



REPUBLIC OF ITALY
EURO 10,000,000,000
Italian Treasury Bills Programme

Arrangers for the Programme

Deutsche Bank

Goldman Sachs International

Euro Dealers

Barclays Capital

Deutsche Bank

Goldman Sachs International

JPMorgan

Lehman Brothers

Republic of Italy

UBS Investment Bank

U.S. Dealers

Barclays Capital

Deutsche Bank Securities

Goldman, Sachs & Co.

JPMorgan

Lehman Brothers Inc.

Republic of Italy

UBS Investment Bank

The date of this Information Memorandum is July 2003

IMPORTANT NOTICE

The information contained in this Information Memorandum relating to the Republic of Italy (the “Issuer”) has been obtained from the Issuer in connection with an Italian treasury bills programme (the “Programme”).

Under the Programme the Issuer proposes, from time to time, to issue global commercial paper notes sold outside the United States pursuant to Regulation S (“Regulation S”) of the U.S. Securities Act of 1933, as amended (the “Securities Act”) (the “Euro Notes”) and global commercial paper notes sold in reliance on the exemption contained in Section 3(a)(3) of the Securities Act (“Section 3(a)(3)”) with a maximum term of not more than 270 days (the “U.S. Notes” and, together with the Euro Notes, the “Notes”) up to a maximum aggregate principal amount outstanding at any time of Euro 10,000,000,000 or its equivalent in alternative currencies.

The Issuer has appointed Barclays Bank PLC, Deutsche Bank AG London, Goldman Sachs International, J.P. Morgan Securities Ltd., Lehman Brothers International (Europe), Republic of Italy and UBS Limited as dealers in respect of Euro Notes (the “Euro Dealers”) and Barclays Capital Inc., Deutsche Bank Securities Inc., Goldman, Sachs & Co., J.P. Morgan Securities Inc., Lehman Brothers Inc., Republic of Italy and UBS Securities LLC as dealers in respect of U.S. Notes (“U.S. Dealers” and, together with the Euro Dealers, the “Dealers”) as dealers for the Notes under the Programme, and has authorised and requested the Dealers to circulate this Information Memorandum in connection therewith.

The Issuer has confirmed to Deutsche Bank AG London and Goldman Sachs International (the “Arrangers”) and the other Dealers that this Information Memorandum does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading.

The Arrangers and the other Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Arrangers or the other Dealers as to the accuracy or completeness of this Information Memorandum or any further information supplied in connection with any issue of Notes. The Arrangers and the other Dealers accept no liability in relation to this Information Memorandum or its distribution or with regard to any other information subsequently supplied by or on behalf of the Issuer.

This Information Memorandum is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arrangers or the other Dealers that any recipient of this Information Memorandum should purchase any of the Notes. Each investor contemplating the purchase of any of the Notes is advised to make, and shall be deemed to have made, its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

THIS INFORMATION MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR INVITATION BY OR ON BEHALF OF THE ISSUER OR ANY DEALER TO ANY PERSON TO PURCHASE ANY OF THE NOTES.

Neither the delivery of this Information Memorandum nor any offers or sales made on the basis hereof shall under any circumstance create any implication that this Information Memorandum is correct at any time subsequent to the date hereof or that there has been no change in the affairs of the Issuer since the date hereof. Neither the Issuer nor the Arrangers nor the other Dealers accept any responsibility, express or implied, for updating this Information Memorandum and therefore it should not be assumed that the information contained herein is necessarily accurate, complete or up-to-date at any time subsequent to the date hereof.

No person has been authorised to give any information or to make any representation not contained in this Information Memorandum or any supplement hereto and, if given or made, such information or representation

must not be relied upon as having been authorised. The Arrangers or the other Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the term of the Programme or to advise any investor in the Notes of any information coming to their attention.

The distribution of this Information Memorandum and the offer or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum may come are required by the Issuer, the Arrangers and the other Dealers to inform themselves of, and to observe, any such restrictions. In particular, such persons are required to comply with the restrictions on offers or sales of Notes and on distribution of this Information Memorandum and other information in relation to the Notes set out under “Selling Restrictions” below. This Information Memorandum may not be used as, or in connection with, an offer to sell or a solicitation to buy any of the Notes by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION. THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE EURO NOTES ARE BEING OFFERED OR SOLD OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S, AND THE U.S. NOTES ARE BEING OFFERED OR SOLD IN RELIANCE ON THE EXEMPTION CONTAINED IN SECTION 3(A)(3). FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS ON OFFERS AND SALES OF THE NOTES AND DISTRIBUTION OF THIS INFORMATION MEMORANDUM, SEE “SELLING RESTRICTIONS”.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED OR ENDORSED THE MERITS OF THE OFFERING OF THE NOTES OR UPON THE ACCURACY OR ADEQUACY OF THIS INFORMATION MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

Neither the Issuer nor the Arrangers nor any of the other Dealers makes any comment about the treatment for taxation purposes of payments or receipts in respect of the Notes to or by a holder of Notes or the legality of the purchase of Notes by an investor under applicable investment or similar laws. Each prospective investor is advised to consult its own tax adviser, attorney and business adviser as to tax, legal, business and related matters concerning the purchase of Notes.

Unless otherwise specified or the context requires, references to “Euro”, “euro” or “EUR” are to the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended, references to “Australian Dollars”, “AUD” or “A\$” are to the lawful currency of the Commonwealth of Australia, references to “Canadian Dollars”, “C\$” or “CAD” are to the lawful currency of Canada, references to “Danish Krone”, “DKK” or “DKr” are to the lawful currency of the Kingdom of Denmark, references to “New Zealand Dollars”, “NZ\$” or “NZD” are to the lawful currency of New Zealand, references to “Polish Zloty” and “PLZ” are to the lawful currency of Poland, references to “Swedish Krona”, “SEK” or “SKr” are to the lawful currency of the Kingdom of Sweden, references to “Swiss Franc”, “CHF”, “SWF” or “SFr” are to the lawful currency of Switzerland, references to “Sterling”, “GBP”, “STG” or “£” are to the lawful currency of the United Kingdom, references to “U.S. Dollars”, “Dollars”, “\$”, “USD” or to “U.S.\$” are to the lawful currency of the United States and references to “Yen”, “JPY” or “¥” are to the lawful currency of Japan.

