

ZERO COUPON DEPOSITARY RECEIPTS

59 Series of Receipts evidencing entitlement to payment of interest or principal, as the case may be, actually received in respect of Republic of Italy 6⁷/₈% Debentures due September 27, 2023

The Interest Receipts hereinafter defined and the Principal Depositary Certificate hereinafter defined will be issued by Morgan Guaranty Trust Company of New York, as depositary under the Deposit Agreement hereinafter defined (the "Depositary"), to Lehman Brothers International (Europe) ("Lehman Brothers" or the "Manager"), against the delivery by Lehman Brothers to the Depositary of Republic of Italy 6⁷/₈% Debentures due September 27, 2023, in the aggregate principal amount of \$200,000,000 (the "Debentures"). The Principal Receipts hereinafter defined will be issued by Morgan Guaranty Trust Company of New York, as depositary and put agent under the Deposit and Put Agreement hereinafter defined (the "Depositary Put Agent"), against delivery by Lehman Brothers to the Depositary Put Agent of the Principal Depositary Certificate. The Principal Depositary Certificate will be issued by the Depositary, pursuant to the Deposit Agreement, evidencing entitlement of the holder thereof to the payment of principal actually received by the Depositary in respect of the Debentures (the "Principal Payment"). The "Principal Receipts" will comprise a single series of receipts (designated as Series 59), and will evidence the entitlement of the holders thereof to amounts actually received by the Depositary Put Agent in respect of the Principal Payment, subject to the Put Rights of the Interest Receipt holders as described herein. The "Interest Receipts" will comprise 58 separate series of receipts (designated as Series 1-58, as appropriate), each series evidencing the entitlement of the holders thereof to the corresponding amounts actually received by the Depositary in respect of specified payments of interest (the "Interest Payments"), falling due on March 27 or September 27 of each year, until the maturity of the Debentures. The Interest Receipts and the Principal Receipts are referred to collectively as the "Receipts".

No payment will be made in respect of any Receipt save to the extent that corresponding payments are actually received by the Depositary in respect of the Debentures, except only upon prepayment of the Debentures and the exercise of Put Rights hereinafter defined by Interest Receipt holders (see "Description of the Receipts—Status and Nature of Depositary's and Depositary Put Agent's Obligations" and "—Put Rights of Interest Receipt Holders upon Prepayment of the Debentures"). Payment in respect of any Series is therefore dependent upon payment by the Republic of Italy, as issuer of the Debentures (the "Republic of Italy"), of the Principal Payment and corresponding Interest Payments in respect of the Debentures. The obligations of the Depositary and Depositary Put Agent under the Receipts in respect of the Interest Payments and Principal Payment, as applicable, are summarized below.

See "Investment Considerations" for a discussion of certain factors which should be considered in connection with an investment in the Receipts.

Application has been made for listing the Receipts on the Luxembourg Stock Exchange.

THE RECEIPTS (WHICH TERM SHALL INCLUDE THE PUT RIGHT RECEIPTS HEREINAFTER DEFINED FOR PURPOSES OF THIS PARAGRAPH) HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND ARE BEING OFFERED AND SOLD IN THE UNITED STATES ONLY TO INSTITUTIONAL ACCREDITED INVESTORS WITHIN THE MEANING OF RULE 501(a)(1)-(3) UNDER THE SECURITIES ACT ("RULE 501") OR TO QUALIFIED INSTITUTIONAL BUYERS IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"). PROSPECTIVE PURCHASERS THAT ARE QUALIFIED INSTITUTIONAL BUYERS ARE HEREBY NOTIFIED THAT THE SELLER OF THE RECEIPTS MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. THE RECEIPTS ARE NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED UNDER "NOTICE TO INVESTORS". CERTAIN RECEIPTS SHALL BE ISSUED IN REGISTERED FORM AND OTHER RECEIPTS IN BEARER FORM AS MORE FULLY DESCRIBED HEREIN UNDER "DESCRIPTION OF THE RECEIPTS—FORM AND TRANSFER OF RECEIPTS".

LEHMAN BROTHERS

The date of this Offering Circular is February 3, 1995

Interest Receipts of Series 3 and Series 7 to 46, sold to U.S. institutional accredited investors within the meaning of Rule 501(a)(1)-(3), or to qualified institutional buyers in reliance on Rule 144A, will be represented by a single, permanent global Receipt relating to each such Series (each a "Restricted Global Receipt"), in fully registered form, deposited on February 3, 1995 with a custodian for, and registered in the name of a nominee of, The Depository Trust Company ("DTC"). Beneficial interests in such Restricted Global Receipts (each a "Restricted Receipt") will trade in DTC's Same-Day Funds Settlement System, and secondary market trading activity in such Restricted Global Receipts will therefore settle in immediately available funds. Beneficial interests in each Restricted Global Receipt will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants. Interest Receipts of each such Series sold in offshore transactions in reliance on Regulation S of the Securities Act ("Regulation S") will be represented by a single, permanent global Receipt relating to each such Series (each a "Regulation S Global Receipt"), in fully registered form deposited on February 3, 1995 with a common depository for, and registered in the name of a nominee of, Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System ("Euroclear"), and Cedel Bank, société anonyme ("Cedel"). On or prior to March 15, 1995 (the "Exchange Date"), beneficial interests in each Regulation S Global Receipt may be held only through Euroclear or Cedel. Definitive Receipts in respect of a Series in registered form will not be issued unless one or more of DTC, Euroclear and Cedel (together, the "Clearing Systems") notifies the Depository (and the Depository Put Agent, if applicable) that (i) in the case of DTC, it is unwilling or unable to continue as depository for a Global Receipt of such Series, or if it ceases to be a clearing agency registered under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), and a successor clearing agency is not appointed by the Depository in 90 days or (ii) in the case of Euroclear and Cedel, if one or both shall cease to carry on business as a Clearing System or shall announce that they have ceased to carry on business as a Clearing System. See "Description of the Receipts—Form and Transfer of Receipts."

