

Indicative Termsheet - For Discussion Purposes Only
Credit Derivative Transaction
Physical Settlement

Date: 22 November 2002
To: ABC Bank (“Counterparty”)
From: XYZ Bank
Re: Credit Derivative Transaction

Attention:

Fax No:

Our Ref:

C'pty Ref:

The purpose of this document (this "Indicative Termsheet") is to confirm the terms and conditions of the Credit Derivative Transaction entered into between us on the Trade Date specified below (the "Transaction").

This Indicative Termsheet does NOT constitute a "Confirmation".

The definitions and provisions contained in the 1999 ISDA Credit Derivatives Definitions, as supplemented by the Supplement Relating to Convertible, Exchangeable or Accreting Obligations dated the 9th November 2001, and (the “Credit Derivatives Definitions”), as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Indicative Termsheet.

The terms of the Transaction to which this Indicative Termsheet relates are as follows:

1. General Terms

Trade Date:	22 November 2002
Effective Date:	23 November 2002
Scheduled Termination Date:	23 November 2007
Floating Rate Payer:	XYZ Bank (Seller)
Fixed Rate Payer:	ABC Bank (Buyer)
Calculation Agent:	Seller
Calculation Agent City:	New York
Business Day:	New York and London
Business Day Convention:	Modified Following (which shall apply to any date referred to in this Confirmation, other than the Effective Date, that falls on a day that is not a Business Day).
Reference Entity:	Federative Republic of Brazil - EM Latin America Sovereign

Reference Obligation

Primary Obligor:	Reference Entity
Guarantor:	None
Coupon:	12.25%
Maturity Date:	06 March 2030
ISIN/Cusip Number:	US105756AL40
Original Issue Amount:	USD 1,600,000,000
Reference Price:	100%

2. Fixed Payments

Fixed Rate Payer Calculation Amount:	USD 10,000,000
Fixed Rate Payer Payment Dates:	23 May 2003 and thereafter each 23 May and 23 November
Fixed Rate:	26.6 % per annum
Fixed Rate Day Count Fraction:	Actual/360

3. Floating Payment

Floating Rate Payer Calculation Amount: USD 10,000,000

Conditions to Payment: Credit Event Notice

Notifying Party: Buyer or Seller

Notice of Intended Physical Settlement

Notice of Publicly Available Information: Applicable

Public Sources: Standard Public Sources .

Specified Number: Two

4. Credit Events

The following Credit Events shall apply to this Transaction:

Failure To Pay

Grace Period Extension: Applicable

Payment Requirement: USD 1,000,000 (or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable).

Obligation Acceleration
Repudiation/Moratorium
Restructuring

Default Requirement: USD 10,000,000 (or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event).

Obligations:	Obligation Category:	Obligation Characteristics:
	Bond	Not Domestic Currency Not Domestic Law Not Domestic Issuance Pari Passu Ranking

5. Settlement Terms

Settlement Method: Physical Settlement

Physical Settlement Terms

Physical Settlement Period: Section 8.5 of the Credit Derivatives Definitions

Portfolio: Exclude Accrued Interest

Deliverable Obligations:	Deliverable Obligation Category:	Deliverable Obligation Characteristics:
	Bond	Not Domestic Law Not Domestic Issuance Pari Passu Ranking Specified Currency (Standard Specified Currencies) Not Bearer Not Contingent Transferable

Excluded Deliverable Obligations: Not Applicable

Partial Cash Settlement of Loans: Not Applicable

Escrow: Applicable

6. Dispute Resolution Section 10.2 of the Credit Derivatives Definitions shall apply

7. Offices

Floating Rate Payer: (Seller) London

Fixed Rate Payer: (Buyer) London