SUMMARY OF THE PROGRAMME

Issuer:	Republic of Italy
Euro Dealers:	Barclays Bank PLC, Deutsche Bank AG London, Goldman, Sachs International, J.P. Morgan Securities Ltd., Lehman Brothers International (Europe), Republic of Italy and UBS Limited and any additional Euro Dealers that may be appointed by the Issuer pursuant to an Italian Treasury Bills Amended and Restated Dealer Agreement dated [●] July 2003 between the Issuer, Deutsche Bank AG London, Goldman Sachs International and the other Dealers named therein as amended from time to time (the “Dealer Agreement”).
U.S. Dealers:	Barclays Capital Inc., Deutsche Bank Securities Inc., Goldman Sachs & Co., J.P. Morgan Securities Inc., Lehman Brothers Inc., Republic of Italy and UBS Securities LLC and any additional U.S. Dealers that may be appointed by the Issuer pursuant to the Dealer Agreement.
Principal Paying Agent:	Citibank, N.A., London Branch
U.S. Paying Agent:	Citibank, N.A.
London Issue Agent:	Citibank, N.A., London Branch
New York Issue Agent:	Citibank, N.A.
Programme Amount:	Euro 10,000,000,000 in aggregate principal amount of Notes or the Euro Equivalent thereof.
Currencies:	Euro, Australian Dollar, Canadian Dollar, Danish Krone, New Zealand Dollar, Polish Zloty, Sterling, Swedish Krona, Swiss Franc, U.S. Dollar, Yen or such other currency or currency unit as the Dealers or the relevant Dealer and the Issuer may agree from time to time, subject to any necessary legal or regulatory requirements having been satisfied.
Euro Equivalent:	The Euro Equivalent of Notes denominated in a currency other than Euro shall be determined on the basis of the spot rate for the sale of Euro against the purchase of such other currency in the London foreign exchange market as quoted by the London Issue Agent or any other leading bank selected by the Issuer.
Denomination:	<p>Euro Notes: Euro 500,000, U.S.\$500,000, £100,000 or ¥100,000,000 (or other denominations in Specified Currencies (as defined in the Dealer Agreement) as may be agreed from time to time by the Issuer and the relevant Dealer, subject to compliance with applicable legal and regulatory requirements).</p> <p>U.S. Notes: Euro 500,000, U.S.\$100,000 (or higher integral multiples of U.S.\$1,000), £100,000 or ¥100,000,000 (or other denominations in Specified Currencies (as defined in the Dealer Agreement) as may be agreed from time to time by the Issuer and the relevant Dealer, subject to compliance with applicable</p>

legal and regulatory requirements).

Unless otherwise permitted by then current laws, Notes denominated in sterling which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom, or whose issue otherwise constitutes a contravention of Section 19 of the Financial Services and Markets Act 2000, must have a minimum denomination of £100,000 (or its equivalent in other currencies).

Ratings:	<p>The Notes to be issued pursuant to the Programme have been rated [● P-1 ●] and [● A1+ ●] by Moody's Investors Service, Inc. and Standard & Poor's Rating Services, respectively.</p> <p>A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the relevant rating agency.</p>
Listing:	<p>No application will be made at any time to list the Notes on any stock exchange.</p>
Interest:	<p>The Notes may be issued at a discount (so that they will not bear interest) or may bear interest at the fixed, floating or indexed rates specified in the financial terms of each Series of Notes.</p>
Maturity:	<p>For Euro Notes: Subject to compliance with all relevant laws and directives, the Euro Notes will have a maturity of between 1 day and 365 days (364 days for Notes denominated in Sterling).</p> <p>For U.S. Notes: Subject to compliance with all relevant laws and regulations, the U.S. Notes will have a maturity of between 1 day and 270 days.</p>
Form:	<p>Euro Notes: Euro Notes will be issued in bearer form and will be represented by interests in a bearer global Note (the "Bearer Global Note") deposited with a common depository for Euroclear Bank S.A/N.V., as operator of the Euroclear System ("Euroclear"), and Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). The interests of individual noteholders in the Bearer Global Note will be represented by account entries in the books of Euroclear and/or Clearstream, Luxembourg. Individual definitive Notes representing the Euro Notes will not be issued.</p> <p>U.S. Notes: U.S. Notes will be issued in registered form and will be represented by interests in a global registered Note (the "DTC Registered Master Note"), deposited with a custodian for and registered in the name of a nominee for The Depository Trust Company ("DTC"). Beneficial interests in the DTC Registered Master Note will be shown on, and transfers thereof will be effected only through, records maintained by DTC and</p>

its direct and indirect participants. The details of the financial terms of each Series represented by the DTC Registered Master Note will be maintained in the electronic records of the U.S. Paying Agent. Individual definitive Notes representing the U.S. Notes will not be issued.

Governing Law:	The Notes will be governed by, and construed in accordance with, Italian laws and the Italian courts shall have exclusive jurisdiction in accordance with all applicable Italian laws.
Selling Restrictions:	There are restrictions on the sale of Notes and the distribution of this Information Memorandum and other offering material. See “Selling Restrictions”.
Clearing Systems:	Euroclear, Clearstream, Luxembourg and DTC or any alternative clearing system approved by the Issuer and the London Issue Agent and Principal Paying Agent or the New York Issue Agent and Principal Paying Agent, as the case may be.. At the date hereof, DTC is not able to accept instructions for the issue, transfer or redemption of Notes on a delivery against payment basis in any currency other than U.S. Dollars.
Taxation:	All payments of principal and interest in respect of the Notes by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or within the Republic of Italy or by or within any district, municipality or other political subdivision or taxing authority therein or thereof unless such withholding or deduction is required by applicable law.
Prescription:	Claims against the Issuer in respect of Notes will be prescribed and become void unless made within a period of five years from the appropriate Relevant Date (as defined in the Notes).

ITALIAN TAXATION

The comments below are of a general nature based on current Italian law and practice. Potential holders of Notes who are in doubt as to their personal tax position should consult their professional advisers. No Italian income or other Italian taxes will be levied or applied by the Issuer by way of withholding, deduction or otherwise in connection with any payments by the Issuer of principal or interest in respect of the Notes to non-residents of Italy having no permanent establishment in Italy.

If the Notes are held by residents of Italy acting in a business capacity, interest in respect of the Notes will be subject to a tax (currently at the rate of 12.5 per cent.) on account of applicable income tax, withheld by the authorized intermediary in Italy making the payment. If the Notes are held by residents of Italy who are individuals not acting in a business capacity, non-business partnerships (simple partnerships other than business partnerships and other organisations considered by law as business partnerships or limited partnerships), public or private entities not exercising business activities, including national or local government entities, real estate investment funds, pension funds or other entities or organisations not subject to corporation income tax, the 12.5 per cent. tax shall be a final tax. If holders of Notes subject to such final tax hold the Notes through an authorised intermediary in Italy having asset management discretion over such Notes, such holders may opt to pay a final 12.5 per cent. tax levied by the intermediary on all interest, other payments and gains deriving from such management on an annual basis (the "managed savings option"). However, if holders of Notes subject to such withholding tax on account of income tax hold Notes through such an asset manager, interest, other payments and gains will be taxed as part of their overall income.