Interest Receipts of Series 1 and 2, Series 4 to 6, Series 47 to 58 and the Principal Receipts (Series 59) will be represented initially by a single, temporary global bearer Receipt relating to each such Series (each a "Temporary Bearer Global Receipt"), deposited on or about February 3, 1995 with a common depository for Euroclear and Cedel. The Temporary Bearer Global Receipt for each such Series will be exchangeable for definitive Receipts in bearer form (the "Bearer Receipts") of such Series on or after the Exchange Date upon certification of non-U.S. beneficial ownership. The Regulation S Global Receipts, the Restricted Global Receipts and the Temporary Bearer Global Receipts are referred to collectively as the "Global Receipts".

The Manager has taken reasonable care to ensure that (a) the information stated herein is true and accurate in all material respects, (b) it is not misleading as of the date hereof and (c) there are no material facts the omission of which would make the information contained herein misleading in any material respect. The Manager accepts responsibility accordingly. However, the Manager has not reviewed and is not responsible for the information herein relating to Morgan Guaranty Trust Company of New York, as the Depository and the Depository Put Agent (which has been provided by Morgan Guaranty Trust Company of New York and is solely the responsibility of the Morgan Guaranty Trust Company of New York). Neither the Manager nor Morgan Guaranty Trust Company of New York has, in preparing this Offering Circular, verified any information contained herein, or in extracts annexed hereto, in respect of the Republic of Italy or the Debentures, nor taken any steps to review the condition or affairs of the Republic of Italy or the adequacy, legality, validity, binding nature or enforceability of the Debentures, or any documents relating thereto, and, therefore, neither accepts any responsibility for the accuracy or completeness of such information. Neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, create any implication that the information contained herein is current as of any time subsequent to the date hereof. The information contained herein with respect to the Debentures and the Republic of Italy consists of extracts from information contained in the Prospectus and Prospectus Supplement relating to the Debentures, and the Manager

takes responsibility for having correctly reproduced such extracts but accepts no responsibility in respect of such information.

In connection with the issue and sale of the Receipts (which term shall include the Put Right Receipts hereinafter defined for purposes of this paragraph), no person is authorized to give any information or to make any representation not contained in this document and none of the Depositary, the Depositary Put Agent or the Manager accepts, nor shall any of them be under any responsibility for any information so given not contained herein. This Offering Circular does not constitute and may not be used for the purposes of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken to permit an offering of the Receipts or distribution of this Offering Circular in any jurisdiction where such action is required. The Receipts have not been and will not be registered under the Securities Act and are subject to U.S. tax law requirements. Receipts will not be offered, sold or delivered within the United States or to U.S. persons except as permitted under Rule 144A or by any other exemption from the registration requirements of the Securities Act.

The terms "U.S.\$", "\$" or "Dollars" shall refer to United States dollars.

NOTICE TO INVESTORS

Because of the following restrictions, investors are advised to consult legal counsel prior to making an offer, resale, pledge or other transfer of Restricted Receipts.

Each purchaser of the Restricted Receipts (which term, for purposes of this section, shall include the Put Right Receipts attaching to the Restricted Receipts) offered hereby will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation D under the Securities Act ("Regulation D")) are used herein as defined therein):

(1) Each initial purchaser of Restricted Receipts who is an institutional accredited investor within the meaning of Rule 501(a)(1)-(3) under the Securities Act shall deliver to the Manager a certification as provided in Exhibit A1 hereto. In addition, any initial purchaser of Restricted Receipts shall make an investment of not less than U.S.\$250,000 in purchasing such Restricted Receipts.

(2) Each purchaser of Restricted Receipts understands that the Restricted Receipts have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except (A)(i) to a person who the purchaser reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S, or (iii) pursuant to any other exemption from registration under the Securities Act provided thereunder (if available) and (B) in accordance with all applicable securities laws of the states of the United States.

(3) In the event that the Receipts are not assigned a rating in one of the four highest categories assigned to long-term debt, or in an equivalent short-term category, by at least one nationally recognized statistical rating organization, transfers of Restricted Receipts shall be made only upon receipt by the Depositary of a written certification in the form available with the Depositary.

(4) Certificates representing Restricted Receipts will bear legends to the following effect, unless the Manager determines otherwise in compliance with applicable law:

NEITHER THIS RESTRICTED GLOBAL RECEIPT NOR ANY INTEREST HEREIN HAS BEEN REGISTERED OR WILL BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) (1) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT, PURCHASING FOR ITS OWN ACCOUNT, OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), OR (4) PURSUANT TO ANY OTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES.

BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF (1) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER", AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT, OR AN "INSTITUTIONAL ACCREDITED INVESTOR", AS DEFINED IN RULE 501(a)(1)-(3) UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS RESTRICTED GLOBAL RECEIPT, OR ANY INTEREST HEREIN, EXCEPT (A) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (B) TO A PERSON IT REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, (C) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (D) PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), OR (E) PURSUANT TO ANY OTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND, IN EACH CASE, IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND, IN EACH CASE, (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS RESTRICTED GLOBAL RECEIPT, OR ANY INTEREST HEREIN, IS TRANSFERRED, A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NOTICE TO PROSPECTIVE PURCHASERS IN NEW HAMPSHIRE

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE ATTORNEY GENERAL OR THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER NEW HAMPSHIRE REVISED STATUTES CHAPTER 421-B IS TRUE, COMPLETE, AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE ATTORNEY GENERAL OR THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO PROSPECTIVE INVESTORS IN FLORIDA

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE FLORIDA SECURITIES ACT IN RELIANCE UPON AN EXEMPTION THEREFROM. ANY SALE MADE PURSUANT TO SUCH EXEMPTION IS VOIDABLE BY A FLORIDA PURCHASER WITHIN THREE (3) DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY SUCH PURCHASER TO THE ISSUER, AN AGENT OF THE ISSUER OR AN ESCROW AGENT IN PAYMENT FOR SUCH SECURITIES. THIS RIGHT IS NOT AVAILABLE TO "QUALIFIED INSTITUTIONAL BUYERS" UNDER RULE 144A, BANKS, SAVINGS INSTITUTIONS, INSURANCE COMPANIES, REGISTERED SECURITIES DEALERS, INVESTMENT COMPANIES AS DEFINED BY THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED, OR PENSION OR PROFIT-SHARING TRUSTS.

