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: 13 November 2002
Effective Date: 14 November 2002
Scheduled Termination Date: 14 November 2007
Floating Rate Payer: XYZ (Seller)
Fixed Rate Payer: ABC Bank (Buyer)
Calculation Agent: Seller
Calculation Agent City: 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: Republic of Italy - OECD Euro Sovereign

Reference Obligation
Primary Obligor: Reference Entity
Guarantor: None
Coupon: 6%
Maturity Date: 22 February 2011
ISIN/Cusip Number: XS0125141316
Original Issue Amount: USD 2,000,000,000
Reference Price: 100%

2. Fixed Payments

Fixed Rate Payer Calculation Amount: USD 50,000,000
Fixed Rate Payer Payment Dates: 14 February 2003 and thereafter each 14 February, 14 May, 14 August and 14 November
Fixed Rate: 0.11 % per annum
Fixed Rate Day Count Fraction: Actual/360

3. Floating Payment
Floating Rate Payer Calculation
Amount: USD 50,000,000

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: Not 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).

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: Borrowed Money
Obligation Characteristics: None Specified

5. Settlement Terms

Settlement Method: Physical Settlement

Physical Settlement Terms

Physical Settlement Period: 30 Business Days

Portfolio: Exclude Accrued Interest

Deliverable Obligations:  

Deliverable Obligation Category: Bond or Loan
Deliverable Obligation Characteristics: Not Sovereign Lender

Specified Currency (Standard Specified Currencies)
Consent Required Loan
Assignable Loan
Not Bearer
Not Contingent
Transferable
Maximum Maturity 30 Years

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