



DIPARTIMENTO DEL
TESORO

Government Debt Market

Quarterly Bulletin N. 50 – July 2011

| Last Auction Results | | | | | | | | | |
|-------------------------|-------------------|-------|-------------|-------------------|-------|-------------|-------------------|-------|-------------|
| 2 nd QUARTER | | | | | | | | | |
| BONDS | April-11 | | | May-11 | | | June-11 | | |
| | Amount (ml. €) | Yield | Cover ratio | Amount (ml. €) | Yield | Cover ratio | Amount (ml. €) | Yield | Cover ratio |
| BOTs | | | | | | | | | |
| Flexible BOTs | - | - | - | - | - | - | - | - | - |
| 3 Months | - | - | - | - | - | - | - | - | - |
| 6 Months | 8,525 | 1.666 | 1.43 | 8,800 | 1.664 | 1.70 | 8,800 | 1.998 | 1.72 |
| 12 Months | 8,250 | 1.980 | 1.73 | 6,600 | 2.106 | 1.70 | 6,115 | 2.147 | 1.71 |
| CTZs | | | | | | | | | |
| 24 Months | 3,992 | 3.044 | 1.46 | 2,200 | 2.851 | 1.74 | 2,750 | 3.219 | 1.87 |
| CCTs | | | | | | | | | |
| 7 Year | 1,486 | 2.33 | 1.64 | 4,375 | 2.890 | 1.46 | 2,034 | 3.00 | 1.59 |
| CCT-eu | | | | | | | | | |
| off the run | - | - | - | - | - | - | - | - | - |
| BTPs | | | | | | | | | |
| 3 Year | 4,465 | 3.24 | 1.30 | 3,564 | 3.45 | 1.58 | 3,850 | 3.43 | 1.34 |
| 5 Year | 4,888 | 3.83 | 1.25 | 3,648 | 3.77 | 1.45 | 3,501 | 3.90 | 1.28 |
| 10 Year | 3,250 | 4.80 | 1.50 | 3,704 | 4.84 | 1.41 | 3,251 | 4.73 | 1.50 |
| 15 Year | - | - | - | - | - | - | - | - | - |
| 30 Year | - | - | - | 1,788 | 5.430 | 1.29 | - | - | - |
| off the run | 1,540 | 4.88 | 1.61 | - | - | - | - | - | - |
| BTPs €i (*) | | | | | | | | | |
| 5 Year | 1,272 | 1.90 | 1.59 | - | - | - | - | - | - |
| 10 Year | 653 | 2.69 | 2.73 | 1,500 | 2.510 | 1.51 | - | - | - |
| 15 Year | - | - | - | - | - | - | 3,000 | 3.12 | 1.28 |
| 30 Year | - | - | - | - | - | - | - | - | - |

BOTs: Treasury Bills; **CTZs:** 2 year Zero Coupon bonds; **CCTs:** Floating Rate Notes; **BTPs:** Fixed Rate Notes;
BTP€i: BTPs linked to European Inflation, ex tobacco. (*) Real yield.

| Other trades (ml.€) | | | | | | | | |
|---|------------|-----------------|----------------------|---------|-----------------|--------------------|-----------|-----------------|
| Type | Trade date | Settlement date | Repurchased bond | Amount | Outstanding (1) | Offered bond | Amount | Outstanding (1) |
| Exchange transaction via telematic trading system | 05-Apr-11 | 08-Apr-11 | BTPs 1.8.01/1.2.12 | 836.859 | 26,315.607 | BTPs 1.2.08/1.8.18 | 2,708.000 | 22,308.00 |
| | 05-Apr-11 | 08-Apr-11 | BTPs 1.3.09/1.3.12 | 314.952 | 14,871.255 | | | |
| | 05-Apr-11 | 08-Apr-11 | BTPs 15.4.07/15.4.12 | 440.576 | 16,130.707 | | | |
| | 05-Apr-11 | 08-Apr-11 | CCTs 1.3.07/1.3.14 | 486.564 | 13,434.283 | | | |
| | 05-Apr-11 | 08-Apr-11 | CCTs 1.7.09/1.7.16 | 651.531 | 15,077.973 | | | |

(1) Total outstanding amount after trades.