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DESCRIPTION OF THE RECEIPTS

Introduction

The following summary does not purport to be complete and is subject to, and qualified by reference to, (a) the Deposit Agreement dated as of February 3, 1995 (the "Deposit Agreement"), between Morgan Guaranty Trust Company of New York as depositary (the "Depositary") and Lehman Brothers International (Europe) ("Lehman Brothers" or the "Manager") and (b) the Deposit and Put Agreement dated as of February 3, 1995 (the "Deposit and Put Agreement") between Morgan Guaranty Trust Company of New York as depositary and put agent (the "Depositary Put Agent") and Lehman Brothers. Receipt Holders, as hereinafter defined, will be deemed to have notice of all provisions of the Deposit Agreement, the Deposit and Put Agreement and the Fiscal Agency Agreement relating to the Debentures, each of which documents will be available for inspection at the locations listed below under "Listing and General Information—Information for Receipt Holders."

The Interest Receipts and Principal Receipts, both as hereinafter defined, are together referred to herein as the "Receipts", and each series of Receipts issued pursuant to the Deposit Agreement or the Deposit and Put Agreement is referred to herein as a "Series".

The Interest Receipts and a single Principal Deposit Certificate are being issued by the Depositary to Lehman Brothers, pursuant to the Deposit Agreement, against delivery by Lehman Brothers to the Depositary, by credit to an account with The Depositary Trust Company ("DTC"), of the Republic of Italy 6½% Debentures due September 27, 2023, in the aggregate principal amount of U.S.\$200,000,000 (the "Debentures"). The Principal Receipts and the Put Right Receipts are being issued by the Depositary Put Agent to Lehman Brothers, pursuant to the Deposit and Put Agreement, against delivery by Lehman Brothers to the Depositary Put Agent of the Principal Depositary Certificate. The Principal Depositary Certificate will evidence the entitlement to the payment of principal actually received by the Depositary in respect of the Debentures (the "Principal Payment"), and will be held by the Depositary Put Agent pursuant to the Deposit and Put Agreement. The "Principal Receipts" will comprise a single Series of Receipts (designated as Series 59) and will evidence the entitlement of the holders thereof to amounts actually received by the Depositary Put Agent in respect of the Principal Payment, subject to the Put Rights described herein. The "Interest Receipts" will comprise 58 separate Series of Receipts (designated as Series 1 to 58, as appropriate), with each Series evidencing the entitlement of the holders thereof to the corresponding amounts actually received by the Depositary in respect of a specified payment of interest (the "Interest Payment") falling due as set forth below. A "Put Right Receipt" will be issued in respect of each Interest Receipt, will be physically attached to such Interest Receipt and will evidence the right of the holder thereof to exercise the Put Rights as described herein in respect of the Interest Receipt to which it is attached.

In the event that a payment of principal in respect of the Debentures is received prior to the maturity of the Debentures, whether upon acceleration or otherwise, holders of outstanding Interest Receipts shall be entitled to put their Interest Receipts to the Depositary Put Agent, as agent for the holders of the Principal Receipts. The Debentures are not redeemable or prepayable by their terms. Set forth below is the premium (the "Put Option Premium") allocable in respect of each Series of Interest Receipts in relation to the Put Rights thereof. See "Put Rights of Interest Receipt Holders upon Prepayment of the Debentures".

The Series number, anticipated date of the payments in respect of each Series (i.e. the Principal Payment and each Interest Payment) in accordance with the terms and conditions of the Debentures, the amounts thereof, the respective security identification numbers assigned to each Series, the issue price and the Put Option Premium for each Series, are shown below. The respective dates on which payments will be made in respect of the Receipts will be determined in the manner described in "Payments" below.

<u>Series Number</u>	<u>Underlying Payments</u>	<u>Amounts in Respect of Each Interest/ Principal Payment (U.S.\$)</u>	<u>Common Code(c)</u>	<u>ISIN(c)</u>	<u>CUSIP No.(d)</u>	<u>Put Option Premium %</u>	<u>Issue Price(e) %</u>
1.(a)	Interest Payment due March 27, 1995	6,875,000	5541441	XS0055414410	—	0.000002	99.1081
2.(a)	Interest Payment due Sept. 27, 1995	6,875,000	5541476	XS0055414766	—	0.000036	95.4930
3.(b)	Interest Payment due March 27 1996	6,875,000	5541506	XS0055415060	465413AC6	0.000138	91.3994
4.(a)	Interest Payment due Sept. 27, 1996	6,875,000	5541514	XS0055415144	—	0.000338	87.7901
5.(a)	Interest Payment due March 27, 1997	6,875,000	5541522	XS0055415227	—	0.000659	84.2365
6.(a)	Interest Payment due Sept. 27, 1997	6,875,000	5541565	XS0055415656	—	0.001121	80.7569
7.(b)	Interest Payment due March 27, 1998	6,875,000	5541573	XS0055415730	465413AG7	0.001742	77.5533
8.(b)	Interest Payment due Sept. 27, 1998	6,875,000	5541581	XS0055415813	465413AH5	0.002532	74.4733
9.(b)	Interest Payment due March 27, 1999	6,875,000	5541603	XS0055416035	465413AJ1	0.003498	71.5122
10.(b)	Interest Payment due Sept. 27, 1999	6,875,000	5541611	XS0055416118	465413AK8	0.004646	68.6655
11.(b)	Interest Payment due March 27, 2000	6,875,000	5541620	XS0055416209	465413AL6	0.005977	65.9208
12.(b)	Interest Payment due Sept. 27, 2000	6,875,000	5541638	XS0055416381	465413AM4	0.007491	63.2812
13.(b)	Interest Payment due March 27, 2001	6,875,000	5541646	XS0055416464	465413AN2	0.009185	60.7430
14.(b)	Interest Payment due Sept. 27, 2001	6,875,000	5541654	XS0055416548	465413AP7	0.011055	58.3024
15.(b)	Interest Payment due March 27, 2002	6,875,000	5541689	XS0055416894	465413AQ5	0.013043	55.7481
16.(b)	Interest Payment due Sept. 27, 2002	6,875,000	5541727	XS0055417272	465413AR3	0.015228	53.4702
17.(b)	Interest Payment due March 27, 2003	6,875,000	5541735	XS0055417355	465413AS1	0.017562	51.2797
18.(b)	Interest Payment due Sept. 27, 2003	6,875,000	5541832	XS0055418320	465413AT9	0.020037	49.1733
19.(b)	Interest Payment due March 27, 2004	6,875,000	5541867	XS0055418676	465413AU6	0.022641	47.1483
20.(b)	Interest Payment due Sept. 27, 2004	6,875,000	5541883	XS0055418833	465413AV4	0.025363	45.2015

