



Press Release

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

Luxembourg, 2 July, 2013 – The Grand Duchy of Luxembourg successfully returned to the EUR government bond capital markets on 2 July, 2013, with a new EUR 2 billion institutional benchmark transaction, maturing on 10 July 2023 and paying a coupon of 2.125%.

With this transaction, the Grand Duchy establishes a new liquid point in the 10 year maturity, paying its lowest coupon ever. This issue is the first time the Grand Duchy of Luxembourg has made a second outing in the capital markets in the same year, highlighting its recognition as a top-quality issuer. Investor perception towards the Grand Duchy has improved due to the very low budget deficit and an improving economy. Joint bookrunners on this transaction were BCEE, BGL BNP Paribas, BIL, Deutsche Bank and HSBC.

The new 10 year will be the second government bond to be issued through LuxCSD, which is the new Securities Settlement System in Luxembourg and is approved by the European Central Bank for use in Eurosystem credit operations. It provides the Luxembourg financial community with central bank money settlement services in Euro with access to many counterparties. LuxCSD is jointly owned by Banque centrale du Luxembourg (BCL) and Clearstream International S.A. (50:50) and committed in May 2012 to join TARGET2-Securities.

Pricing and execution

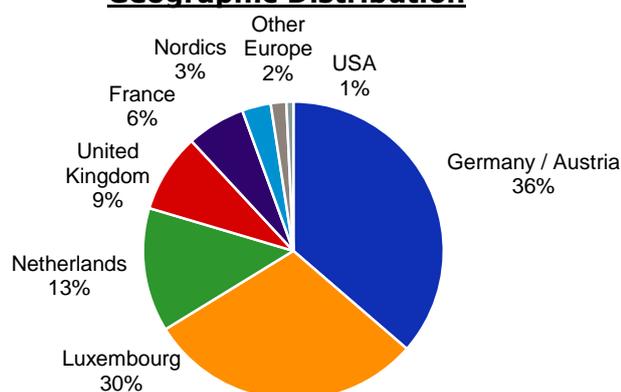
- The Grand Duchy of Luxembourg mandated the syndicate to conduct investor meetings in Frankfurt and London on the 10th and 17th June respectively, with a view of issuing a benchmark offering, subject to market conditions. Following a favourable response from investors and a period of relative stability in global markets, the joint leads decided to proceed with a transaction on 2nd July. This was done to capitalize on the increased investor demand for top-rated EUR credits, following the rates backup in June.
- The mandate for a new 10 year EUR benchmark bond was announced on 02 July 2013 at 9 AM, CET. Indications of interest were invited at initial price thoughts of Mid Swaps + 20 bps area.
- Investor response was brisk as soon as the mandate announcement hit the screens. Strong momentum, supported by an IOI book in excess of EUR 1 billion within less than one hour, led the books to be officially opened at price guidance of Mid Swaps + 18 to 20 bps just before 10 AM CET.
- Orders accumulated rapidly and over 2 billion in orders were garnered by 10.45 AM CET. The stellar quality of demand allowed the syndicate to set the spread at Mid Swaps + 18 ps – the tighter end of guidance.

- Books closed at 11 AM CET after just over one hour of official book building. The final book stood at a size of over EUR 2.4 billion, with appetite from nearly 90 high quality accounts. Encouraged by the size and composition of the book, the final size of the offering was set at EUR 2 billion.
- Final pricing at Mid Swaps + 18 bps translates into a slim 46.8 bps spread over Bunds - this achieves the tightest spread versus Bunds for a 10-year transaction by the Grand Duchy of Luxembourg, while also obtaining the lowest ever coupon for any transaction by the issuer.
- The Grand Duchy responded to the dearth of AAA rated sovereigns this year, choosing an ideal issuance window and was rewarded with jumbo size and very fine pricing.

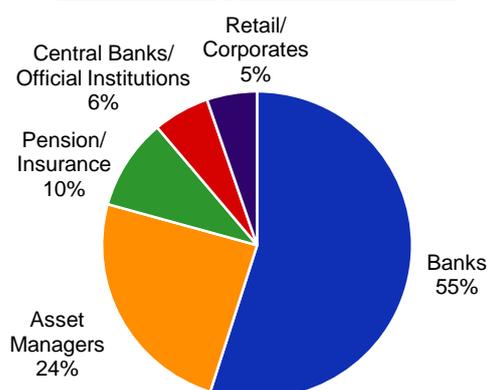
Distribution

- In total, nearly 90 investors participated in the transaction, clearly highlighting the granularity of the investor demand.
- The diversity of investors in the book - both by geography and type - was also very impressive.

Geographic Distribution



Investor Type Distribution



FINAL TERMS AND CONDITIONS

Issuer	Grand Duchy of Luxembourg
Security	Government Bond
Expected Issue Ratings	Aaa (negative) / AAA (stable) / AAA (stable)
Notional Amount	EUR 2,000,000,000
Launch Date	02 July 2013
Settlement Date	10 July 2013
Maturity Date	10 July 2023
Coupon	2.125%
Reoffer Price	99.644%
Reoffer Yield	2.165%
Issue Spread vs Bunds	46.8 bps over DBR 1.5% May-23
Issue Spread vs 6m mid swap	+18 bps
Bookrunners	BCEE, BGL BNP Paribas, BIL, Deutsche Bank, HSBC
Listing	Luxembourg
Clearing	LuxCSD
ISIN	LU0945626439