described in the Global Note Certificate", then if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the Global Note Certificate or DTC ceases to be a "clearing agency" registered under the U.S. Securities Exchange Act of 1934, as amended, or if at any time DTC is no longer eligible to act as such, and the relevant Issuer is unable to locate a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of DTC.

4. **Certifications in Connection with Exchange or Transfer of Restricted Global Notes/Global Note Certificates**

The following is applicable for Notes deposited with any of Clearstream, Luxembourg, Euroclear, Clearstream, Frankfurt or DTC.

Whenever a Restricted Global Note/Global Note Certificate is to be exchanged for Individual Note Certificates in registered form ("**Restricted Individual Note Certificates**"), each person having an

interest in the Restricted Global Note/Global Note Certificate must provide the Registrar (through the relevant clearing system) with a certificate given by or on behalf of the holder of each beneficial interest in the Restricted Global Note/Global Note Certificate stating either (i) that such holder is not transferring its interest at the time of such exchange or (ii) that the transfer or exchange of such interest has been made in compliance with the transfer restrictions applicable to the Notes and that the person transferring such interest reasonably believes that the person acquiring such interest is a QIB that is also a QP and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A and Rule 3(c)(7). Restricted Individual Note Certificates issued in exchange for interests in the Restricted Global Note/Global Note Certificate will bear the legends and be subject to the transfer restrictions set out under “*Transfer Restrictions*”.

A beneficial interest in a Restricted Global Note/Global Note Certificate may be transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Note/Global Note Certificate only upon receipt by the Transfer Agent of a written certification (in the form obtainable from the Transfer Agent) from the transferor to the effect that such transfer is being made in compliance with the restrictions and representations described in this section and in accordance with Rule 904 of Regulation S under the Securities Act.

A beneficial interest in an Unrestricted Global Note/Global Note Certificate may be transferred to a person who wishes to take delivery of such beneficial interest through a Restricted Global Note/Global Note Certificate only upon receipt by the Transfer Agent of a written certification (in the form obtainable from the Transfer Agent) from the transferor to the effect that the transferor (i) reasonably believes that the transferee is a QIB who is also a QP purchasing for its own account (or for the account of one or more QIBs over which account it exercises sole investment discretion), (ii) transfers such note in a transaction meeting the requirements of Rule 144A and any applicable securities laws of any state of the United States and (iii) has notified the transferee of the restrictions on transfer and the representation described in this section.

A beneficial interest in a Restricted Global Note/Global Note Certificate may be transferred to a person who takes delivery in the form of an interest in a Restricted Global Note /Global Note Certificate without a written certification from the transferor or the transferee.

A beneficial interest in a Restricted Global Note/Global Note Certificate may be transferred to a person who takes delivery in the form of an interest in a Unrestricted Global Note/Global Note Certificate only upon receipt by the Transfer Agent of a written certification (in the form obtainable from the Transfer Agent) from the transferor to the effect that such transfer is being made in compliance with the restrictions and representations described in this section and in accordance with Rule 904 of Regulation S under the Securities Act.

U.S. persons (as defined in Regulation S) may acquire or hold Notes only as Restricted Notes. Any U.S. person wishing to take delivery of Restricted Notes (the “**Transferee**”) shall, subject to the rules and procedures of the relevant clearing system, provide to the Transfer Agent a certificate (in the form available from the Transfer Agent) (the “**Qualified Purchaser Certificate**”) stating among other things that the Transferee is a U.S. person that is both a QIB and a QP).

5. **Summary of Conditions applicable to Global Notes and Global Note Certificates**

The following is applicable for Notes deposited with any of Clearstream, Luxembourg, Euroclear, Clearstream, Frankfurt or DTC. Each Global Note and Global Note Certificate will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note and Global Note Certificate, as applicable. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note and Global Note Certificate which, according to the Terms and Conditions of the Notes, require presentation and/or surrender of a Note or coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or Global Note Certificate, as applicable, to or to the order of the relevant Clearing System and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note or Global Note Certificate, as applicable, the Issuer shall procure that the payment is entered pro rata in the records of the relevant Clearing System or any other relevant clearing system.