<u>Series Number</u>	<u>Underlying Payments</u>	<u>Amounts in Respect of Each Interest/ Principal Payment (U.S.\$)</u>	<u>Common Code(c)</u>	<u>ISIN(c)</u>	<u>CUSIP No.(d)</u>	<u>Put Option Premium %</u>	<u>Issue Price(e) %</u>
21.(b)	Interest Payment due March 27, 2005	6,875,000	5541905	XS0055419054	465413AW2	0.028049	43.1226
22.(b)	Interest Payment due Sept. 27, 2005	6,875,000	5541930	XS0055419302	465413AX0	0.030952	41.3259
23.(b)	Interest Payment due March 27, 2006	6,875,000	5541948	XS0055419484	465413AY8	0.033935	39.5998
24.(b)	Interest Payment due Sept. 27, 2006	6,875,000	5541972	XS0055419724	465413AZ5	0.036986	37.9419
25.(b)	Interest Payment due March 27, 2007	6,875,000	5542006	XS0055420060	465413BA9	0.040094	36.3495
26.(b)	Interest Payment due Sept. 27, 2007	6,875,000	5542022	XS0055420227	465413BB7	0.043245	34.8203
27.(b)	Interest Payment due March 27, 2008	6,875,000	5542057	XS0055420573	465413BC5	0.046428	33.3519
28.(b)	Interest Payment due Sept. 27, 2008	6,875,000	5542065	XS0055420656	465413BD3	0.049632	31.9421
29.(b)	Interest Payment due March 27, 2009	6,875,000	5542081	XS0055420813	465413BE1	0.052845	30.5886
30.(b)	Interest Payment due Sept. 27, 2009	6,875,000	5541590	XS0055415904	465413BF8	0.056055	29.2894
31.(b)	Interest Payment due March 27, 2010	6,875,000	5541760	XS0055417603	465413BG6	0.059438	28.1273
32.(b)	Interest Payment due Sept. 27, 2010	6,875,000	5541786	XS0055417868	465413BH4	0.062831	27.0138
33.(b)	Interest Payment due March 27, 2011	6,875,000	5541808	XS0055418080	465413BJ0	0.066226	25.9468
34.(b)	Interest Payment due Sept. 27, 2011	6,875,000	5541875	XS0055418759	465413BK7	0.069616	24.9244
35.(b)	Interest Payment due March 27, 2012	6,875,000	5541913	XS0055419138	465413BL5	0.072993	23.9445
36.(b)	Interest Payment due Sept. 27, 2012	6,875,000	5541956	XS0055419567	465413BM3	0.076350	23.0052
37.(b)	Interest Payment March 27, 2013	6,875,000	5541999	XS0055419997	465413BN1	0.079682	22.1049
38.(b)	Interest Payment due Sept. 27, 2013	6,875,000	5542049	XS0055420490	465413BP6	0.082982	21.2419
39.(b)	Interest Payment due March 2, 2014	6,875,000	5542073	XS0055420730	465413BQ4	0.086244	20.4144
40.(b)	Interest Payment due Sept. 27, 2014	6,875,000	5542111	XS0055421118	465413BR2	0.089464	19.6210

<u>Series Number</u>	<u>Underlying Payments</u>	<u>Amounts in Respect of Each Interest/Principal Payment (U.S.\$)</u>	<u>Common Code(c)</u>	<u>ISIN(c)</u>	<u>CUSIP No.(d)</u>	<u>Put Option Premium %</u>	<u>Issue Price(e) %</u>
41.(b)	Interest Payment due March 27, 2015	6,875,000	5542197	XS0055421977	465413BS0	0.092636	18.8604
42.(b)	Interest Payment due Sept. 27, 2015	6,875,000	5542219	XS0055422199	465413BT8	0.095755	18.1309
43.(b)	Interest Payment due March 27, 2016	6,875,000	5542235	XS0055422355	465413BU5	0.098818	17.4313
44.(b)	Interest Payment due Sept. 27, 2016	6,875,000	5542103	XS0055421035	465413BV3	0.101820	16.7603
45.(b)	Interest Payment due March 27, 2017	6,875,000	5542138	XS0055421381	465413BW1	0.104758	16.1167
46.(b)	Interest Payment due Sept. 27, 2017	6,875,000	5542189	XS0055421894	465413BX9	0.107629	15.4992
47.(a)	Interest Payment due March 27, 2018	6,875,000	5541697	XS0055416977	—	0.110429	14.9068
48.(a)	Interest Payment due Sept. 27, 2018	6,875,000	5541751	XS0055417512	—	0.113157	14.3384
49.(a)	Interest Payment due March 27, 2019	6,875,000	5541778	XS0055417785	—	0.115809	13.7929
50.(a)	Interest Payment due Sept. 27, 2019	6,875,000	5541794	XS0055417942	—	0.118348	13.2695
51.(a)	Interest Payment due March 27, 2020	6,875,000	5541816	XS0055418163	—	0.120879	12.7671
52.(a)	Interest Payment due Sept. 27, 2020	6,875,000	5541824	XS0055418247	—	0.123294	12.2850
53.(a)	Interest Payment due March 27, 2021	6,875,000	5541859	XS0055418593	—	0.125627	11.8221
54.(a)	Interest Payment due Sept. 27, 2021	6,875,000	5541891	XS0055418916	—	0.127876	11.3778
55.(a)	Interest Payment due March 27, 2022	6,875,000	5541921	XS0055419211	—	0.131779	11.0948
56.(a)	Interest Payment due Sept. 27, 2022	6,875,000	5541964	XS0055419641	—	0.133920	10.6824
57.(a)	Interest Payment due March 27, 2023	6,875,000	5542014	XS0055420144	—	0.137859	10.4263
58.(a)	Interest Payment due Sept. 27, 2023	6,875,000	5542090	XS0055420904	—	0.141863	10.2000
59.(a)	Principal Payment due Sept. 27, 2023	200,000,000	5540828	XS0055408289	—	—	10.2000

Notes: (a) Series in bearer form.

