



Federal Republic of Germany
Finance Agency

German Inflation Linked Government Bonds

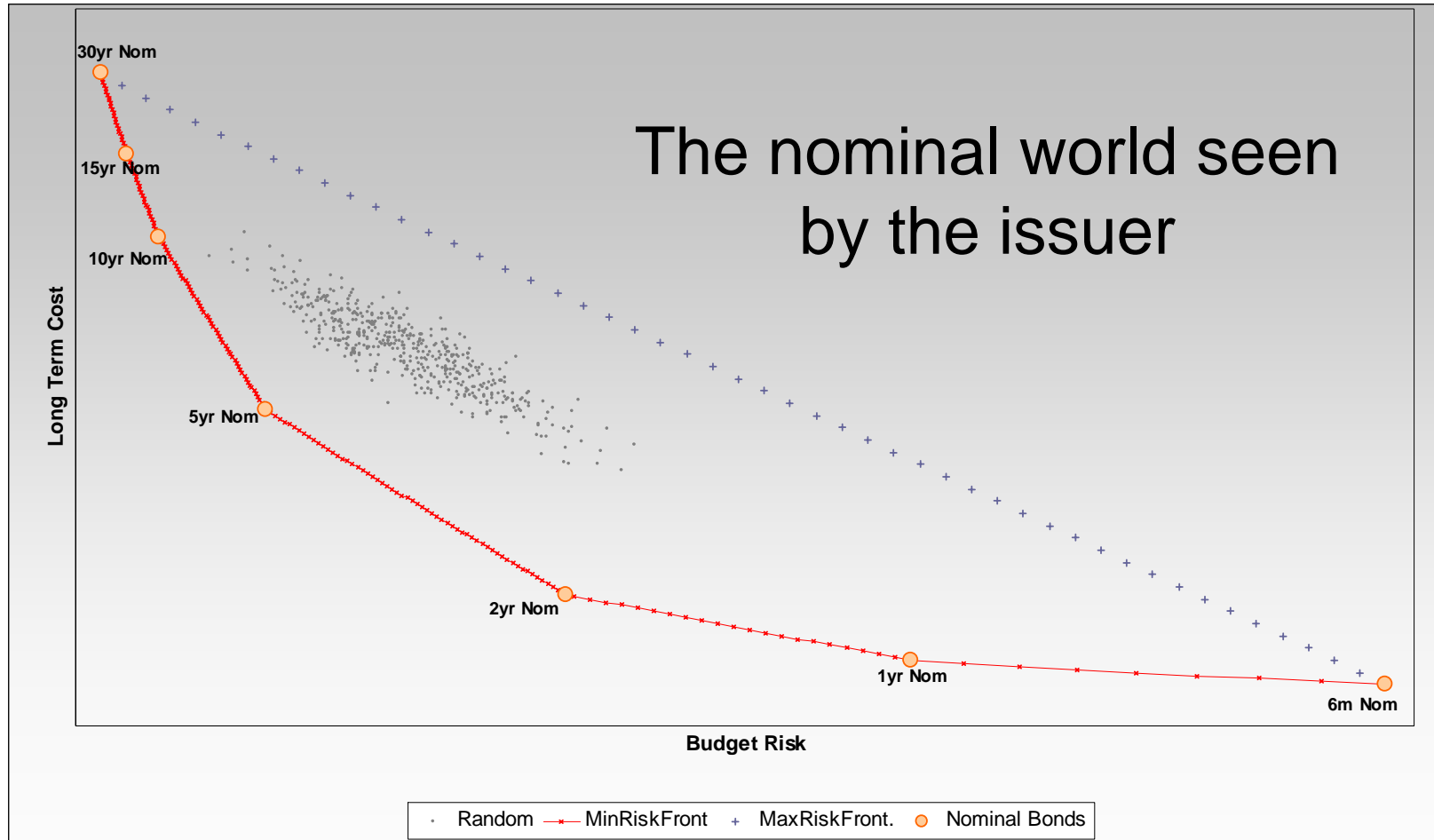
June 2009