If interest or principal is paid outside Italy by an entity other than an authorised intermediary in Italy to residents of Italy who would otherwise be subject to the 12.5 per cent. final tax described above, holders of Notes must include the payments received in their income tax return and the payments shall be subject to a separate tax at a 12.5 per cent. rate or, at the holders' option, to income taxes at the rates applicable to their overall income with a tax credit for taxes paid abroad.

Non-residents of Italy having no permanent establishment in Italy will not be subject to Italian capital gains tax in respect of the disposal or the redemption of the Notes.

Gains realised on the disposal or redemption of Notes by residents of Italy who are individuals not acting in a business capacity or by non-business partnerships and similar organisations will be subject to a final capital gains tax currently at the rate of 12.5 per cent. This tax applies to all gains and losses realised in the relevant year and losses may be carried forward to the subsequent four years. Such holders of Notes may opt to pay capital gains tax declaring the gains in their annual income tax return or, if the Notes are deposited with an authorised intermediary in Italy, authorising the intermediary to levy the capital gains tax (the "administered savings option"). If holders have elected for the administered savings option, gains realised will be subject to the tax applicable thereto. Instead, gains realised by residents of Italy who are individuals acting in a business capacity, partnerships, limited partnerships, corporations or permanent establishments of foreign corporations shall be subject to income or corporation taxes as part of the overall income; gains realised by investment funds will be subject to the taxes applicable thereto.

Death duties and gift taxes no longer apply in Italy.

EU DIRECTIVE ON THE TAXATION OF SAVINGS INCOME

The Council of the European Union has adopted a new directive regarding the taxation of savings income. Subject to a number of important conditions being met, Member States will be required from 1 January 2005 to provide to the tax authorities of another Member State details of payments of interest (or other similar

income) paid by a person within its jurisdiction to or for the benefit of an individual resident in that other Member State, except that Belgium, Luxembourg and Austria will instead operate a withholding system for a transitional period in relation to such payments.

SELLING RESTRICTIONS

General

By its purchase and acceptance of Euro Notes, each Dealer has represented, warranted and agreed that it will, to the best of its knowledge and belief after due inquiry, observe all applicable laws and regulations in any jurisdiction in which it may offer, sell or deliver Euro Notes; and it will not directly or indirectly offer, sell, resell, reoffer or deliver Euro Notes or distribute any Disclosure Documents (as defined in the Dealer Agreement), circular, advertisement or other offering material in any country or jurisdiction except under circumstances that will result, to the best of its knowledge and belief after due inquiry, in compliance with all applicable laws and regulations.

The United States of America

The Euro Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act. Each Dealer has represented and agreed that it has offered and sold the Euro Notes, and will offer and sell the Euro Notes only outside the United States to non-U.S. persons in accordance with Rule 903 of Regulation S. Accordingly, each Dealer has represented and agreed that neither it, nor its respective affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Euro Notes, and that it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer has agreed and represented that, at or prior to confirmation of sale of the Euro Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases the Euro Notes from it a confirmation or notice to substantially the following effect:

“The securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons. Terms used above have the meaning given to them by Regulation S under the Securities Act”.

Terms used in this paragraph have the meanings given to them by Regulation S.

The U.S. Notes are being offered or sold in reliance on the exemption contained in Section 3(A)(3) of the Securities Act.

Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the “**Securities and Exchange Law**”). Accordingly, each Dealer has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and other relevant laws and regulations of Japan.

Switzerland

Each Dealer has agreed in respect of Notes denominated in Swiss Francs that it will comply with any laws, regulations or guidelines in Switzerland from time to time, including, but not limited to, any made by the Swiss National Bank, in relation to the offer, sale, delivery or transfer of commercial paper or the distribution of any offering material in respect of commercial paper.

United Kingdom

Each Dealer has represented, warranted and agreed that it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Republic of Italy

The Notes may not be offered, sold or delivered and neither the Information Memorandum nor any other document relating to the Notes may be distributed or made available in Italy except by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993, Legislative Decree No. 58 of 24 February 1998 and any other applicable laws and regulations.

FORM OF BEARER GLOBAL NOTE

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION. NEITHER THIS NOTE NOR ANY PORTION HEREOF MAY BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THIS NOTE IS BEING OFFERED OR SOLD OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS.

REPUBLIC OF ITALY Italian Treasury Bills Programme BEARER GLOBAL NOTE

Series No:	Issue Date:
Specified Currency:	Denomination:
Maturity Date:	Principal Amount:
Redemption Amount: [Principal Amount]/[The amount calculated in accordance with the Second Schedule hereto]	
Interest Basis: Discount/Fixed Rate/Floating Rate/Indexed	Interest Rate/Margin: per cent. per annum
Reference Rate: [1/3/6]-month [Reuters/Telerate] [LIBOR] [EURIBOR]	Interest Payment Date(s):
Common Code:	ISIN:

- 1 For value received, Republic of Italy (the “Issuer”) promises to pay to the bearer of this Note on the Maturity Date, upon presentation and (if no further payment falls to be made on it) surrender of this Note at the office of Citibank, N.A., London Branch at 5 Carmelite Street, London EC4Y 0PA as principal paying agent (the “Principal Paying Agent”) pursuant to the terms of an amended and restated issuing and paying agency agreement dated [●] July 2003 between the Principal Paying Agent and the Issuer (the “Agency Agreement”) copies of which are available for inspection at the office specified above during normal office hours,
- 1.1 if the Interest Basis of this Note is “Discount”, the Redemption Amount;
 - 1.2 if the Interest Basis of this Note is “Fixed Rate”, the Redemption Amount and, on each Interest Payment Date, interest on the Principal Amount at the Interest Rate, payable in arrear, from the Issue Date or, if applicable, the previous Interest Payment Date;
 - 1.3 if the Interest Basis of this Note is “Floating Rate”, the Redemption Amount and, on each Interest Payment Date, interest on the Principal Amount at the Reference Rate in effect for the relevant Interest Period (as defined below) plus the Margin (the sum of the Reference Rate and the Margin being the “Rate of Interest”), payable in arrear, from the Issue Date or, if applicable, the previous Interest Payment Date; or
 - 1.4 if the Interest Basis of this Note is “Indexed”, the Redemption Amount and, on each Interest Payment Date, interest calculated in accordance with the Second Schedule hereto (the “Interest Amount”), payable in arrear, from the Issue Date or, if applicable, the previous Interest Payment Date.