(b) Series in registered form.

(c) Bearer Receipts or Regulation S Global Receipts.

(d) Restricted Global Receipts.

(e) Inclusive of Put Option Premium, if any.

Form and Transfer of Receipts

Interest Receipts of Series 3 and Series 7 to 46, sold to U.S. institutional accredited investors within the meaning of Rule 501(a)(1)-(3), or to qualified institutional buyers in reliance on Rule 144A, will be represented by a single, permanent global Receipt relating to each such Series (each a "Restricted Global Receipt"), in fully registered form, deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company ("DTC"). Beneficial interests in such Restricted Global Receipts (each a "Restricted Receipt") will trade in DTC's Same-Day Funds Settlement System, and secondary market trading activity in such Restricted Global Receipts will therefore settle in immediately available funds. Beneficial interests in each Restricted Global Receipt will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants. Interest Receipts of each such Series sold in offshore transactions in reliance on Regulation S of the Securities Act ("Regulation S") will be represented by a single, permanent global Receipt relating to each such Series (each a "Regulation S Global Receipt"), in fully registered form deposited with a common depositary for, and registered in the name of a nominee of, Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System ("Euroclear"), and Cedel Bank, société anonyme ("Cedel"). On or prior to March 15, 1995 (the "Exchange Date"), beneficial interests in each Regulation S Global Receipt may be held only through Euroclear or Cedel. Definitive Interest Receipts in respect of a Series in registered form will not be issued unless one or more of DTC, Euroclear or Cedel (together, the "Clearing Systems") notifies the Depositary (and the Depositary Put Agent, if applicable) that (i) in the case of DTC, it is unwilling or unable to continue as depositary for a Global Receipt of such Series, or if it ceases to be a clearing agency registered under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), and a successor clearing agency is not appointed by the Depositary in 90 days or (ii) in the case of Euroclear and Cedel, if one or both shall cease to carry on business as a Clearing System or shall announce that they have ceased to carry on business as a Clearing System.

Interest Receipts of Series 1 and 2, Series 4 to 6, Series 47 to 58 and the Principal Receipts (Series 59) will be represented initially by a single, temporary global bearer Receipt relating to each such Series (each a "Temporary Bearer Global Receipt"), deposited on or about February 3, 1995 with a common depositary for Euroclear and Cedel. The Temporary Bearer Global Receipt for each such Series will be exchangeable for definitive Receipts in bearer form (the "Bearer Receipts") of such Series on or after the Exchange Date upon certification of non-U.S. beneficial ownership. The Regulation S Global Receipts, the Restricted Global Receipts and the Temporary Bearer Global Receipts are referred to collectively as the "Global Receipts".

The Receipts shall be issued in face amount denominations of \$1,000, \$10,000 or \$100,000 in the case of Bearer Receipts and, in the case of Restricted Global Receipts or Regulation S Global Receipts, beneficial interests therein will be transferable in a minimum face amount denomination of \$250,000 and in increments of \$1,000 thereon. Bearer Receipts issued in one denomination will not be exchangeable into Bearer Receipts issued in another denomination.

The person for the time being appearing in the books of the Depositary as the holder of a Global Receipt (each a "Global Receipt Holder") shall be treated for all purposes by the Depositary, the Depositary Put Agent, the Paying Agents (as hereinafter defined) and all persons dealing with such person, as the holder thereof and no person shall be liable for so treating such person.

The person for the time being in possession of a Bearer Receipt (each a "Bearer Receipt Holder" and together with holders of a Global Receipt, the "Receipt Holders") shall be treated for all purposes by the Depositary, the Depositary Put Agent, the Paying Agents and all persons dealing with such person, as the holder thereof and no person shall be liable for so treating such person.

The transfer of a beneficial interest in a Global Receipt may be effected only through the appropriate Clearing System in accordance with its respective rules. Title of a Global Receipt shall pass

upon registration of the transfer in the books of the Depositary or the Depositary Put Agent (as the case may be). The transfer of a Bearer Receipt may be effected only by transfer of possession thereof.

On or before the Exchange Date, transfers of an interest in a Regulation S Global Receipt to a transferee who elects or is required to take delivery of such interest through a Restricted Global Receipt will be made only upon receipt by the Depositary of a written certification from the transferor that such transfer is made to a person whom the transferor reasonably believes is a qualified institutional buyer (as defined in Rule 144A) in a transaction meeting the requirements of Rule 144A, or pursuant to any other exemption from the registration requirements of the Securities Act, and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. Transfers during such period of an interest in a Restricted Global Receipt to a transferee who elects to take delivery of such interest through a Regulation S Global Receipt will be made only upon receipt by the Depositary of a written certification from the transferor to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S of the Securities Act (“Regulation S”) or, if available, that such interest in the Restricted Global Receipt is not a “restricted security” within the meaning of Rule 144 of the Securities Act.

In addition, in the event that the Receipts are not assigned a rating in one of the four highest categories assigned to long-term debt, or in an equivalent short-term category, by at least one nationally recognized statistical rating organization, transfers of beneficial interests in a Restricted Global Receipt shall be made only upon receipt by the Depositary of a written certification in the form available with the Depositary.

