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Reopening of the inflation linked bond of the Federal Government (ISIN DE0001030500 / WKN 103050) due April 15, 2016

As announced the first inflation linked bond of the Federal Government initially launched on March 15 this year was tapped by € 3.5 bn to an outstanding volume of € 9 bn on September 6. With this transaction the Bund continues its communicated issuance strategy to build up a liquid market segment for inflation linked bonds.

The distribution of € 3 bn to international investors was accomplished through a syndicate of banks under the lead management of Deutsche Bank, JPMorgan, Morgan Stanley and Société Générale. Additional € 0.5 bn were retained by the Bund to support liquidity in the secondary market.

Pricing Details

Issuer:	Federal Republic of Germany
Volume:	€ 3.5 bn
Index:	€ Zone HICP ex Tobacco
Maturity Date:	15 April 2016
Coupon:	1.50 %
Pricing Date:	September 6, 2006
Settlement Date:	September 11, 2006
Index Ratio at Settlement Date:	1.01563
BEI vs Bund 1/16:	206 bp
Reoffer-Price:	97.806 %
Reoffer-Yield:	1.75 %

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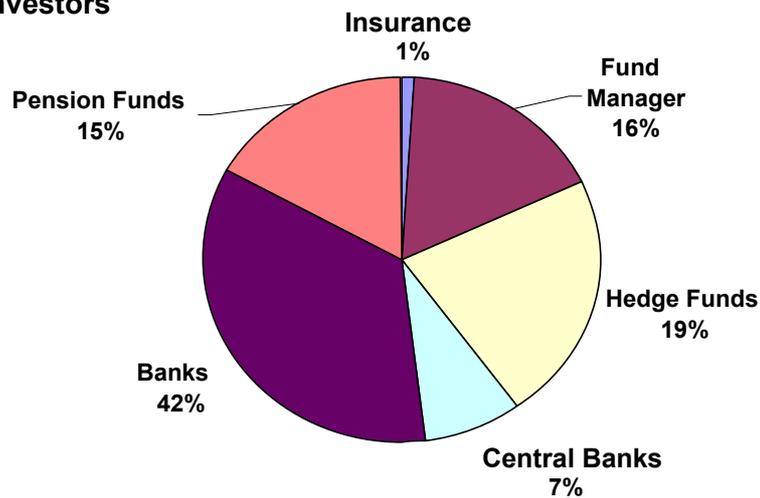


Transaction Highlights

Six months after the initial launch, the first inflation linked bond of the Federal Government was tapped to a benchmark volume of € 9 bn. After a dynamic bookbuilding process of 4.5 hours the pricing of the transaction could be completed within one day. The bidding volume reached more than € 5 bn where 73 bids from 61 institutions resulted in an average order volume of € 70 mn. Most of the allocation was placed with European investors. The tap of € 3.5 bn is the biggest one for inflation linked bonds in the Eurozone so far.

Allocation (including Co-Leads)

By institutional investors



Regional