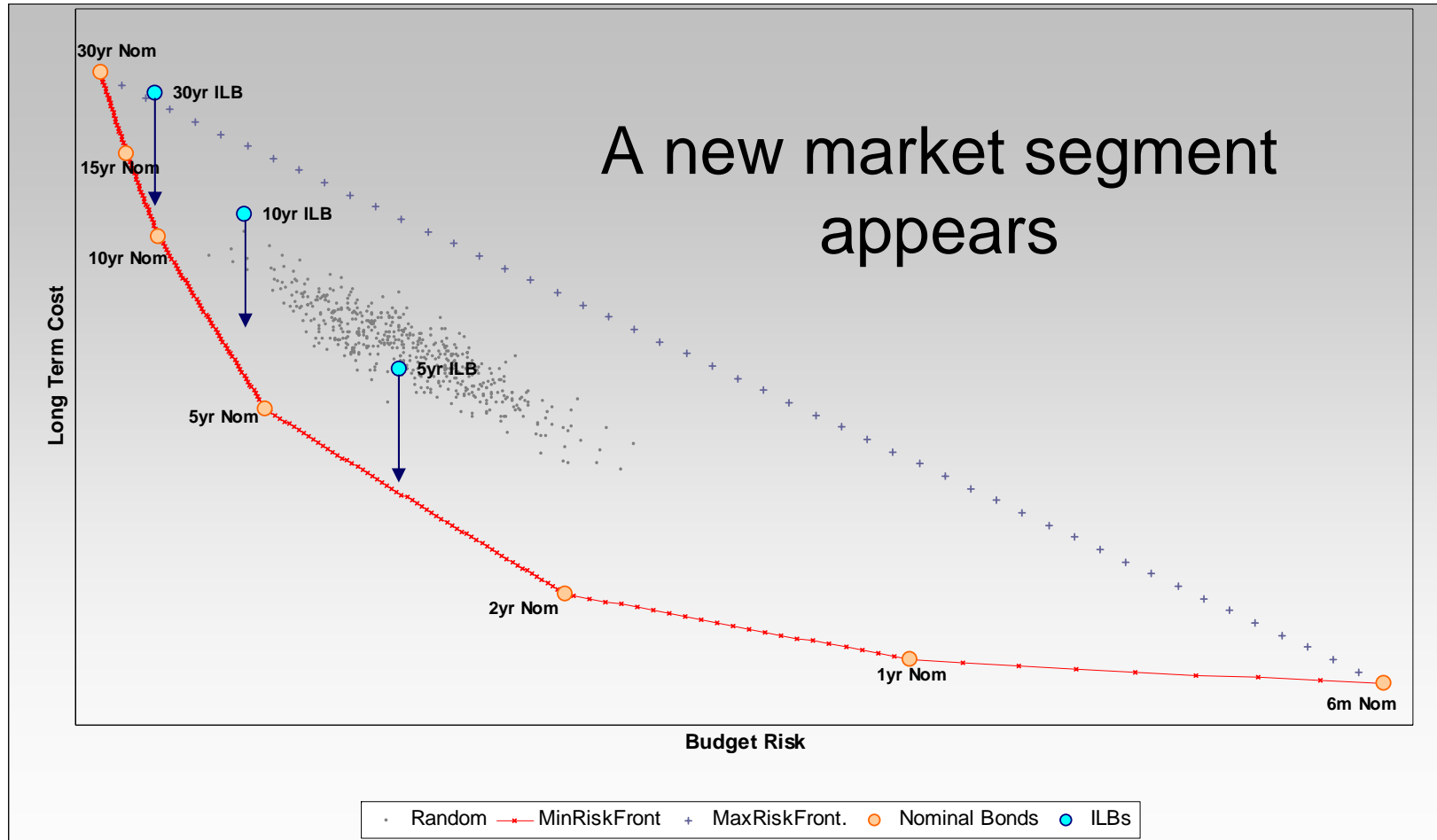
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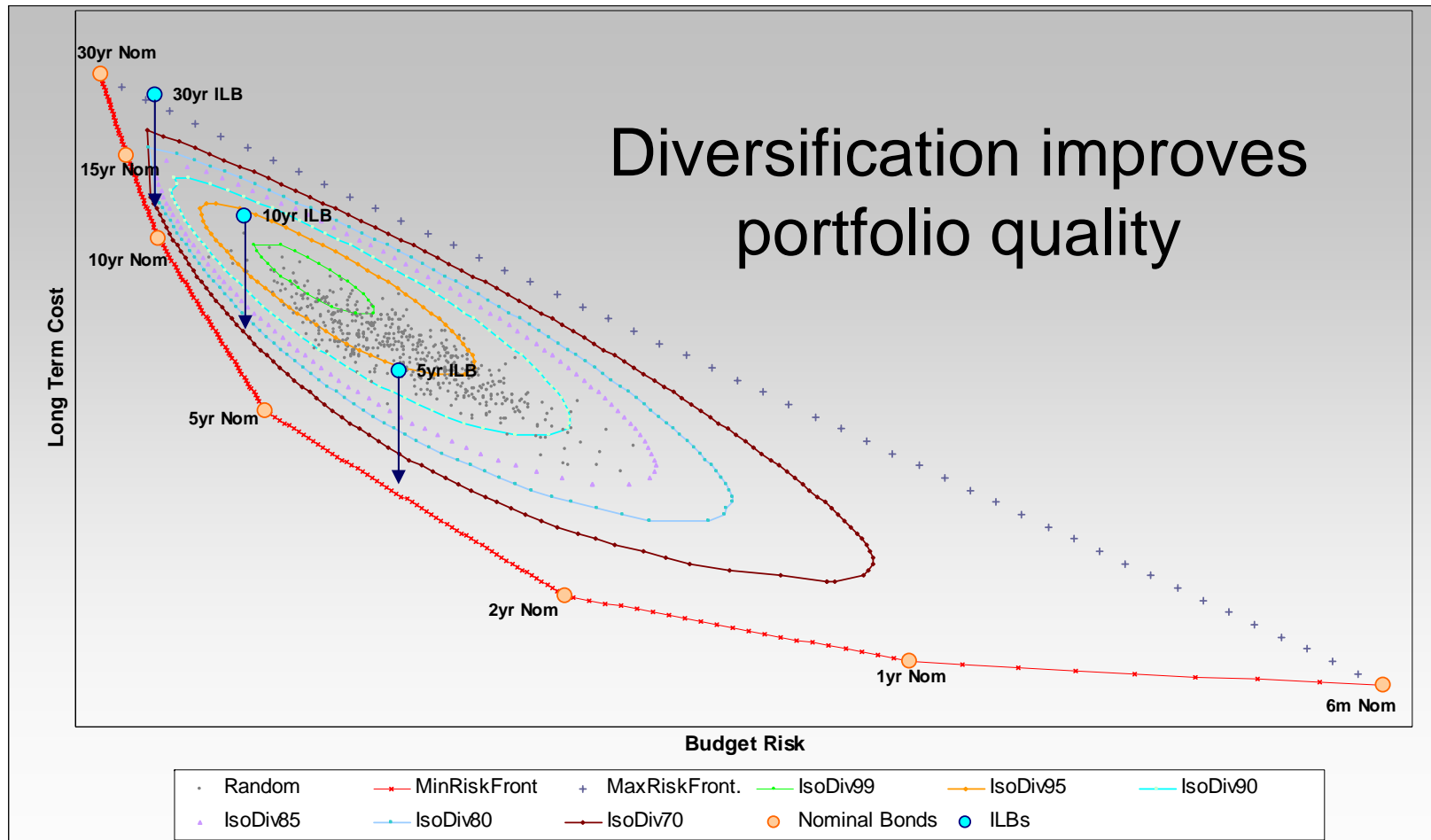