Relationship of accountholders with Clearing Systems: Each of the persons shown in the records of the Clearing Systems as the holder of a Note in global form must look solely to such Clearing System for its share of each payment made by the Issuer in respect of such Note, and in relation to all other rights arising under such Note, subject to and in accordance with the rules and procedures of the Clearing Systems. Such persons shall have no claim against the Issuer in respect of payments due on the Notes for so long as the Notes are in global form. The Issuer's obligations will be discharged by payment to the holder of the Global Note or Global Note Certificate, as applicable.

Payment Business Day: in the case of a Global Note or Global Note Certificate, as applicable, the Payment Business Day shall be, if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) additional financial centre; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment and in each (if any) additional financial centre.

Notices: Notwithstanding Condition 17 (*Notices*), while all the Notes are represented by a Global Note or Global Note Certificate, as applicable and the Global Note is deposited with a Clearing System, notices to Noteholders may be given by delivery of the relevant notice to the Clearing System and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 18 (*Notices*) on the date of delivery to the relevant Clearing System, except that, for so long as such Notes are admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, such notices shall be published in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Deed of Covenant: Bearer Notes in global form which are governed by English law will have the benefit of a deed of covenant dated on or about 30 November 2012 (the "**Deed of Covenant**") entered into by the Issuer. Registered Notes which are governed by English law are constituted by the Deed of Covenant. Under the Deed of Covenant, persons shown in the records of the relevant Clearing System as being entitled to an interest in a Global Note which becomes void will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global Note became void, they had been the holders of definitive notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of the relevant Clearing System.

Transfers

Transfers of interests in Global Notes within a Clearing System will be in accordance with their respective rules and operating procedures. None of the Issuer, the Dealers or the Agents will have any responsibility or liability for any aspect of the records of any Clearing System or any of their respective participants relating to payments made on account of ownership interests in a Global Note or for maintaining, supervising or reviewing any of the records of any Clearing System or the records of their respective participants relating to such ownership interests.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more dealers appointed from time to time in relation to each Tranche of Notes (the “**Dealers**”). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in a Master Dealer Agreement dated on or about 9 March 2015 (the “**Master Dealer Agreement**”). Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Master Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes. The Notes may also be sold from time to time by the Issuer by way of a private placement.

Selling Restrictions

General

Each Dealer will represent, warrant and agree that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Information Memorandum or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Information Memorandum or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Information Memorandum or any Final Terms or any related offering material, in all cases at their own expense.

The Master Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed “General” above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Information Memorandum.

Unless otherwise provided in the Final Terms, no action is being taken by the Issuer, its agents or dealers to permit an offer, subscription sale or resale of any Notes, or the distribution of any document, in or from any jurisdiction where action by the Issuer would be required for such purpose. Accordingly, the Notes may not be directly or indirectly offered or sold, and no information memorandum or other informational or offering material may be distributed or published, in or from any such jurisdiction or to any persons subject thereto, except in compliance with any applicable laws and regulations. In particular, no representation is made that the Notes may be lawfully sold in compliance with any applicable registration requirements, and neither the Issuer, nor its agents or dealers, assumes any responsibility for facilitating such sales.

United States

The Notes have not been and will not be registered under the Securities Act, the securities laws of any State or other jurisdiction of the United States, 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.

Each Dealer has agreed that, except as permitted by the Master Dealer Agreement, it will not offer or sell the Notes of any Series (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of the Notes of such Series within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes of any Series (other than a sale pursuant to Rule 144A) during the distribution compliance period with respect to that Series a confirmation or other notice setting forth the restrictions on offers and sales of the Notes of that Series

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.

In addition, until 40 days after the commencement of the offering of the Notes of a Series, an offer or sale of 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 Rule 144A.