Quarterly Issuance Programme

The following **new** securities will be issued during the **third** quarter of 2011:

| Security type | Coupon | Settlement Date | Maturity Date | Minimum issue size (*) ml.€ |
|--------------------|------------------------|-----------------|---------------|--------------------------------|
| 2 yrs CTZs | zero coupon | 30-Sep-11 | 30-Sep-13 | 9,000 |
| 3 yrs BTPs | Coupon to be announced | 01-Jul-11 | 01-Jul-14 | 9,000 |
| 10 yrs BTPs | Coupon to be announced | 01-Sep-11 | 01-Mar-22 | 12,000 |
| 15 yrs BTPs | Coupon to be announced | 15-Sep-11 | 15-Sep-16 | 10,000 |

(*) The minimum final outstanding refers to the overall issuance of each bond and therefore it relates to the minimum amount the bond shall reach before being replaced by a new benchmark. The settlement date of the first auction of a new bond may not coincide with the interest-accrual date.

New bonds, in addition to the above mentioned ones, could be issued during the third quarter, according to market conditions. Further tranches of the following on-the-run securities will be issued too:

BTPs 01.04.2011 – 01.04.2014 coupon 3,00%; BTPs 15.04.2011 – 15.04.2016 coupon 3,75%; BTPs 01.03.2011 – 01.09.2021 coupon 4,75%; CCTs-eu 15.04.2011 - 15.04.2018; CTZs 29.04.2011 - 30.04.2013.

Moreover, according to market conditions, the Ministry of Economy and Finance reserves the right to reopen medium and long-term instruments, both nominal and inflation linked, including off-the-run instruments, in order to ensure secondary market efficiency. The Treasury will place medium and long term securities, both nominal and indexed, through the usual uniform-price (marginal) auction mechanism and it will discretionally set the price and the issuance amount.



DIPARTIMENTO DEL
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Government Debt Market

| Government Debt: Breakdown by Instrument | | |
|--|---------------------------------------|--|
| Bonds | Amount as of June 30, 2011 (ml. €) | |
| BOTs | 136,576.9 | |
| Flexible BOTs | 0 | |
| CTZs | 68,701.2 | |
| CCTs | 153,554.7 | |
| of which CCTs-eu | 35,586.7 | |
| BTPs | 1,037,039.6 | |
| BTP €is | 118,748.2 | |
| Foreign Debt (\$): | 68,079.9 | |
| Euro | 66,523.08 | |
| of which ISPA Bonds | 9,565.59 | |
| Currencies | 1,556.8 | |
| TOTAL | 1,582,700.5 | |