- 2 If the Interest Basis of this Note is “Fixed Rate”, this Note will cease to bear interest from the Maturity Date unless, upon due presentation, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at the Interest Rate (both before and after judgment) until the day on which all sums due in respect of this Note up to that day are received by or on behalf of the relevant Noteholder (as defined in the Agency Agreement).
- 3 If the Interest Basis of this Note is “Floating Rate”, this Note will cease to bear interest from the Maturity Date unless, upon due presentation, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at the Rate of Interest in effect for the last preceding Interest Period (both before and after judgment) until the day on which all sums due in respect of this Note up to that day are received by or on behalf of the relevant holder, and the period beginning on the Issue Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next successive Interest Payment Date is called an “Interest Period”.
- 4 Interest will be calculated on the basis of the number of days elapsed divided by 360 or, if the Specified Currency is Sterling, on the basis of the number of days elapsed divided by 365 and rounding the resulting figure to the nearest amount of the relevant currency (with halves being rounded upwards).
- 5 For the purposes of Notes for which the Interest Basis is “Floating Rate”:
 - 5.1 “LIBOR” means the rate determined by the Principal Paying Agent as at 11.00 a.m. (London time) on the second London Business Day before the beginning of (or (i) if the Specified Currency is Sterling or (ii) in the case of part (ii) of paragraph 5.1.4, on the first day of) each Interest Period (the “Interest Determination Date”) to be:
 - 5.1.1 if “Reuters” is specified under “Reference Rate” above, the arithmetic mean (rounded to four decimal places) of the offered rates (being at least two) for deposits in the Specified Currency for the number of months specified under “Reference Rate” above which appear on the display designated as page “LIBOR01” on the Reuter Monitor Money Rates Service (or such other page or service as may be equivalent to it or replace it for the purpose of displaying London interbank offered rates of major banks for deposits in the Specified Currency);
 - 5.1.2 if “Telerate” is specified under “Reference Rate” above, the offered rate for deposits in the Specified Currency for the number of months specified under “Reference Rate” above which appears on the display designated as page “3750” (or such other page as may be used to display such rate for the relevant Specified Currency) on the Telerate Monitor (or such other page or service as may be equivalent to it or replace it for the purpose of displaying London interbank offered rates of major banks for deposits in the Specified Currency);
 - 5.1.3 if the relevant rate set out in paragraph 5.1.1 or 5.1.2 is not available, the rate per annum which the Principal Paying Agent determines to be the arithmetic mean (rounded to four decimal places) of the offered rates for deposits in the Specified Currency which banks in London selected by the Principal Paying Agent are offering to prime banks in the London interbank market, on the relevant Interest Determination Date, for a period of the number of months specified under “Reference Rate” above, provided that at least two such quotations are provided;
 - 5.1.4 if the relevant rate set out in paragraph 5.1.1 or 5.1.2 is not available and no rate can be determined pursuant to paragraph 5.1.3, the higher of (i) LIBOR in effect for the last preceding Interest Period to which the relevant preceding sub-paragraph of this paragraph 5.1 shall have applied and (ii) the rate per annum which the Principal Paying Agent

determines to be the arithmetic mean (rounded to four decimal places) of the lending rates for the Specified Currency which four major banks in the principal financial centre of the jurisdiction of the Specified Currency selected by the Principal Paying Agent are quoting to leading European banks, on the relevant Interest Determination Date, for a period of the number of months specified under “Reference Rate” above, to the Principal Paying Agent.

As used above, “**London Business Day**” means any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London.

- 5.2 “EURIBOR” means the rate determined by the Principal Paying Agent as at 11.00 a.m. (Brussels time) on the second TARGET Business Day before the beginning of each Interest Period or, in the case of part (ii) of paragraph 5.3.3, on the first day of such Interest Period (the “Interest Determination Date”) to be:
- 5.2.1 the offered rate for deposits in Euro for the number of months specified under “Reference Rate” above which appears on the display designated as page “248” on the Telerate Monitor (or such other page or service as may be equivalent to it or replace it for the purpose of displaying interbank offered rates of major banks for deposits in Euro in the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union (the “Euro-zone”));
 - 5.2.2 if the relevant rate set out in paragraph 5.3.1 is not available, the rate per annum which the Principal Paying Agent determines to be the arithmetic mean (rounded to four decimal places) of the offered rates for deposits in Euro which major banks in the Euro-zone selected by the Principal Paying Agent are offering to prime banks in the Euro-zone interbank market, on the relevant Interest Determination Date, for a period of the number of months specified under “Reference Rate” above, provided that at least two such quotations are provided;
 - 5.2.3 if the relevant rate set out in paragraph 5.3.1 is not available and no rate can be determined pursuant to paragraph 5.3.2, the higher of (i) EURIBOR in effect for the last preceding Interest Period to which the relevant preceding sub-paragraph of this paragraph 5.3 shall have applied and (ii) the rate per annum which the Principal Paying Agent determines to be the arithmetic mean (rounded to four decimal places) of the lending rates for the Euro which four major banks in the Euro-zone selected by the Principal Paying Agent are quoting to leading European banks, on the relevant Interest Determination Date, for a period of the number of months specified under “Reference Rate” above, to the Principal Paying Agent.
- 5.3 The Principal Paying Agent will, as soon as practicable after 11.00 a.m. (London or Brussels time (as the case may be)) on each Interest Determination Date, determine LIBOR or EURIBOR (as the case may be) and the Rate of Interest and calculate the amount of interest (the “Amount of Interest”) payable in respect of this Note in respect of the following Interest Period, and give notice of the results of these determinations and calculations to the Issuer and the Noteholder. The determination of the Rate of Interest and the Amount of Interest by the Principal Paying Agent shall (in the absence of manifest error) be final and binding on all parties. A certificate of the Principal Paying Agent as to the Rate of Interest payable hereon for any Interest Period shall be conclusive and binding as between the Issuer and bearer hereof.

“TARGET Business Day” means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System (the “TARGET System”) is open.