Notes offered and sold outside the United States to non U.S. persons may be sold in reliance on Regulation S. The Master Dealer Agreement provides that the Dealer(s) may directly or through their respective U.S. broker dealer affiliates arrange for the offer and resale of Notes within the United States only to persons whom they reasonably believe are QIBs and QPs who can represent that (a) they are QPs who are QIBs within the meaning of Rule 144A, (b) they are not broker dealers who own and invest on a discretionary basis less than USD 25 million in securities of unaffiliated issuers, (c) they are not a participant directed employee plan, such as a 401(k) plan, (d) they are acting for their own account, or the account of one or more QIBs each of which is a QP, (e) they are not formed for the purpose of investing in the Issuer or the Notes, (f) they understand that the Issuer may receive a list of participants holding positions in its securities from one or more book-entry depositories and (g) they will provide notice of the transfer restrictions set forth in this Information Memorandum to any subsequent transferees.

The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Information Memorandum does not constitute an offer to any person in the United States or to any U.S. person other than any QIB who is also a QP and to whom an offer has been made directly by one of the Dealers or its U.S. broker dealer affiliate. Distribution of this Information Memorandum by any non U.S. person outside the United States or by any QIB that is a QP within the United States to any U.S. person or to any other person within the United States, other than any QIB that is a QP and those persons, if any, retained to advise such non U.S. person or QIB that is a QP with respect thereto, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, other than any QIB that is a QP and those persons, if any, retained to advise such non U.S. person or QIB that is a QP, is prohibited.

The Notes in bearer form (being Notes which are represented on issue by a Global Bearer Note and which are not subject to the Book-Entry Registration Agreement) 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. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

In respect of such Notes in bearer form having a maturity of more than 365 days where TEFRA C is specified in the applicable Final Terms, the relevant Dealer will be required to represent and agree that:

- (a) it understands that under U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**"), such Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance;
- (b) it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any Notes within the United States or its possessions in connection with the original issuance of such Notes; and
- (c) in connection with the original issuance of such Notes it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if such prospective purchaser or such Dealer is within the United States or its possessions and will not otherwise involve the United States office of such Dealer in the offer and sale of such Notes.

In respect of such Notes in bearer form having a maturity of more than 365 days where TEFRA D is specified in the applicable Final Terms, the relevant Dealer will be required to represent and agree that:

- (a) except to the extent permitted under United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**");

- (i) it has not offered or sold, and during the restricted period will not offer or sell, any Notes to a person who is within the United States or its possessions or to a United States person; and
 - (ii) it has not delivered and will not deliver in definitive form within the United States or its possessions any Notes sold during the restricted period;
- (b) it has, and throughout the restricted period will have, in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that the Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the TEFRA D Rules; and
- (c) if it is a United States person, it is acquiring the Notes for the purposes of resale in connection with their original issuance and, if it retains Notes for its own account, it will only do so in accordance with the requirements of United States Treasury Regulation §1.163-5(c)(2)(i)(D)(6).

Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder, including the TEFRA C Rules and the TEFRA D Rules.

AUCTION PROCESS

Auction process

In case of issuances which are not syndicated, the terms and the allocation of the issuance will be determined in an auction process.

The auction process for the offering of Notes is conducted in the name and for the account of the Issuer through the electronic ESM Bidding System of the Deutsche Bundesbank (“**EBS**”). It is subject to German law. Each auction of Notes is ruled by the Auction Rules for the Issue of Bonds of the ESM, the Special Terms and Conditions of the Deutsche Bundesbank for Auctions of Bonds of the ESM using the EBS, the General Terms and Conditions for the Bundesbank ExtraNet and the General Terms and Conditions of the Deutsche Bundesbank (each as published at <http://www.bundesbank.de/ebs/ebs.en.php>) and any amendments to the aforementioned rules.

