



Ministero dell'Economia e delle Finanze

PRESS RELEASE

Bond Placement Auction for BTP€i 2014 Bonds Indexed to Euro-zone Inflation

The Ministry of Economy and Finance announces the issuance on 28 September 2004, with settlement on 30 September 2004, of the third tranche of BTP€i bonds, with issue date 15 September 2003 and maturity 15 September 2014, for a maximum amount of up to **2.0** billion euro. The placement mechanism adopted will be that of **a marginal auction with discretionary determination of the price and quantity issued**. The amount allocated will be determined by excluding those offers at prices deemed inconsistent with market conditions, with the same methodology adopted for bonds offered in the exchange auctions.

Besides that, the placement procedure will be conducted following the technical modalities and conventions used in the placement of nominal BTPs. The public will be able to subscribe bonds until 27 September 2004. Every operator, no later than 11:00 am on 28 September 2004, can submit to a maximum of three bids via the National Interbanking Network, each offer having a real value (not recalculated on the basis of the Indexation Coefficient) of no less than 500,000 euro. Bid prices, formulated in real terms, must vary each other by 1 cent of the euro. The Bank of Italy, on the basis of the Indexation Coefficient referring to the settlement date, will carry out the calculation of the countervalues relating to the subscribed amount and the accrued interest, to be paid for the bonds subscribed at auction. Settlement will take place with a value date of two working days after the date on which the auction takes place (T+2), 30 September 2004. For the aforementioned BTP€i bonds, the second coupon of which matured on 15 September 2004, the subscribers will have to pay accrued interest for 15 days.

Operators will be granted, as compensation for collecting requests from the public, a commission – compared with the nominal amount of bonds allocated – equal to 0.40%.

Government Bond Specialists will have the possibility to participate in the supplementary auction, the amount of which will be equal to 10% of the quantity offered at auction, by submitting bids before 12 noon on the day following the auction. The amount rightly due to each Specialist will be

equal to the ratio of the value of Bonds granted to the Specialist in the "ordinary" BTP€i auction and the grand total allocated, in the same auction, to the operators admitted to participate in the supplementary auction. Requests will be satisfied in order of priority by allocating to each Specialist the lesser between the amount requested and that rightly due.

For the purposes of evaluating the Specialists, for the current year the amounts of indexed bonds subscribed at auction will be included in the calculation of the primary quota, with a weight equal to that for the nominal BTPs of the same maturity.

Rome, 24 September 2004