Issuance Strategy and Targets

- ➔ **Issuance model similar to nominal German government securities: benchmark volume at first issue followed by a small number of taps up to a liquid volume**
- ➔ **Building a real rate curve on a long term perspective**
- ➔ **Secondary market liquidity in the secondary market supported by the Finance Agency**
- ➔ **Better debt portfolio diversification**
- ➔ **Save risk and reducing liquidity premia on the long run**
- ➔ **Increase funding flexibility**
- ➔ **Broaden investor base**
- ➔ **Primary placements via auctions and syndicates**









Facts Since Inaugural Issue

- ➔ New ten year inflation-linked bond in June 2009: €3 bn, 1.75%, April 15th, 2020
- ➔ First step into the inflation-linked bond market in March 2006: inaugural issue of a 10-year bond (volume of €5.5 bn), increased via auction to €9 bn in Sep 2006 (largest auctioned tap in the Euro-Linker market to date), with subsequent taps in April 2007 (€2 bn) and June 2008 (€2 bn) to reach the current €13 bn notional
- ➔ The 5-year segment was opened via auction of €4 bn in Oct 2007. Further taps in March (€3 bn) and July (€2 bn) 2008 took the notional outstanding to €9 bn
- ➔ The Finance Agency supports market makers in the secondary market by providing additional liquidity