Only members of the ESM Market Group (“**Members**”) are participants in the EBS and may therefore participate in auctions. In general, Members have to be financial institutions authorised in the European Economic Area (“**EEA**”) or EEA branches of financial institutions which are authorised outside the EEA.

Terms and Conditions of each individual issue of Notes are announced by Deutsche Bundesbank together with an invitation to bid via press releases, financial information services and the EBS. In addition the auction result will be published by Deutsche Bundesbank via press release, financial information services and the EBS.

TRANSFER RESTRICTIONS

Because of the following restrictions, you are advised to consult legal counsel prior to making any offer, resale or other transfer offered hereby.

Regulation S Notes

Each purchaser of an interest in Notes (other than Restricted Notes) and each subsequent purchaser of Notes (A) in the case of (1) and (2) below, prior to the expiration of the distribution compliance period (as such term is defined in Regulation S), and (B) in the case of (3), (4), (5), (6) and (7) below, throughout the period that it holds such Notes, by accepting delivery of this Information Memorandum and the Notes, will be deemed to have represented, agreed and acknowledged that:

- (1) It is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and it is not an affiliate of the Issuer or a person acting on behalf of the Issuer or such an affiliate.
- (2) It understands that prior to the expiration of the applicable distribution compliance period (as such term is defined in Regulation S) for such Notes, it will not offer, sell, pledge or otherwise transfer such Notes except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believes is a QIB that is also a QP purchasing for its own account or for the account of a QIB that is also a QP or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.
- (3) It understands that the Unrestricted Notes of a Series will be evidenced by an Unrestricted Global Note. Before any interest in an Unrestricted Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Restricted Global Note, it will be required to provide a Transfer Agent with a written certification as to compliance with applicable securities laws.
- (4) It is, or at the time the Notes are purchased it will be, the owner of such Notes.
- (5) It understands that the Notes have not been and will not be registered under the Securities Act.
- (6) It understands and acknowledges that its purchase and holding of such Notes constitutes a representation and agreement by it that (i) it is not, and is not acting on behalf of a Benefit Plan Investor and no part of the assets used by it to purchase or hold such Note or any interest therein constitutes the assets of such Benefit Plan and (ii) if it is, or is acting on behalf of, a governmental, church or non U.S. plan, such purchase or holding of such Note does not and will not result constitute or in a non exempt violation of any laws that are substantially similar to Section 406 of ERISA or Section 4975 of the Code and will not subject the Issuer to any laws, rules or regulations applicable to such plan solely as a result of the investment in the Issuer by such plan.
- (7) It acknowledges that the Issuer, the Dealer(s) and their respective affiliates, and others, will rely upon the truth and accuracy of the above acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Notes is no longer accurate, it shall promptly notify the Issuer and the applicable Dealer(s). If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the above acknowledgements, representations and agreements on behalf of each account.

Rule 144A Notes

Each purchaser of an interest in a Restricted Note, by accepting delivery of this Information Memorandum and the Restricted Notes, will be deemed to have represented, agreed and acknowledged that:

