

Tuesday, March 2nd, 2010

European Union



PRESS RELEASE

EUR 1,500,000,000 benchmark 3.375% bond due 10 May 2019

Lead Managers

Barclays Capital, HSBC, SG CIB

European Union launches its first Euro benchmark of 2010

EUROPEAN UNION 3.375% issue due 10 May 2019

The **European Union (“EU”)**, rated Aaa/AAA/AAA by Moody’s, S&P and Fitch, launched today its first syndicated transaction of 2010. The new EUR 1.5bn benchmark matures on May 10th 2019, pays a coupon of 3.375% and was priced at mid-swaps +20bp, equivalent to DBR 3.750% Jan 2019 +43.1bp.

Pursuant to the Lisbon Treaty, which came into effect on December, 1st 2009, the European Union replaced and succeeded the European Community. The EU has since become the formal name for all the communities and these policies.

As the institution responsible for the administration of the EU’s Balance of Payment facility, the EU benefits from the unconditional support of all the 27 EU Member States. Debt service payments may be made from all EU budget revenue, but if budget revenue is insufficient, the Member States are legally obliged to balance the EU budget, enabling coverage of any shortfall caused by the payment of debt obligations. Balance of Payment loans are only available to those EU Member States that are not already part of the Euro area.

Joint bookrunners were Barclays Capital, HSBC and Société Générale CIB.

Background

In the context of its Balance of Payments Facility and based on existing loan commitments, the European Union’s funding program in 2010 is expected to reach EUR 5bn raised through 3 benchmark transactions.

The transaction priced today is the first European Union’s transaction this year. With a 9-year tenor, it is the longest transaction priced by the European Union to date.

Proceeds of the transaction will be used to contribute to the financing of the loans granted to the Republic of Latvia and to the Republic of Romania.

Execution highlights

The mandate was announced on Monday, March 1st at 2.30 pm CET, to provide investors with sufficient time to consider the transaction.

Given supportive market conditions and low volume of competing supply, the European Union took the opportunity of an excellent window to launch its first syndicated benchmark of the year.

The order book opened at 9.00 am CET on Tuesday, March 2nd at a guidance of mid-swaps +20/22bp. The momentum was extremely strong as the new issue attracted strong interest from the outset with EUR 1.5bn of orders garnered in the first 10 minutes of book building.

Books closed only 45 minutes after the opening at 9.45 am CET in excess of EUR 4.5bn, with more than 145 accounts. Individual order size was up to EUR 153mn and the average allocated ticket was EUR 10.6mn.

The EUR 1.5bn transaction priced at a spread of 20bp over the relevant referenced mid-swaps rate i.e. at the tight-end of the announced price guidance.

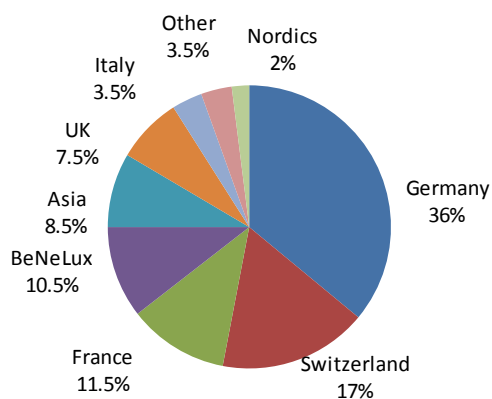
Summary of the distribution

The final distribution shows a very well-diversified investors' base both in terms of geographic area and investor types.

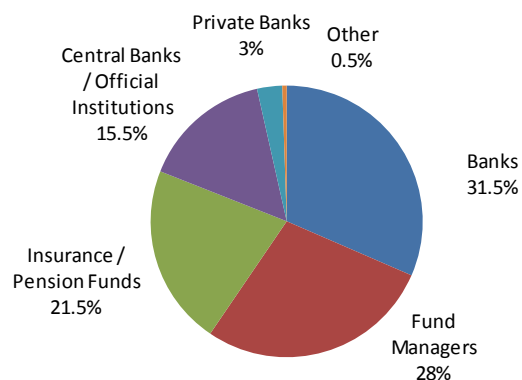
Banks and Fund Managers took 31.5% and 28% respectively. Insurance Companies and Pension Funds bought 21.5% of the new benchmark, followed by Central Banks and Private Banks who took 15.5% and 3% respectively.

Geographically, Germany led the distribution taking 36% of the transaction, followed by Switzerland (17%) and France (11.5%). Benelux, Asia and UK took 10.5%, 8.5% and 7.5% respectively.

Distribution by Geographic Area



Distribution by Investor Types



Summary of terms and conditions

Issuer	The European Union
Issue ratings	Aaa / AAA / AAA (Benefiting from the unconditional support of all the EU Member States)
Pricing date	March 2 nd , 2010
Settlement date	March 11 th , 2010
Maturity date	May 10 th , 2019
Size	EUR 1,500,000,000
Coupon	3.375% annual ACT/ACT; Short first coupon: May 10 th , 2010
Re-offer spread	MS +20bp; DBR 3.375% Jan 2019 + 43.1bp
Re-offer price	99.227%
ISIN	EU000A0VUCF1
Listing	Luxembourg Stock exchange
Joint bookrunners	Barclays Capital, HSBC, Société Générale CIB

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