- 6 Payment will be made in same day funds by transfer to an account denominated in the Specified Currency maintained with a bank in a city located outside the United States and being the principal financial centre of the jurisdiction of the Specified Currency (or, in the case of U.S. Dollars, London or, in the case of Euro, in a city in which banks have access to the TARGET System. Upon any payment in respect of this Note other than on the Maturity Date, the amount of such payment shall be endorsed by or on behalf of the Principal Paying Agent in the First Schedule hereto (such endorsement being prima facie evidence that the payment in question has been made).
- 7 Claims against the Issuer for payments in respect of Notes represented by this Note will be prescribed and become void unless made within a period of five years from the appropriate Relevant Date (as defined in paragraph 11.2).
- 8 This Note represents individual Notes, each in the Denomination and in an aggregate principal amount equal to the Principal Amount. This Note is not exchangeable for definitive Notes. Title to this Note will pass by delivery. The Issuer and any agent of the Issuer may deem and treat the bearer hereof as the absolute owner of this Note, notwithstanding any notice of ownership or writing hereon, and shall not be affected by any notice to the contrary.
- 9 If the Maturity Date or any Interest Payment Date of this Note is not a day which is a Business Day (i) (where the Specified Currency is not Euro) in the principal financial centre of the jurisdiction of the Specified Currency or (ii) (where the Specified Currency is Euro) a day on which the TARGET System is open, payment in respect hereof will be made on the next day thereafter which is a Business Day in each such place, unless such day is in the next calendar month or such day is more than 365 days or (in the case of Sterling) 364 days from the Issue Date of this Note, in which case such payment shall be made on the first preceding day which is such a Business Day in each such place, and in no such case will additional or lesser amounts be due and payable in respect hereof. "Business Day", as used herein with respect to any location, shall mean, in the case of (i) above, any day, other than a Saturday or Sunday, on which commercial banks and foreign exchange markets are open for business in such location and, in the case of (ii) above, a day on which the TARGET System is open.
- 10 This Note shall not be valid for any purpose unless authenticated on behalf of the Issuer by an authorised signatory of Citibank, N.A., London Branch as London Issue Agent.

11

11.1 All amounts payable (whether in respect of principal, interest or otherwise) in respect of this Note will be made free and clear of and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Republic of Italy or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts receivable by the holder after such withholding or deduction shall equal the respective amounts which would have been receivable by such holder in the absence of such withholding or deduction; except that no such additional amounts shall be payable in relation to any payment in respect of this Note:

11.1.1 to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of this Note by reason of his having some connection with the Republic of Italy other than by reason of (a) the mere holding of or (b) the receipt of principal, interest or other amount in respect of this Note; or

- 11.1.2 presented for payment more than thirty days after the Relevant Date (as defined below), except to the extent that the relevant holder would have been entitled to such additional amounts on presenting the same for payment on or before the expiry of such period of thirty days; or
 - 11.1.3 to, or to a third party on behalf of, a holder to whom payment could have been made without any such withholding or deduction had such a holder made a declaration of non-residence or made any other claim or filing for exemption to which it is entitled to the relevant tax authority, or Principal Paying Agent; or
 - 11.1.4 where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or
 - 11.1.5 presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting this Note to another Paying Agent in a Member State of the European Union.
- 11.2 For the purposes of paragraph 11.1.2 above, the “Relevant Date” means, in respect of any payment, the date on which such payment first becomes due and payable, but if the full amount of the moneys payable has not been received by the Principal Paying Agent on or prior to such due date, it means the first date on which, the full amount of such moneys having been so received and being available for payment to holders, notice to that effect shall have been duly given to the holders of this Note.
- 11.3 If the Issuer becomes subject generally at any time to any taxing jurisdiction other than or in addition to the Republic of Italy references in paragraph 11.1 to the Republic of Italy shall be read and construed as references to the Republic of Italy and/or to such other jurisdiction(s).
- 12 This Note is a direct, unconditional and general obligation of the Issuer and ranks *pari passu* and equally with all unsecured indebtedness of the Issuer in respect of moneys borrowed. This Note shall be equivalent in all respects to Italian public debt securities and the proceeds of the issue of this Note shall be equivalent in all respects to the proceeds of Italian public debt securities.
- 13 This Note is governed by, and shall be construed in accordance with, Italian law. The Italian Courts shall have exclusive jurisdiction in accordance with all applicable Italian laws. To the extent that the Issuer may be entitled to claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that there may be attributed to itself or its assets such immunity (whether or not claimed), the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by Italian law.

In witness whereof, the Issuer has executed or caused this Note to be duly executed in facsimile on its behalf.

For and on behalf of

REPUBLIC OF ITALY

By: _____

(Authorised Signatory)

By: _____

(Authorised Signatory)

For the purposes of authentication only and without recourse, warranty or liability.

CITIBANK, N.A., LONDON BRANCH, as London Issue Agent

By: _____

(Authorised Signatory)

FIRST SCHEDULE

Interest Payments

The following payments of interest in respect of the Notes represented by this Bearer Global Note have been made:

Date made	Amount of interest due and payable	Amount of interest paid	Notation made by or on behalf of the Principal Paying Agent
------------------	---	--------------------------------	--

SECOND SCHEDULE
Pro Forma [Interest/Redemption] Calculation

This is the [Interest/Redemption] Calculation relating to the attached index-linked Bearer Global Note:

Calculation Date:

Calculation Agent:

[Interest/Redemption Amount]:

to be calculated by the Calculation Agent as follows:

[Insert particulars of index and interest or redemption calculation, in the case of interest, distinguishing between different Interest Payment Dates]

Confirmed:

.....

For **REPUBLIC OF ITALY**

Note: The Calculation Agent is required to notify the Principal Paying Agent for the Notes of the [Interest/Redemption] Amount immediately upon completing its calculation of the same.

FORM OF DTC REGISTERED MASTER NOTE

CORPORATE COMMERCIAL PAPER - MASTER NOTE

(Date of Issuance)

REPUBLIC OF ITALY (“Issuer”), for value received, hereby promises to pay to Cede & Co., as nominee of The Depository Trust Company, or to registered assigns: (i) the principal amount, together with unpaid accrued interest thereon, if any, on the maturity date of each obligation identified on the records of Issuer (the “Underlying Records”) as being evidenced by this Master Note, which Underlying Records are maintained by **CITIBANK, N.A.** (“Paying Agent”); (ii) interest on the principal amount of each obligation that is payable in instalments, if any, on the due date of each instalment, as specified on the Underlying Records; and (iii) the principal amount of each such obligation that is payable in instalments, if any, on the due date of each instalment, as specified on the Underlying Records. Interest shall be calculated at the rate and according to the calculation convention specified on the Underlying Records. Payments shall be made by wire transfer to the registered owner from Paying Agent without the necessity of presentation and surrender of this Master Note.

*Reference is hereby made to Rider A attached hereto

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS MASTER NOTE SET FORTH ON THE REVERSE HEREOF.

This Master Note is a valid and binding obligation of Issuer.

Not Valid Unless Countersigned for Authentication by Paying Agent.

(Paying Agent)
By: _____
(Authorized Countersignature)

(Issuer)
By: _____
(Authorized Signature)

At the request of the registered owner, Issuer shall promptly issue and deliver one or more separate note certificates evidencing each obligation evidenced by this Master Note. As of the date any such note certificate or certificates are issued, the obligations which are evidenced thereby shall no longer be evidenced by this Master Note.