- (1) It is (a) a QIB that is also a QP, (b) not a broker dealer which owns and invests on a discretionary basis less than USD 25 million in securities of unaffiliated issuers, (c) not a participant directed employee plan, such as a 401(k) plan, (d) acquiring such Notes for its own account, or the account of one or more QIBs each of which is also a QP, (e) not formed for the purpose of investing in the Restricted Notes or the Issuer, and (f) aware, and each owner of such Notes has been advised, that the seller of such Restricted Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.
- (2) It will provide notice of the transfer restrictions set forth herein to any subsequent transferees. In addition, it understands that the Issuer may receive a list of participants holding positions in the Issuer's securities from one or more book entry depositories.
- (3) It understands that the Restricted Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB and that is also a QP purchasing for its own account or for the account of one or more QIBs, each of which is also a QP or (b) to a non U.S. person within the meaning of Regulation S in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, in each case in accordance with any applicable securities laws of any State of the United States.
- (4) It understands that the Issuer has the power to compel any owner of Restricted Notes that is a U.S. person and is not a QIB and a QP to sell its interest in the Rule 144A Notes, or may sell such interest on behalf of such owner. The Issuer has the right to refuse to honour the transfer of an interest in the Restricted Notes to a U.S. person who is not a QIB and a QP.
- (5) It understands and acknowledges that its purchase and holding of such Notes constitutes a representation and agreement by it that (i) it is not, and is not acting on behalf of, a Benefit Plan Investor and no part of the assets used by it to purchase or hold such Note or any interest therein constitutes the assets of such Benefit Plan Investor and (ii) if it is, or is acting on behalf of, a governmental, church or non U.S. plan, such purchase or holding of such Note does not and will not constitute or result in a non exempt violation of any laws that are substantially similar to Section 406 of ERISA or Section 4975 of the Code and will not subject the Issuer to any laws, rules or regulations applicable to such plan solely as a result of the investment in the Issuer by such plan.
- (6) It understands that the Restricted Global Note and any Restricted Notes in definitive form issued in exchange thereof, unless otherwise agreed between the Issuer and the Issuing and Paying Agent in accordance with applicable law, will bear a legend to the following effect:

“The Notes represented hereby have not been and will not be registered under the U.S. 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 the Notes represented hereby may not be offered, sold, pledged or otherwise transferred except (1) in accordance with Rule 144A under the Securities Act (“Rule 144A”) to a person that the holder and any person acting on its behalf reasonably believes is a Qualified Institutional Buyer within the meaning of Rule 144A (a “QIB”) and that is a Qualified Purchaser (“QP”) within the meaning of Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”) purchasing for its own account or for the account of one or more QIBs each of which is a QP whom the holder has informed, in each case, that such offer, sale, pledge or other transfer is being made in reliance on Rule 144A under the Securities Act or (2) in an offshore transaction to a person who is not a U.S. Person within the meaning of Regulation S under the Securities Act (“Regulation S”) in accordance with Rule 903 or

Rule 904 of Regulation S, and, in each case in accordance with any applicable securities laws of any state of the United States, and the holder will, and each subsequent holder is required to, notify any purchaser from it of the Notes represented hereby in respect hereof of the resale restrictions referred to above. Any transfer in violation of the foregoing will be of no force or effect, will be void *ab initio*, and will not operate to transfer any rights to the transferee, notwithstanding any instructions to the contrary to the issuer of this Note or any intermediary. No representation can be made as to the availability of any exemption under the Securities Act for resales of this Note.”

“If the owner hereof is a U.S. Person within the meaning of Regulation S, such owner represents that (1) it is a QIB that is also a QP; (2) it is not a broker dealer which owns and invests on a discretionary basis less than USD 25,000,000 in securities of unaffiliated issuers; (3) it is not a participant directed employee plan, such as a 401(k) plan; (4) it is holding the Notes represented hereby for its own account or for the account of one or more QIBs, each of which is a QP; (5) it was not formed for the purpose of investing in the issuer or the Notes represented hereby; (6) it understands that the issuer may receive a list of participants holding positions in its securities from one or more book entry depositories and (7) it will provide notice of the foregoing transfer restrictions to its subsequent transferees.”

“The owner hereof hereby acknowledges that if at any time while it holds an interest in this Note it is a U.S. Person within the meaning of Regulation S that is not a QIB and a QP, the issuer may (a) compel it to sell its interest in this Note to a person who is (i) a U.S. Person who is a QIB and a QP that is, in each case, otherwise qualified to purchase the Notes represented hereby in a transaction exempt from registration under the Securities Act or (ii) not a U.S. Person within the meaning of Regulation S or (b) compel the owner to sell its interest in the Notes represented hereby to the issuer or an affiliate of the issuer or transfer its interest in this Note to a person designated by or acceptable to the issuer at a price equal to the lesser of (x) the purchase price therefor paid by the owner, (y) 100 per cent. of the principal amount thereof or (z) the fair market value thereof. The Issuer has the right to refuse to honour a transfer of an interest in the Notes represented hereby to a U.S. Person who is not a QIB and a QP. The Issuer has not been and will not be registered under the Investment Company Act.”