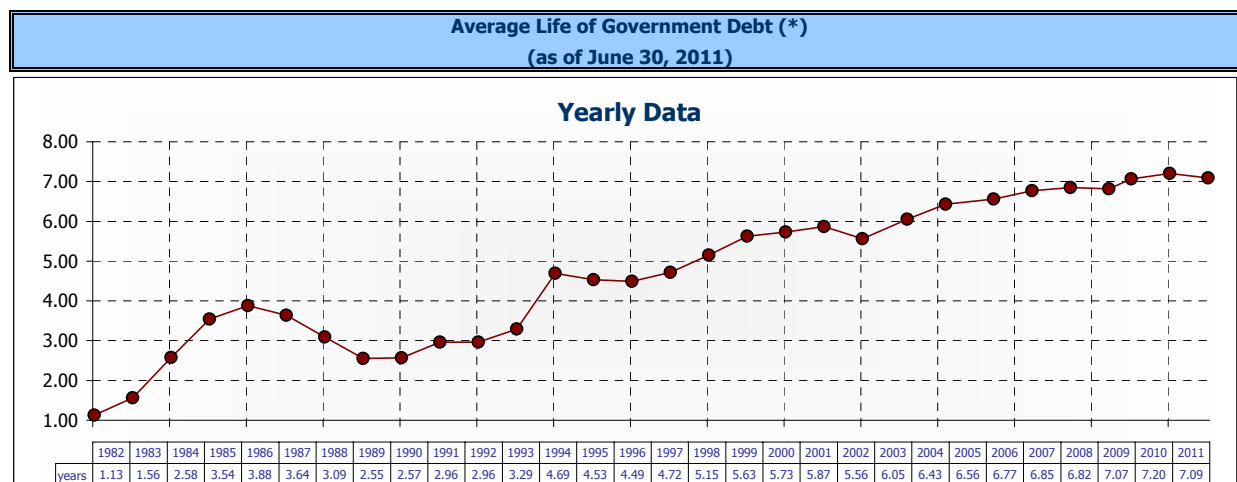
as of June 30, 2011

as of June 30, 2010

(\$) After swap (#) Including flexible BOTs

| BENCHMARKS OUTSTANDING (as of June 30, 2011) | | | | | | |
|--|--------------|----------------|-----------|----------------|-----------|----------------|
| Type | Maturity (1) | Amount (ml. €) | Maturity | Amount (ml. €) | Maturity | Amount (ml. €) |
| 3-year BTPs | 01-Apr-14 | 11,878.5 | 01-Nov-13 | 17,818.5 | 01-Jun-13 | 17,166.7 |
| 5-year BTPs | 15-Apr-16 | 12,037.3 | 01-Nov-15 | 15,537.1 | 15-Jun-15 | 18,642.5 |
| 10-year BTPs | 01-Sep-21 | 16,354.1 | 01-Mar-21 | 22,998.0 | 01-Sep-20 | 21,912.4 |
| 15-year BTPs | 01-Mar-26 | 13,959.1 | 01-Mar-25 | 19,817.8 | 01-Aug-23 | 21,230.6 |
| 30-year BTPs | 01-Sep-40 | 20,012.8 | 01-Aug-39 | 18,700.7 | 01-Feb-37 | 24,765.9 |

(1) On the run issues



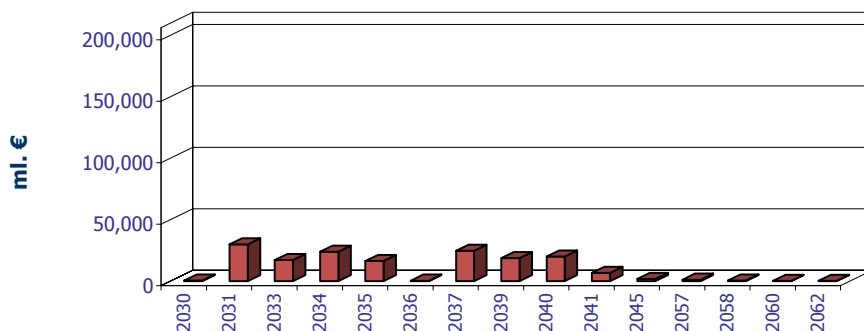
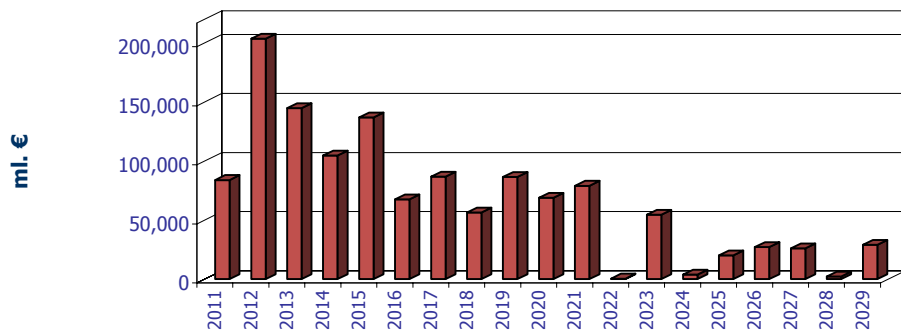
(*) At the end of 2002 the average life of the debt would have been 6.02 without the exceptional exchange auction, in which the Treasury has bought back very long term BTPs with annual coupon of 1% and issued relatively shorter term BTPs for less nominal amount. Bank of Italy has been the counterparty. On a parallel side it's worth noticing that the average life has increased in 1994, when the issuance of these very long term 1% BTPs occurred.