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto

(Name, Address and Taxpayer Identification Number of Assignee)

the Master Note and all rights thereunder, hereby irrevocably constituting and appointing

_____ attorney to transfer said Master Note on the books of

Issuer with full power of substitution in the premises.

Dated:

(signature)

Signature(s) Guaranteed:

Notice: The signature on this assignment must correspond with the name as written upon the face of this Master Note, in every particular, without alteration or enlargement or any change whatsoever.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), the Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC). ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Rider A

- 1 For the purposes hereof, the Underlying Records, which are hereby incorporated by reference herein, shall be constituted by the records in relation to the Notes maintained by the U.S. Paying Agent in CTM (as defined in the issue and paying agency agreement relating to the Notes between the Issuer and the U.S. Paying Agent as amended and supplemented from time to time (the “Agency Agreement”)).
- 2 Payments shall be made on the Maturity Date (the “Maturity Date”) and on each Interest Payment Date (the “Interest Payment Date”) (if any) referred to in the Underlying Records relating to the relevant Notes by wire transfer to the registered owners without the necessity of presentation and surrender of this DTC Registered Master Note. A “Series” of Notes shall be those Notes having the same terms in all respects or in all respects other than their respective Issue Dates (as specified in the Underlying Records relating to the relevant Notes) represented from time to time by this DTC Registered Master Note.
- 3 Notwithstanding anything herein, the Issuer’s obligations in respect of a particular Series of Notes shall not arise until rights in respect of such Notes are delivered by DTC by its crediting the accounts of participants in DTC with such rights in accordance with DTC’s Money Market Instrument - Corporate Commercial Paper Program for the issuance and settlement of book-entry commercial paper obligations, as such programme may be modified from time to time. The Underlying Records shall, in the absence of manifest error, be conclusive evidence as to the Purchase Information (as defined in the Agency Agreement) with respect to any Series of Notes represented hereby, and one or more certificates issued by the U.S. Paying Agent stating such Purchase Information with respect to any Series of Notes represented hereby shall be conclusive evidence of the Underlying Records at the date of such certificate.
- 4 The principal amount (the “Principal Amount”) payable in respect of each Series of Notes represented by this DTC Registered Master Note shall be that amount as shall be shown in the Underlying Records, which shall be electronically recorded by or on behalf of the U.S. Paying Agent upon the issue of Notes except that if a Note is an Index-linked Note (as defined in the Purchase Information), the Principal Amount shall be the Redemption Amount calculated in accordance with the Underlying Records for such Series of Notes.
- 5 The amount of interest (the “Interest Amount”) payable in respect of any Series of Notes represented by this DTC Registered Master Note shall be calculated in accordance with the following provisions:
 - 5.1 If the Interest Basis shown in the Underlying Records for such Series of Notes is “Discount”, there shall be no Interest Amount.
 - 5.2 If the Interest Basis shown in the Underlying Records for such Series of Notes is “Fixed Rate”:
 - 5.2.1 the Interest Amount shall be the amount of interest which accrues on the Principal Amount from the Issue Date at the Interest Rate shown in the Underlying Records for such Series of Notes, payable in arrear, from the Issue Date or, if applicable, the previous Interest Payment Date shown in the Underlying Records for such Series of Notes;
 - 5.2.2 this Note will cease to bear interest from the Maturity Date shown in the Underlying Records for such Series of Notes unless payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at the Interest Rate (both before and after judgment) until the day on which all sums due in respect of such Series of Notes up to that day are received by or on behalf of the relevant Noteholder (as defined in the Agency Agreement);
 - 5.2.3 interest will be calculated on the basis of the number of days elapsed divided by 360 or, if the Specified Currency is Sterling, on the basis of the number of days elapsed divided by

365 and rounding the resulting figure to the nearest amount of the relevant currency (with halves being rounded upwards).

5.3 If the Interest Basis shown in the Underlying Records for such Series of Notes is “Floating Rate”:

- 5.3.1 the Interest Amount shall be the amount of interest which accrues on the Principal Amount from the Issue Date at the Reference Rate shown in the Underlying Records for such Series of Notes in effect for the relevant Interest Period (as defined in paragraph 5.3.3(iv) below) plus the Margin shown in the Underlying Records for such Series of Notes (the sum of the Reference Rate and the Margin being the “Rate of Interest”), payable in arrear, from the Issue Date or, if applicable, the previous Interest Payment Date shown in the Underlying Records for such Series of Notes;
- 5.3.2 this Note will cease to bear interest from the Maturity Date shown in the Underlying Records for such Series of Notes unless payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at the Rate of Interest in effect for the last preceding Interest Period (as defined in paragraph 5.3.3(vi) below (both before and after judgment) until the day on which all sums due in respect of such Series of Notes up to that day are received by or on behalf of the relevant Noteholder;
- 5.3.3 “LIBOR” means the rate determined by the relevant Dealer (as defined in the Agency Agreement) as at 11.00 a.m. (London time) on the second Business Day before the beginning of (or (i) if the Specified Currency is Sterling or (ii) in the case of part (y) of 5.3.3(iv), on the first day of) each Interest Period (the “Interest Determination Date”) to be:
- (i) if “Reuters” is specified under “Reference Rate” in the Underlying Records for such Series of Notes, the arithmetic mean (rounded to four decimal places) of the offered rates (being at least two) for deposits in the Specified Currency for the number of months specified under “Reference Rate” in the Underlying Records for such Series of Notes which appear on the display designated as page “LIBOR01” on the Reuter Monitor Money Rates Service (or such other page or service as may be equivalent to it or replace it for the purpose of displaying London interbank offered rates of major banks for deposits in the Specified Currency);
 - (ii) if “Telerate” is specified under “Reference Rate” in the Underlying Records for such Series of Notes, the offered rate for deposits in the Specified Currency for the number of months specified under “Reference Rate” in the Underlying Records for such Series of Notes which appears on the display designated as page “3750” (or such other page as may be used to display such rate for the relevant Specified Currency) on the Telerate Monitor (or such other page or service as may be equivalent to it or replace it for the purpose of displaying London interbank offered rates of major banks for deposits in the Specified Currency);
 - (iii) if the relevant rate set out in paragraph 5.3.3(i) or (ii) is not available, the rate per annum which the relevant Dealer determines to be the arithmetic mean (rounded to four decimal places) of the offered rates for deposits in the Specified Currency which banks in London selected by the relevant Dealer are offering to prime banks in the London interbank market, on the relevant Interest Determination Date, for a period of the number of months specified under “Reference Rate” in the Underlying Records for such Series of Notes, provided that at least two such quotations are provided;
 - (iv) if the relevant rate set out in paragraph 5.3.3(i) or (ii) is not available and no rate can be determined pursuant to paragraph 5.3.3(iii), the higher of (x) LIBOR in effect for

the last preceding Interest Period to which the relevant preceding sub-paragraph of this paragraph 5.3.3 shall have applied and (y) the rate per annum which the relevant Dealer determines to be the arithmetic mean (rounded to four decimal places) of the lending rates for the Specified Currency which four major banks in the principal financial centre of the jurisdiction of the Specified Currency selected by the relevant Dealer are quoting to leading European banks, on the relevant Interest Determination Date, for a period of the number of months specified under “Reference Rate” in the Underlying Records for such Series of Notes, to the relevant Dealer;