The Principal Depositary Certificate will be issued as a single, definitive Receipt, in fully registered form, deposited with and registered in the name of the Depositary Put Agent.

Each Put Right Receipt will be issued in the same form (either bearer or registered) as the Interest Receipt to which it is attached, and will be transferable only with, and in the same manner as, its attached Interest Receipt.

The Clearing Systems

DTC. DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. DTC participants include securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to the DTC system also is available to indirect DTC participants such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly.

Because DTC can act only on behalf of DTC participants, who in turn act on behalf of indirect DTC participants and certain banks, the ability of an owner of a beneficial interest in a global security to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for such interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests in a global security to such persons may be limited. In addition, beneficial owners of securities through the DTC system will receive distributions of principal and interest on the securities only through DTC participants.

Euroclear and Cedel. Euroclear and Cedel hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants

through electronic book-entry changes in accounts of such participants. Euroclear and Cedel provide their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Cedel interface with domestic securities markets. Euroclear and Cedel participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Cedel is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Cedel participant, either directly or indirectly.

Initial Settlement

Investors electing to hold their securities through DTC (other than through accounts at Euroclear or Cedel) follow the settlement practices applicable to U.S. corporate debt obligations. The securities custody accounts of investors will be credited with their holdings against payment in same-day funds on the settlement date.

Investors electing to hold their securities through Euroclear or Cedel accounts follow the settlement procedures applicable to conventional eurobonds. Securities will be credited to the securities custody accounts of Euroclear holders on the business day following the settlement date against payment for value on the settlement date and of Cedel holders on the settlement date against payment in same-day funds.

Secondary Market Trading

Trading between Euroclear and/or Cedel participants: Secondary market sales of book-entry interests in the Receipts held through Euroclear or Cedel to purchasers of book-entry interests in the Receipts through Euroclear or Cedel will be conducted in accordance with the normal rules and operating procedures of Euroclear and Cedel and will be settled using the procedures applicable to conventional eurobonds.

Trading between DTC participants: Secondary market sales of book-entry interests in the Receipts between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations in DTC's SDFS system in same-day funds, if payment is effected in U.S. dollars, or free of payment, if payment is not effected in U.S. dollars. Where payment is not effected in U.S. dollars separate payment arrangements outside DTC are required to be made between the DTC participants.

Trading between DTC seller and Euroclear/Cedel purchaser: When book-entry interests in Receipts are to be transferred from the account of a DTC participant holding a beneficial interest in a Restricted Global Receipt to the account of a Euroclear or Cedel participant wishing to purchase a beneficial interest in a Regulation S Global Receipt (subject to such certification procedures as provided in the Deposit Agreement or the Deposit and Put Agreement), the DTC participant will deliver the book-entry interests in the Receipts free of payment by 3:00 p.m., New York time, on the settlement date to the custodian's account at DTC together with instructions for delivery to the relevant Euroclear or Cedel participant. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Cedel participant. On the settlement date, the custodian will instruct the Depository to (i) decrease the amount of Receipts registered in the name of Cede & Co. and evidenced by the Restricted Global Receipt and (ii) increase the amount of Receipts registered in the name of the nominee of the common depository for Euroclear and Cedel and evidenced by the Regulation S Global Receipt. Book-entry interests will be delivered free of payment to Euroclear or Cedel, as the case may be, for credit to the relevant participant's account on the second business day following the settlement date.

Trading between Euroclear/Cedel seller and DTC purchaser: When book-entry interests in the Receipts are to be transferred from the account of a Euroclear or Cedel participant to the account of a DTC participant wishing to purchase a beneficial interest in a Restricted Global Receipt (subject to such certification procedures as provided in the Deposit Agreement or the Deposit and Put Agreement), the Euroclear or Cedel participant must send to Euroclear or Cedel delivery free of payment instructions by 10:00 a.m., Brussels or Luxembourg time, one business day prior to the settlement date. Euroclear or Cedel, as the case may be, will in turn transmit appropriate instructions to the common depositary for Euroclear and Cedel and the Depositary to arrange delivery to the DTC participant on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Cedel participant, as the case may be. On the settlement date, the common depositary for Euroclear and Cedel will (a) transmit appropriate instructions to the custodian who will in turn deliver such book-entry interests in the Receipts free of payment to the relevant account of the DTC participant and (b) instruct the Depositary to (i) decrease the amount of Receipts registered in the name of the nominee of the common depositary for Euroclear and Cedel and evidenced by the Regulation S Global Receipt and (ii) increase the amount of Receipts registered in the name of Cede & Co. and evidenced by the Restricted Global Receipt.

Although the foregoing sets out the procedures of Euroclear, Cedel and DTC in order to facilitate the transfers of interests in the Receipts among participants of DTC, Cedel and Euroclear, none of Euroclear, Cedel or DTC is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Depositary nor the Manager, nor any agent or any manager or any affiliate of any of the above, or any person by whom any of the above is controlled for the purposes of the Securities Act, will have any responsibility for the performance by DTC, Euroclear and Cedel or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

Status and Nature of Depositary's and Depositary Put Agent's Obligations

The Principal Receipts evidence the obligation of the Depositary Put Agent, subject as provided in the Deposit and Put Agreement, to pay to the holders thereof amounts in respect of the Principal Payment actually received by the Depositary Put Agent in respect of the Principal Depositary Certificate, subject to the exercise of the Put Rights of Interest Receipt holders as described under "Put Rights of Interest Receipt Holders upon Prepayment of the Debentures." The Principal Depositary Certificate, in turn, constitutes the obligation of the Depositary, subject as provided in the Deposit Agreement, to pay to the holder thereof (the Depositary Put Agent) amounts in respect of the Principal Payment actually received by the Depositary.

Interest Receipts evidence the obligation of the Depositary, subject as provided in the Depositary Agreement, to pay to the holders of each Series of Interest Receipts, amounts in respect of the corresponding Interest Payment actually received by the Depositary. Each Series of Interest Receipts corresponds to, and shall be payable only from and to the extent of, moneys actually received in respect of, a specified Interest Payment.

