



PRESS RELEASE  
15<sup>th</sup> September, 2015



European Union EUR 2 billion 1.5% benchmark due October 4<sup>th</sup>, 2035

The European Union ("EU"), rated AAA/Aaa/AA+/AAA by Fitch, Moody's, S&P and DBRS (st/st/neg/st), today issued a new 1.5% October 2035 EUR 2bn benchmark. This deal represents the EU's second syndicated transaction this year and the longest duration bond issued by the EU since 2012. After a period of volatility over summer, the market began to stabilise early last week and the EU sought to take advantage of these more constructive market conditions. Against this more stable backdrop the EU transaction was printed 1 basis point inside initial price guidance and had a high quality order book. The transaction was executed by the European Commission (Directorate General for Economic and Financial Affairs – Luxembourg) on behalf of the EU. Proceeds of this financing will be used to refinance a first tranche of Ireland's EFSM loan maturing in December (EUR 5bn). The EUR 2 billion benchmark was priced at mid-swaps + 4 basis points, equivalent to +39.6 basis points over the 4.75% DBR due July 2034 and ~12 basis points below 4.75% OAT due April 2035.

Joint bookrunners were Deutsche Bank, DZ Bank, Goldman Sachs, Royal Bank of Scotland and Unicredit

#### Background information on the European Union

- The EU was established by the Treaty of Rome in 1957 and is 0% risk weighted as an issuer (Basel III). The EU's borrowings are direct and unconditional obligations of the EU, and are ultimately joint and severally guaranteed by its 28 Member States. The European Commission is empowered by the EU Treaty to borrow from the international capital markets, on behalf of the European Union.
- The EU borrows exclusively in Euros for on-lending in Euros to sovereign borrowers. The EU currently has three loan programmes: Under the EFSM (European Financial Stabilisation Mechanism), the EU can borrow up to EUR 60 billion to on-lend in principle to any Member State (with the main focus on lending to Member States of the euro area) and up to EUR 50 billion under the Balance of Payments facility ("BoP"), where support is obtainable only by Member States which have not yet adopted the Euro. Furthermore, the EU borrows to finance Macro-Financial Assistance (MFA) loans to support, together with the IMF, non-EU countries.
- Borrowing operations by the EU (under the EFSM) have taken place from 2011 - 2014 order to cover loan disbursements to Ireland amounting to EUR 22.5 bn. Complementary disbursements have been made by the EFSF and IMF as agreed in the EU/IMF programme. Ireland has successfully completed the assistance programme in December 2013. Based on a Council decision of June 2013, Ireland has the possibility to request the Commission to extend the maturity of loans already paid out.



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- In accordance with the above Council Decision, the Republic of Ireland has sent on 27 July a request to lengthen the maturity of an EFSM loan of a nominal amount of EUR 5 billion maturing on 4 December 2015. To this end, the EU has launched on 15 September 2015 a first transaction of an amount of EUR 2 billion with a maturity of 20 years and a coupon of 1.5%. This first long-dated funding transaction will contribute to the maturity lengthening objective of the aforementioned Council Decision and help diversifying the maturity profile of the Irish debt. Moreover, thanks to the highest-quality rating of the EU as a bond issuer, the very favourable financing terms obtained for this transaction will provide Ireland with a low-cost funding supporting the country's debt sustainability

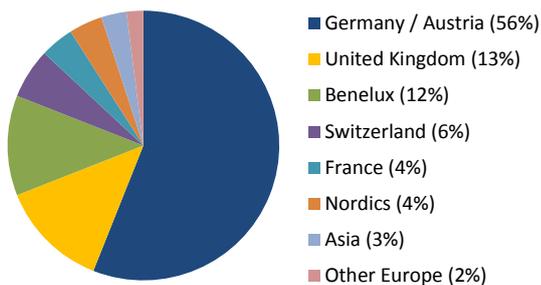
### Execution highlights

- Following an increasingly positive market sentiment, the EU priced a new EUR 2bn October 2035 benchmark on Tuesday 15<sup>th</sup> September at 13:45pm CET / 12:45pm London time. Strong interest from fund managers and insurance/pension funds grew from the start with momentum continuing throughout the bookbuilding process.
- Strong investor demand allowed for a swift execution once again, akin to the issuance of the last EU syndication earlier this year in July. On 14 September 2015, IPTs launched at MS + mid-single digits. The following day, and on the back of good demand books opened at 9am CET / 8am London time with spread guidance of MS+5 basis points area and remained open for just over an hour before the spread was set at MS + 4 basis points. From the outset, the quality of the order book was strong and allowed books to close very quickly at 11:15am CET / 10:15am London time. This was done in order to avoid further oversubscription.
- Given the limited price sensitivity reflected in the book combined with high quality demand, the transaction priced at MS+4 basis points, the tight end of initial guidance of MS+5 basis points area. This represented a ~8bps new issue premium.
- With 78 different investors, the transaction saw a high degree of granularity within Europe and strong interest across a variety of investor types.
- This transaction reaffirms the EU's status as a leading high-quality issuer enjoying strong real-money support even against a backdrop of intermittent volatility.

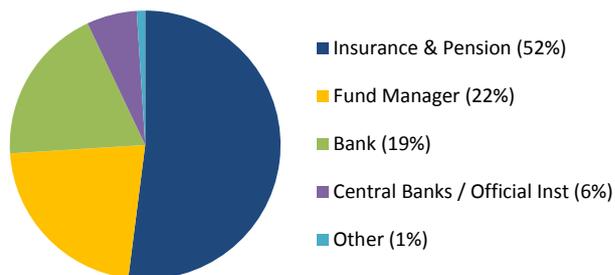
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Summary of the distribution

Distribution by country



Distribution by type



Summary of terms and conditions

Issuer	: European Union (EU)
Issue ratings	: AAA/Aaa/AA+/AAA (Fitch/Moody's/S&P/DBRS) (benefitting from the unconditional support of all EU Member States)
Pricing date	: 15 <sup>th</sup> September 2015
Settlement date	: 22 <sup>nd</sup> September 2015 (T+5)
Maturity date	: 4 <sup>th</sup> October 2035
Size	: EUR 2,000,000,000.00
Coupon	: 1.5%; annual ACT/ACT
Re-offer spread	: MS +4 bps (DBR 4.75% 07/34 +39.6bps)
Re-offer price	: 98.483%
Re-offer yield	: 1.589%
ISIN	: EU000A1Z6TV6
Listing	: Luxembourg Stock exchange
Denominations	: EUR 1,000.00
Bookrunners	: DB /DZ/GSI /RBS/UNIC



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