- (v) the relevant Dealer will, as soon as practicable after 11.00 a.m. (London time) on each Interest Determination Date, determine LIBOR and the Rate of Interest and calculate the amount of interest (the “Amount of Interest”) payable in respect of such Series of Notes in respect of the following Interest Period, and give notice of the results of these determinations and calculations to the Noteholders of such Series. The determination of the Rate of Interest and the Amount of Interest by the relevant Dealer shall (in the absence of manifest error) be final and binding on all parties. A certificate of the relevant Dealer as to the Rate of Interest payable hereon for any Interest Period shall be conclusive and binding as between the Issuer and the Noteholders of such Series of Notes;
- (vi) the period beginning on the Issue Date and ending on the first Interest Payment Date shown in the Underlying Records for such Series of Notes and each successive period beginning on an Interest Payment Date and ending on the next successive Interest Payment Date is called an “Interest Period”;

5.3.4 “EURIBOR” means the rate determined by the relevant Dealer as at 11.00 a.m. (Brussels time) on the second TARGET Business Day before the beginning of each Interest Period or, in the case of part (y) of paragraph 5.3.5(iii), on the first day of such Interest Period (the “Interest Determination Date”) to be:

- (i) the offered rate for deposits in Euro for the number of months specified under “Reference Rate” in the Underlying Records for such Series of Notes which appears on the display designated as page “248” on the Telerate Monitor (or such other page or service as may be equivalent to it or replace it for the purpose of displaying interbank offered rates of major banks for deposits in Euro in the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union (the “Euro-zone”));
- (ii) if the rate set out in paragraph 5.3.5(i) is not available, the rate per annum which the relevant Dealer determines to be the arithmetic mean (rounded to four decimal places) of the offered rates for deposits in Euro which major banks in the Euro-zone selected by the relevant Dealer are offering to prime banks in the Euro-zone interbank market, on the relevant Interest Determination Date, for a period of the number of months specified under “Reference Rate” above, provided that at least two such quotations are provided;
- (iii) if the rate set out in paragraph 5.3.5(i) is not available and no rate can be determined pursuant to paragraph 5.3.5(ii), the higher of (x) EURIBOR in effect for the last preceding Interest Period to which the relevant preceding sub-paragraph of this paragraph 5.3.5 shall have applied and (y) the rate per annum which the relevant

Dealer determines to be the arithmetic mean (rounded to four decimal places) of the lending rates for Euro which four major banks in the Euro-zone selected by the relevant Dealer are quoting to leading European banks, on the relevant Interest Determination Date, for a period of the number of months specified under “Reference Rate” in the Underlying Records for such Series of Notes, to the relevant Dealer;

- (iv) the relevant Dealer will, as soon as practicable after 11.00 a.m. (Brussels time) on each Interest Determination Date, determine EURIBOR and the Rate of Interest and calculate the amount of interest (the “Amount of Interest”) payable in respect of such Series of Notes in respect of the following Interest Period, and give notice of the results of these determinations and calculations to the holders of such Series of Notes. The determination of the Rate of Interest and the Amount of Interest by the relevant Dealer shall (in the absence of manifest error) be final and binding on all parties. A certificate of the relevant Dealer as to the Rate of Interest payable hereon for any Interest Period shall be conclusive and binding as between the Issuer and the holders of such Series of Notes;
- (v) the period beginning on the Issue Date and ending on the first Interest Payment Date shown in the Underlying Records for such Series of Notes and each successive period beginning on an Interest Payment Date and ending on the next successive Interest Payment Date is called an “Interest Period”;

5.3.5 interest will be calculated on the basis of the number of days elapsed divided by 360 or, if the Specified Currency is Sterling, on the basis of the number of days elapsed divided by 365 and rounding the resulting figure to the nearest amount of the relevant currency (with halves being rounded upwards).

5.4 If the Interest Basis shown in the Underlying Records for such Series of Notes is “Indexed” the Interest Amount shall be the amount of interest calculated in accordance with the Underlying Records for such Series of Notes, payable in arrear from the Issue Date or, if applicable, the previous Interest Payment Date shown in the Underlying Records for such Series of Notes. Interest will be calculated on the basis of the number of days elapsed divided by 360 or, if the Specified Currency is Sterling, on the basis of the number of days elapsed divided by 365 and rounding the resulting figure to the nearest amount of the relevant currency (with halves being rounded upwards).

5.5 “TARGET Business Day” means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System (the “TARGET System”) is open.

6 Claims against the Issuer in respect of Notes represented by this DTC Registered Master Note will be prescribed and become void unless made within a period of five years from the appropriate Relevant Date (as defined in paragraph 9.2).

7 If the Maturity Date or any Interest Payment Date of any Series represented by this DTC Registered Master Note is not a day which is a Business Day (i) (where the Specified Currency is not Euro) in the principal financial centre of the jurisdiction of the Specified Currency or (ii) (where the Specified Currency is Euro) a day on which the TARGET System is open or (iii) is a day on which DTC is closed for money market instrument settlement services, payment in respect hereof in respect of such Series will be made on the next day thereafter which is a Business Day in each such place and on which DTC is not so closed, unless such day is in the next calendar month or such day is more than 270 days from the Issue Date of such Series represented by this DTC Registered Master Note, in which case such payment shall be made on the first preceding day which is such a Business Day in each such place and on which DTC is not so closed, and in no such case will additional or lesser amounts be due and payable in respect hereof. “Business Day”, as used

herein with respect to any location, shall mean, in the case of (i) above, any day, other than a Saturday or Sunday, on which commercial banks and foreign exchange markets are open for business in such location and, in the case of (ii) above, a day on which the TARGET System is open.

8 This DTC Registered Master Note shall not be valid for any purpose unless authenticated on behalf of the Issuer by an authorised signatory of Citibank, N.A. as U.S. Paying Agent.

