



25 January 2017

The Grand Duchy of Luxembourg successfully launches a 10 year € 2,000,000,000 government bond issue

Issuer	Grand Duchy of Luxembourg
Rating	Aaa / AAA / AAA (all stable)
Size	EUR 2 bn
Pricing Date	25 January 2017
Settlement Date	1 February 2017
Maturity Date	1 February 2027
Coupon	0.625%
Spread to Mid-Swaps	-9 bps
Spread vs Bunds	+27.2 bps
Re-offer Price	98.895%
Re-offer Yield	0.740%
ISIN	LU1556942974
Lead Managers	BCEE, BGL BNP Paribas, BIL, Bank of China, Deutsche Bank and SG CIB

Transaction Summary

- On Wednesday 25 January 2017, the Grand Duchy of Luxembourg, rated Aaa / AAA / AAA (all stable), returned to the Euro debt capital markets for the first time since 2014 with a new EUR 2.0 billion 10-year benchmark due 1 February 2027. The transaction carries an annual coupon of 0.625% , implying a re-offer yield of 0.740%.
- The transaction received support from a wide range of investors across Europe, Asia and Middle East with demand from over 160 accounts.
- Joint lead managers for the transaction were BCEE, BGL BNP Paribas, BIL, Bank of China, Deutsche Bank and SG CIB.
- The new 2027 benchmark complements the Luxembourg government bond ("LGB") curve with a liquid point in the 10-year tenor, filling the gap between the outstanding LGB 2.125% due 10 July 2023 and LGB 2.25% due 19 March 2028.

Pricing and Execution

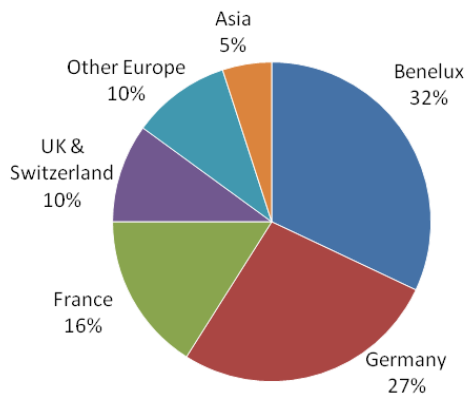
- The mandate for a new 10-year EUR government benchmark and a global investor call were announced on Monday, 23 January 2017 at 10:30am CET.





- Strong investor feedback for the transaction following the global investor call on Tuesday, 24 January, enabled the accumulation of indications of interest ("IOIs") with initial pricing thoughts ("IPTs") of EUR "mid-swaps minus low to mid single digits (basis points)" from 3:45pm CET.
- IOIs built quickly and exceeded EUR 2.7 billion by the close of business on Tuesday. Official books were accordingly opened with price guidance of "mid-swaps minus 6 basis points area" at 9:00am CET on Wednesday, 25 January.
- The order book grew above EUR 6.25 billion within only one hour of books open. On the back of this strong momentum, the price guidance was refined to "mid-swaps minus 8 basis points area (+/-1 will price in range)". The order book finally closed at 10:15am CET.
- A highly oversubscribed and granular final order book in excess of EUR 7.25 billion alongside limited price sensitivity allowed the issue size to be set at 2 billion and the final spread to be fixed at mid-swaps minus 9 basis points. The transaction was finally priced at 3:35pm CET.

Geographic Investor Distribution



Investor Type Distribution