“By accepting this Note (or any interest in the Notes represented hereby) each owner hereof, and each fiduciary acting on behalf of the owner (both in its individual and corporate capacity), will be deemed to represent, warrant and agree that, during the period it holds any interest in this Note (a) it is not, and it is not acting on behalf of an “Employee Benefit Plan” (as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”)) subject to the provisions of Part 4 of Subtitle B of Title I of ERISA, a “Plan” as defined in and to which Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), applies, or any entity whose underlying assets include “plan assets” by reason of such an Employee Benefit Plan’s or Plan’s investment in such entity (each, a “Benefit Plan Investor”), and no part of the assets to be used by it to purchase or hold such Notes or any interest herein constitutes the assets of any Benefit Plan Investor and (b) if it is, or is acting on behalf of a governmental, church or non U.S. Plan, such acquisition does not and will not constitute or result in a non exempt violation of any laws that are substantially similar to Section 406 of ERISA or Section 4975 of the Code and will not subject the Issuer to any laws, rules or regulations applicable to such plan solely as a result of the investment in the issuer by such Plan. No purchase by or transfer to a Benefit Plan Investor of this Note, or any interest herein, will be effective, and the Issuer will not recognise any such acquisition or transfer. In the event that the Issuer determines that this Note is held by a Benefit Plan Investor, the Issuer may cause a sale or transfer in the manner described in the Information Memorandum.”

“The Issuer may compel each owner of the Notes represented hereby that is a U.S. Person within the meaning of regulations to certify periodically that such owner is a QIB and a QP.”

- (7) It acknowledges that the Issuer, the Dealers and their respective affiliates, and others, will rely upon the truth and accuracy of the above acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Restricted Notes is no longer accurate, it shall promptly notify the Issuer and the applicable Dealer(s). If it is acquiring any Note as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the above acknowledgements, representations and agreements on behalf of each account.
- (8) It understands that Restricted Notes of a Series will be represented by interests in one or more Restricted Global Notes. Before any interest in a Restricted Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Note, it will be required to provide a Transfer Agent with a written certification as to compliance with applicable securities laws.

Prospective purchasers are hereby notified that sellers of the Restricted Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Provision of information under Rule 144A(d)(4)

The ESM has agreed that, for so long as any Notes issued by it are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, it will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, nor treated by the U.S. Securities and Exchange Commission as a foreign government as defined in Rule 405 under the Securities Act eligible to register securities under Schedule B of the Securities Act, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

USE OF PROCEEDS

The net proceeds of the issuance of each Series of Notes will be used for the general operations of the Issuer.

GENERAL INFORMATION

Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the establishment of the Programme. The establishment of the Programme was approved by the Board of Directors on 22 November 2012. The total aggregate principal amount of Notes which may be issued or outstanding at any time under the Programme shall be within the limits of the overall borrowing amounts set by the Board of Directors.

Documents on Display

For so long as the Notes remain capable of being issued under the Programme or any Notes remain outstanding, copies of the following documents will be available on the website of the Issuer:

- (a) the Treaty;
- (b) this Information Memorandum;
- (c) any Final Terms (except that Final Terms relating to unlisted Notes may only be available for inspection by a holder of such Notes);
- (d) the Master Dealer Agreement and any dealer agreement;
- (e) the Issuing and Paying Agency Agreement (which contains the forms of Notes in global and definitive form); and
- (f) the most recently published audited annual financial statements of the Issuer.

Clearing of the Notes

The Notes may be accepted for clearance through any Clearing System, as may be specified in the relevant Final Terms. The appropriate common code and/or the International Securities Identification Number (ISIN) in relation to the Notes of each Tranche will be specified in the relevant Final Terms.

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