9

9.1 All amounts payable (whether in respect of principal, interest or otherwise) in respect of this DTC Registered Master Note will be made free and clear of and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Republic of Italy or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts receivable by the Holder after such withholding or deduction shall equal the respective amounts which would have been receivable by such Holder in the absence of such withholding or deduction; except that no such additional amounts shall be payable in relation to any payment in respect of this DTC Registered Master Note:

9.1.1 to, or to a third party on behalf of, a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of this DTC Registered Master Note by reason of his having some connection with the Republic of Italy other than by reason of (a) the mere holding of or (b) the receipt of principal, interest or other amount in respect of this Note; or

9.1.2 presented for payment more than thirty days after the Relevant Date (as defined below), except to the extent that the relevant Holder would have been entitled to such additional amounts on presenting the same for payment on or before the expiry of such period of thirty days;

9.2 For the purposes of paragraph 9.1.1 above the “Relevant Date” means, in respect of any payment, the date on which such payment first becomes due and payable, but if the full amount of the moneys payable has not been received by the Principal Paying Agent, or as the case may be, the U.S. Paying Agent on or prior to such due date, it means the first date on which, the full amount of such moneys having been so received and being available for payment to Holders, notice to that effect shall have been duly given to the Holders of this DTC Registered Master Note.

9.3 If the Issuer becomes subject generally at any time to any taxing jurisdiction other than or in addition to the Republic of Italy references in paragraph 9.1 to the Republic of Italy shall be read and construed as references to the Republic of Italy and/or to such other jurisdiction(s).

10 This DTC Registered Master Note is a direct, unconditional and general obligation of the Issuer and ranks *pari passu* and equally with all unsecured indebtedness of the Issuer in respect of moneys borrowed. This DTC Registered Master Note shall be equivalent in all respects to Italian public debt securities and the proceeds of the issue of this DTC Registered Master Note shall be equivalent in all respects to the proceeds of Italian public debt securities.

11 This DTC Registered Master Note is governed by, and shall be construed in accordance with, Italian law. The Italian Courts shall have exclusive jurisdiction in accordance with all applicable Italian laws. To the extent that the Issuer may be entitled to claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that there

may be attributed to itself or its assets such immunity (whether or not claimed), the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by Italian law.

ADDRESS FOR THE ISSUER
The Ministry of Economy and Finance
Via XX Settembre 97
00187 Rome
Tel: 39 (0) 6 481 4985
Fax: 39 (0) 6 4761 4061
Contact: Treasury Department

ARRANGERS

Deutsche Bank AG London
Winchester House
1 Great Winchester Street
London EC2N 2DB
Tel: 44 (0) 20 7545 1048
Fax: (0) 11 333 620 14
Contact: ECP Group

Goldman Sachs International
Peterborough Court
133 Fleet Street
London EC4A 2BB
Tel: 44 (0) 20 7774 2630
Fax: 44 (0) 20 7774 5186
Contact: Money Market Desk

EURO DEALERS

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB
Tel: 44 (0) 20 7773 9075
Fax: 44 (0) 20 7773 4875
Contact: Commercial Paper Sales Team

Deutsche Bank AG London
Winchester House
1 Great Winchester Street
London EC2N 2DB
Tel: 44 (0) 20 7545 2761
Fax: (0) 11 333 620 14
Contact: ECP Group

Goldman Sachs International
Peterborough Court
133 Fleet Street
London EC4A 2BB
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Contact: Money Markets Desk

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Fax: + 44 (0) 20 7777 1938
Contact: ECP Desk

Lehman Brothers International (Europe)
One Broadgate
London EC2M 7HA
Tel: 44 (0) 20 7382 9077
Fax: 44 (0) 20 7260 2778
Contact: ECP Desk

Republic of Italy
Via XX Settembre 97
00187 Rome
Tel: 39 (0) 6 481 4985
Fax: 39 (0) 6 4761 4061
Contact: Treasury Department

UBS Limited
1 Finsbury Avenue
London EC2M 2PP
Tel: 44 (0) 20 7567 2324
Fax: 44 (0) 20 7568 3317
Contact: ECP Desk

U.S. DEALERS

Barclays Capital Inc.
200 Park Avenue
New York, NY 10166
Tel: 212 412 2112
Fax: 212 412 7305

Deutsche Bank Securities Inc.
60 Wall Street – 3rd Floor
New York, NY 10005
Tel: 212 250 7033
Fax: 212 797 2202

Contact: US Commercial Paper Trading

Goldman, Sachs & Co.
85 Broad Street
New York, NY 10004
Tel: 212 902 2251
Fax: 212 902 9864

Contact: Money Markets Origination

Lehman Brothers Inc.
745 Seventh Avenue – 3rd Floor
New York, NY 10019 - 6801
Tel: 212 526 6845
Fax: 646 758 4034
Contact: CP Origination

Contact: Debt Capital Markets – CP Origination

J.P. Morgan Securities Inc.
270 Park Avenue – 9th Floor
New York, NY 10017
Tel: 212 834 4704
Fax: 212 834 6945

**Contact: Short Term Fixed Income Division,
Investor Marketing**

Republic of Italy
Via XX Settembre 97
00187 Rome
Tel: 39 (0) 6 481 4985
Fax: 39 (0) 6 4761 4061
Contact: Treasury Department

UBS Securities LLC
677 Washington Blvd.
Stamford, CT 06901
Tel: 203 719 0495
Fax: 203 719 1088

Contact: Fixed Income Syndicate

**LONDON ISSUE AGENT AND PRINCIPAL PAYING
AGENT**

Citibank, N.A., London Branch
5 Carmelite Street
London EC4Y 0PA
Tel: 44 (0) 20 7508 3826
Fax: 44 (0) 20 7508 3884/3875

**Contact: ECP Issuing and Paying Agent
Citibank Agency and Trust**

NEW YORK ISSUE AGENT AND U.S. PAYING AGENT

Citibank, N.A.
111 Wall Street
14th Floor, Zone 3
New York, NY 10005
Tel: 212 657 7838
Fax: 212 657 4009

Contact: Global Agency and Trusts

LEGAL ADVISERS

To the Dealers

in respect of English and U.S. Law
Linklaters
One Silk Street
London EC2Y 8HQ

in respect of Italian Law
Studio Legale Bisconti's
Via Piemonte, 32
00187 Rome

Table of Contents

Contents	Page
IMPORTANT NOTICE.....	2
SUMMARY OF THE PROGRAMME.....	4
ITALIAN TAXATION.....	7
SELLING RESTRICTIONS.....	9
FORM OF BEARER GLOBAL NOTE.....	11
FIRST SCHEDULE Interest Payments	17
SECOND SCHEDULE Pro Forma [Interest/Redemption] Calculation	18
Rider A.....	21