



Ministero dell'Economia e delle Finanze

PRESS RELEASE

Bond Placement Auction of BTPs Indexed to Euro-zone Inflation

The Ministry of the Economy and Finance announces, on the 27 January 2006 and with settlement 31 January 2006, the issuance of the following government securities:

- 5 Y BTP€i

Issue Date	: 15 September 2004; 8 [^] tranche
Maturity Date	: 15 September 2010
Coupon	: 0.95%
Offering Amount	: 1,500 Millions of Euro.

-30 Y BTP€i

Issue Date	: 15 September 2004; 7 [^] tranche
Maturity Date	: 15 September 2035
Coupon	: 2.35%
Offering Amount	: 750 Millions of 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 2005. Every operator, no later than 11:00 a.m. on 27 January 2006, 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). For the

aforementioned BTP€i bonds, the second coupon of which matured on 15 September, the subscribers will have to pay accrued interest for 138 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:

0.30% for 5 year BTP€i;

0.40% for 30 year BTP€i

Subscription Calendar:

	5 year BTP€i	30 year BTP€i
Public subscription Until	January 26, 2006	January 26, 2006
Submission of bids (Strictly prior to 11,00 a.m. of the)	January 27, 2006	January 27, 2006
Settlement Date	January 31, 2006	January 31, 2006
Coupon Accrued Days	138	138

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 3,30 p.m. of 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" 5 year and 30 year BTP€is 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 January 23, 2006