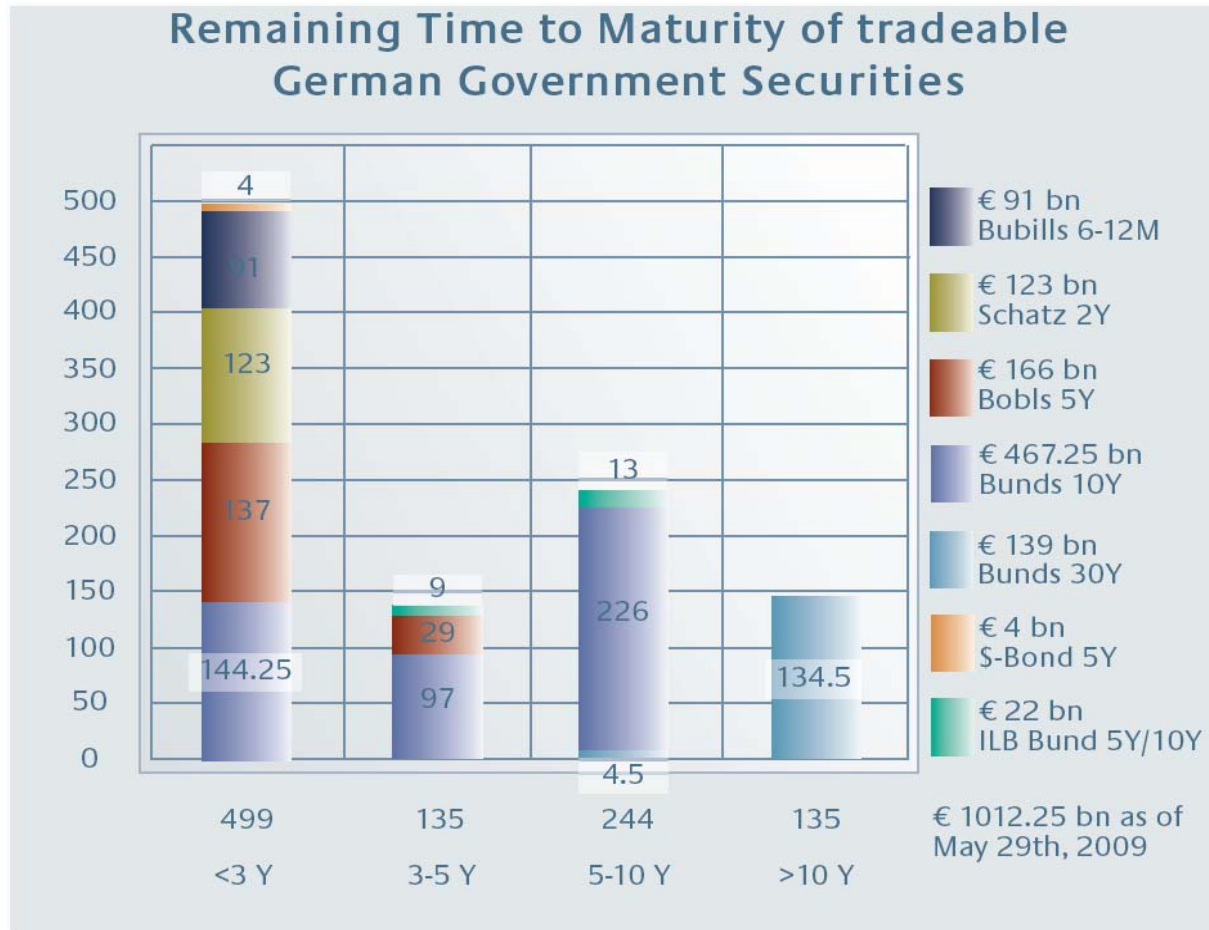
| ILB Issuance Details | 5Y OBLi | | |
|--|-----------------|------------|------------|
| | A u c t i o n s | | |
| | Initial Issue | Tap 1 | Tap 2 |
| Issuance Date | 24.10.2007 | 05.03.2008 | 09.07.2008 |
| Volume € bn | 4 | 3 | 2 |
| Coupon | 2.25% | 2.25% | 2.25% |
| Maturity | 15.04.2013 | 15.04.2013 | 15.04.2013 |
| Reoffer Price / Weighted Average Price | 101.32 | 104.88 | 101.24 |
| Reoffer Yield / Average Yield | 1,99% | 1.26% | 1.97% |
| BEI | 207 BP* | 207 BP* | 252 BP* |
| vs Reference | OBL Oct 12 | OBL Oct 12 | DBR Jan 13 |
| Bid/Cover | 1.8 | 2.3 | 1.8 |