The Depositary shall not be liable to make any payment in respect of the Interest Receipts or the Principal Depositary Certificate other than as provided in the Deposit Agreement, and the Depositary Put Agent will not be liable to make any payment in respect of the Principal Receipts other than as provided in the Deposit and Put Agreement.

If any amount actually received by the Depositary in respect of the Debentures is paid in a currency other than Dollars, the Depositary shall convert such amount into Dollars in such manner as the Depositary determines is then customary for the conversion into Dollars of funds in that currency and in the amount of such payment.

In the event that the Depositary receives any notes, debentures, securities or other assets or property (collectively, "Non-Cash Property") in exchange for, or as payment (in whole or in part) of the Debentures, such Non-Cash Property will be distributed by the Depositary and the Depositary Put Agent, to the greatest extent practicable, to Receipt Holders. Non-Cash Property actually received by the Depositary with respect to Interest Payments on the Debentures will be distributed among holders of corresponding Interest Receipts. Non-Cash Property actually received by the Depositary with respect to the Principal Payment will be distributed to the Depositary Put Agent (as the holder of the Principal Depositary Receipt), which in turn, subject to the exercise of the Put Rights of Interest Receipt holders as described herein, will distribute such Non-Cash Property among the holders of the Principal Receipts on a pro-rata basis.

Purchasers of the Receipts are deemed to have notice of, and to have accepted that:

(a) none of the Depositary, the Depositary Put Agent or the Manager makes any representation or warranty, and shall at no time have any responsibility for, or liability or obligation in respect of, the legality, validity, binding effect, adequacy or enforceability of the Debentures, the performance and observance by the Republic of Italy as issuer thereof (the "Republic of Italy") of its obligations under the Debentures, or the recoverability of any sum of principal or interest due or to become due from the Republic of Italy in respect of the Debentures;

(b) none of the Depositary, the Depositary Put Agent or the Manager shall at any time have any responsibility for, or obligation or liability in respect of, the financial condition, creditworthiness, affairs, status or nature of the Republic of Italy;

(c) none of the Depositary, the Depositary Put Agent or the Manager shall at any time be liable for any act, default or omission of the Republic of Italy under or in respect of the Debentures;

(d) payments in respect of any Series of Interest Receipts will only be made to the extent of any amounts actually received by the Depositary in respect of the corresponding Interest Payments on the Debentures and, in respect of the Principal Receipts, by the Depositary Put Agent in respect of the Principal Payment;

(e) none of the Depositary, the Depositary Put Agent or the Manager shall be under any obligation to exercise in favour of the Receipt Holders any rights of set-off or of bankers lien or of counterclaim that may arise out of any other transactions between the Republic of Italy and the Depositary, the Depositary Put Agent or the Manager;

(f) the Depositary, the Depositary Put Agent and the Manager shall be free to enter into other dealings with each other, or with the Republic of Italy, of any nature whatsoever;

(g) subject to the exercise of Put Rights as described herein, holders of a particular Series of Interest Receipts shall only have recourse to the Interest Payments corresponding to that Series and shall have no claim against the Manager, the Depositary, the Depositary Put Agent, or any other person, or for Interest Payments in respect of any other Series;

(h) holders of Principal Receipts shall only have recourse to the Principal Payment, subject to the Put Rights described herein, and shall have no claim against the Manager, the Depositary, the Depositary Put Agent or any other person; and

(i) none of the Depositary, the Depositary Put Agent or the Manager shall be under any obligation to do anything in respect of the Debentures save as specifically described herein and as provided in the Deposit Agreement or the Deposit and Put Agreement, as applicable.

Neither the Depositary nor the Depositary Put Agent shall be liable to any Receipt Holder for any act or thing to be done or performed under the terms of the Deposit Agreement or the Deposit and Put Agreement, as the case may be, or for any delay in acting or performing or for any lack of action or

nonperformance, if the Depositary or Depositary Put Agent shall be prevented or forbidden from acting or performing by reason of any present or future law or regulation of the United States of America or any other governmental agency or authority whose laws and regulations govern or apply to the Depositary or the Depositary Put Agent, as the case may be, or by reason of any act of God, war or other circumstances beyond the Depositary's or the Depositary Put Agent's control, or if by reason of such action or performance either shall be subject to any civil or criminal penalty.

In the event of a bankruptcy or dissolution of the Depositary or the Depositary Put Agent, the trustee, liquidator or receiver of the Depositary or the Depositary Put Agent shall, as soon as practicable, give notice thereof to the Receipt Holders, as provided herein, and, to the extent that moneys have been actually received by the Depositary or the Depositary Put Agent in respect of the Principal Payment or any Interest Payment, corresponding Receipt Holders shall be entitled to claim such moneys.

Morgan Guaranty Trust Company of New York is the Depositary and the Depositary Put Agent. The administrative functions of the Depositary and the Depositary Put Agent (including the receipt of moneys in respect of the Debentures or the Principal Depositary Certificate, as applicable, and the distribution thereof to Receipt Holders; the giving of notices, and the receipt thereof, as provided in the Deposit Agreement, or Deposit and Put Agreement, as applicable; and the maintaining of the register as provided in the Deposit Agreement or Deposit and Put Agreement, as applicable) shall be performed by Morgan Guaranty Trust Company of New York, Brussels office.

In the event that during the life of any Series herein described the long-term debt rating of the Depositary by Standard & Poor's Ratings Group ("S&P") falls below S&P's rating of the Debentures, the Manager may, at its discretion, replace the Depositary, in its capacity as the Depositary under the Deposit Agreement as well as the Depositary Put Agent pursuant to the Deposit and Put Agreement, with a successor, or successors, as applicable, with long-term debt rated by S&P at or above the S&P rating at that time assigned to the Debentures.