DIPARTIMENTO DEL
TESORO

Government Debt Market

(*) Redemptions of Bonds (as of June 30, 2011)



(*) It includes all Treasury securities except bills and commercial papers

Redemptions in the next 12 Months (ml. €) as of June 30, 2011

| | BOTs | BTPs | CCTs | CTZs | Foreign Debt (\$) | | Total Amount |
|---------------|--------|--------|--------|--------|-------------------|--------------------|---------------|
| | | | | | EMU Currencies | Non EMU Currencies | |
| Jul-11 | 16,300 | | | | 2,242 | | 18,542 |
| Aug-11 | 16,150 | 20,196 | | | | | 36,346 |
| Sep-11 | 15,700 | 32,440 | | 13,551 | | | 61,691 |
| Oct-11 | 15,675 | | | | | | 15,675 |
| Nov-11 | 14,850 | 28 | 15,480 | | 343 | | 30,701 |
| Dec-11 | 12,962 | | | | | | 12,962 |
| Jan-12 | 7,700 | | | | 400 | | 8,100 |
| Feb-12 | 8,025 | 26,365 | | 10,600 | | | 44,990 |
| Mar-12 | 8,250 | 14,871 | 12,386 | | 1,139 | | 36,646 |
| Apr-12 | 8,250 | 16,131 | | 12,274 | | | 36,655 |
| May-12 | 6,600 | | | | 567 | | 7,167 |
| Jun-12 | 6,115 | | | | 3,412 | | 9,527 |

(\$) After swap.



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Government Debt Market

| Volumes on Cash Secondary Market (M.T.S.) (ml. €) as of June 30, 2011 | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|
| Security type | April-11 | | May-11 | | June-11 | | Average - 10 | |
| | Daily Average | Monthly Total | Daily Average | Monthly Total | Daily Average | Monthly Total | Daily Average | Monthly Average |
| BOTs | 1,112 | 21,120 | 1,258 | 27,683 | 1,094 | 24,077 | 671 | 14,324 |
| BTP€is | 243 | 4,620 | 278 | 6,107 | 322 | 7,083 | 145 | 3,086 |
| BTPs | 2,024 | 38,449 | 1,795 | 39,496 | 2,046 | 45,008 | 1,862 | 39,722 |
| CCTs | 693 | 13,168 | 577 | 12,700 | 575 | 12,660 | 415 | 8,843 |
| CTZs | 391 | 7,420 | 426 | 9,369 | 357 | 7,862 | 345 | 7,370 |
| TOTAL | 4,462 | 84,775 | 4,334 | 95,353 | 4,395 | 96,688 | 3,439 | 73,345 |

| Monthly Weighted Average Bid/Offer Spreads on M.T.S. + Euro M.T.S. | | | | | | | |
|--|------------|--------|--------|--|----------------|--------|--------|
| | Total BTPs | | | | Benchmark BTPs | | |
| | 5 yrs | 10 yrs | 30 yrs | | 5 yrs | 10 yrs | 30 yrs |
| Apr-11 | 0.2133 | 0.2339 | 0.4377 | | 0.1963 | 0.2158 | 0.4224 |
| May-11 | 0.1957 | 0.2324 | 0.4376 | | 0.1786 | 0.2171 | 0.4216 |
| Jun-11 | 0.1910 | 0.1942 | 0.4303 | | 0.1731 | 0.1654 | 0.3955 |

| REPO TRANSACTIONS 2 nd QUARTER 2011 * (ml.€) | | | | | | | | | |
|---|----------------|--------------------------------|---------------|---------------|---------------|--------------|---------------|--------------|------------------|
| Security type | Overnight | Tom next, Spot next, Corporate | 1 Week | 2 Weeks | 1 Month | 2 Months | 3 Months | 6 Months | Total |
| BOTs | 6,915 | 218,349 | 443 | 165 | 1,137 | | 102 | 98 | 227,208 |
| BTP €is | 3,750 | 181,313 | 84 | 260 | 8,161 | | | | 193,567 |
| BTPs | 24,435 | 1,903,018 | 7,804 | 5,168 | 25,581 | 4,375 | 7,272 | 632 | 1,978,284 |
| CCTs | 2,721 | 201,869 | 932 | 188 | 4,390 | 370 | 547 | | 211,016 |
| CTZs | 2,028 | 194,065 | 1,224 | 450 | 3,042 | 390 | 506 | | 201,703 |
| General Collateral | 568,590 | 1,204,942 | 24,912 | 37,097 | 46,865 | 4,462 | 5,984 | 760 | 1,893,610 |
| Total | 608,437 | 3,903,555 | 35,397 | 43,328 | 89,174 | 9,597 | 14,410 | 1,490 | 4,705,388 |

(*) Single counted nominal amounts negotiated during the quart



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Public Debt

ITALIAN TREASURY PAGES ON FINANCIAL PROVIDERS

Bloomberg: MDTE

Reuters: TESOROITALIA

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