| ILB Issuance Details | 10Y DBRi | | | | |
|--|-------------------|------------|-----------------|------------|---------------|
| | S y n d i c a t e | | A u c t i o n s | | |
| | Initial Issue | Tap1 | Tap 2 | Tap3 | Initial Issue |
| Issuance Date | 08.03.2006 | 06.09.2006 | 25.04.2007 | 11.06.2008 | 10.06.2009 |
| Volume € bn | 5.5 | 3.5 | 2 | 2 | 3 |
| Coupon | 1.50% | 1.50% | 1.50% | 1.50% | 1.75% |
| Maturity | 15.04.2016 | 15.04.2016 | 15.04.2016 | 15.04.2016 | 15.04.2020 |
| Reoffer Price / Weighted Average Price | 99.60 | 97.806 | 95.40 | 95.85 | 100.12 |
| Reoffer Yield / Average Yield | 1.543% | 1.75% | 2,07% | 2.07% | 1.74% |
| BEI | 207 BP | 206 BP | 211 BP* | 244 BP* | 193 BP* |
| vs Reference | DBR Jan 16 | DBR Jan 16 | DBR Jan 16 | DBR Jan 16 | DBR Jul 19 |
| Bid/Cover | 1.5 | 1.4 | 2.3 | 1.8 | 1.7 |

* Based on secondary market yield minus average yield in auction
Source: Federal Republik of Germany - Finance Agency
As of June 10th, 2009



€ 1012.25 bn tradeable German Government Securities





Issuance Calendar 2009 (Basic Funding Tools)

- ILBs might be part of the annual issuance calendar at a point of time in the future

| Issuance Outlook of the Federal Government 2009 (€ bn)* | | | | | | | | | | | | | | |
|---|---------|-------------|-----------|-----|-----|-----------|-----|-----|-----------|-----|-----|-----------|-----|-----|
| Security | Share % | Volume € bn | Q1 2009 | | | Q2 2009 | | | Q3 2009 | | | Q4 2009 | | |
| | | | Jan | Feb | Mar | April | Mai | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
| | | | N R | N R | N R | N R | N R | N R | N R | N R | N R | N R | N R | N R |
| Bubill 3M | 4% | 15 | | | | 5 | 5 | 5 | | | | | | |
| Bubill 6M | 24% | 84 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Bubill 9M | 4% | 15 | 5 | 5 | 5 | | | | | | | | | |
| Bubill 12M | 22% | 75 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 4 | 5 | 4 | 5 | 3 |
| Schatz 2Y | 18% | 64 | | 7 | | 8 | | 7 | | | 7 | 5 | 4 | 6 |
| Bobl 5Y | 11% | 38 | | | 7 | | 6 | 6 | | | 7 | | 6 | 6 |
| Bund 10Y | 14% | 48 | 6 | 6 | 5 | | 7 | | 6 | 6 | 5 | | 7 | |
| Bund 30Y | 2% | 7 | | | | | | 4 | | | | | 3 | |
| Year Total: € 346 bn | | | 30 | 23 | 37 | 24 | 38 | 34 | 22 | 22 | 40 | 28 | 31 | 17 |
| | | | 90 | | | 96 | | | 84 | | | 76 | | |

* According to the announcement in March 2009

N: new issue / R: reopening

Bund10 / Bund30: federal bonds with maturities of 10 or 30 years

Bobl: five year federal notes

Schatz: two year federal treasury notes

Bubills: treasury discount paper with maturities of 3,6,9 and 12 months



- ➔ www.deutsche-finanzagentur.de
- ➔ **Managing Director: Dr. Carl Heinz Daube**
0049 (0) 69 25616 1001
- ➔ **ILB Trading: Siegfried Ruhl**
0049 (0) 69 25616 1566
- ➔ **Institutional Investors: Christoph Hennemann**
0049 (0) 69 25616 1577
INST@deutsche-finanzagentur.de
- ➔ **Bloomberg: BUND <Go>**
- ➔ **Reuters: BUND**
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