Custody of the Debentures and the Principal Depositary Certificate

Pursuant to the Depositary Agreement and the Depositary and Put Agreement, respectively, each of the Depositary and the Depositary Put Agent will undertake that:

(a) the Depositary will hold the Debentures, and the Depositary Put Agent will hold the Principal Depositary Certificate, deposited with it in safe custody, segregated from its other assets and from those assets which it holds for the account of third parties, and will exercise the same care in relation thereto as it would exercise in relation to its own assets, provided that the Depositary shall hold the Debentures in its participant account at DTC for so long as the Debentures remain eligible for book-entry ownership through DTC;

(b) it will not sell, transfer, assign, pledge, encumber or otherwise dispose of the Debentures or the Principal Depositary Certificate, as applicable, so held by it, or any interest therein;

(c) pending disbursement to the relevant Receipt Holders, it will hold all moneys received by it in respect of the Debentures or the Principal Depositary Certificate, as applicable, whether for the Principal Payment or Interest Payments, in a separate account, segregated from its own funds, in trust for and on behalf of the corresponding Receipt Holders;

(d) upon the occurrence of any event (an "Acceleration Event") known to the Depositary that would give rise to the right of holders of the Debentures to accelerate payment of the Debentures, the Depositary will give notice of such event to the holders of the Interest Receipts and to the Depositary Put Agent (as the holder of the Principal Depositary Certificate); and in turn the Depositary Put Agent will give notice of the Acceleration Event to the holders of the Principal Receipts. Following an Acceleration Event, upon written instructions of a majority of the votes of

Receipt Holders (calculated as described below), and upon the provision of indemnities satisfactory to the Depositary, the Depositary shall take all actions, as instructed by the Receipt Holders, and as required or permitted by the Debenture Conditions, to accelerate and obtain payment in respect of the Debentures. The Depositary shall not be required to take such action unless so instructed by the Receipt Holders and indemnified to its satisfaction. In this respect, and at any given time, each Receipt shall entitle the holder thereof to the number of votes equal to 1 multiplied by the Accreted Value of such Receipt at such time. The "Accreted Value" of any Receipt at any given time shall be the value derived from the following formula:

$$\text{Accreted Value} = F \times I \times (1 + Y/2)^{(D/180)}$$

Where:

- F = The face amount of the Interest Receipt or the Principal Depositary Certificate;
- I = The issue price, including the put premium, in respect of the Interest Receipt or the Principal Depositary Certificate;
- Y = $2 \times [(1/I)^{(180/t)} - 1]$;
- D = The number of days elapsed from the Closing Date with respect to the Interest Receipt or the Principal Depositary Certificate calculated on the basis of a 360 day year consisting of 12 months of 30 days each, and, in the case of an incomplete month, the actual number of days elapsed; and
- t = The total number of days between the Closing Date and the Payment Date with respect to the Interest Receipt or the Principal Depositary Certificate calculated on the basis of a 360 day year consisting of 12 months of 30 days each, and, in the case of an incomplete month, the actual number of days elapsed.

In respect of any interest evidenced by a Global Receipt, votes may be exercised in respect of the Accreted Value of such Global Receipt or any portion thereof; and

(e) it will not agree to any amendment to, or waiver of, the terms and conditions of the Debentures, or the Fiscal Agency Agreement relating to the Debentures (collectively, the "Debenture Conditions"), but will give notice to the Receipt Holders of any amendment or waiver sought by the Republic of Italy and shall act only upon, and in accordance with, the written instructions of the majority of the votes of Receipt Holders, to approve or reject such amendment or waiver of the Debenture Conditions. In this respect, the Receipt Holders shall be entitled to the votes determined on the basis of their Accreted Value, as described above.

Put Rights of Interest Receipt Holders upon Prepayment of the Debentures

Pursuant to the Deposit and Put Agreement, each holder of an outstanding Interest Receipt will be entitled to put its Interest Receipt (such right is referred to as a "Put Right") for purchase by the Depositary Put Agent, as agent for the Principal Receipt Holders, as described below.

If and when the Depositary Put Agent receives any moneys with respect to the Principal Payment (other than upon the maturity of the Debentures), whether after the occurrence of an Acceleration Event or otherwise, the Depositary Put Agent will promptly give notice (the "Put Notice") of such receipt of moneys to all Receipt Holders, which notice shall state that the holders of the Interest Receipts then outstanding shall be entitled to exercise their Put Rights to sell to the Depositary Put Agent (acting as the agent for the holders of the Principal Receipts) their Interest Receipts, on the Put Date specified in such notice, at the Put Price described below. The Put Notice shall also instruct all holders of Interest Receipts (including those holding beneficial interests in a Global Receipt) to directly contact the Depositary Put Agent, or any Paying Agent, to obtain the form of Exercise Notice hereinafter defined. The "Put Date" shall be the date falling 30 days after the date of the Put Notice or, if such day is not a Business Day, the next succeeding Business Day. The term "Business Day" means a day, other than a Saturday or Sunday, on which banks and foreign exchange markets in New York, London and Brussels are open for business. The "Put Price" for any Interest Receipt shall be equal to that portion (the "Put Portion") of the moneys received by the Depositary Put Agent on the Principal Depositary Certificate (together with all interest thereon from the investment thereof, if any, to the Put Date) that is equal to the proportion that the Accreted Value of such Interest Receipt bears to the aggregate Accreted Value for all Receipts (both Interest Receipts and Principal Receipts) then outstanding, calculated as of the date of the Put Notice. On the Put Date, the remaining funds then held by the Depositary Put Agent, after payment of the Put Price to all exercising Interest Receipt holders, shall be distributed on a pro-rata basis to the holders of the Principal Receipts.

Any moneys received by the Depositary Put Agent with respect to the Principal Payment, prior to the maturity of the Debentures, shall be invested, to the extent practicable (upon receipt and until the Put Date), by the Depositary Put Agent in U.S. government securities or commercial paper rated at least "A-1 +" by S&P and "P-1" by Moody's Investors Service, Inc., in either case maturing no later than the Business Day preceding the Put Date.

The Put Rights in respect of any Interest Receipt may be exercised by the holder thereof by (i) providing to the Depositary Put Agent or to the Paying Agent in Luxembourg written notice (the "Exercise Notice") (in the form available from the Depositary Put Agent and any Paying Agent, including the Paying Agent in Luxembourg), not later than five Business Days prior to the Put Date and (ii) surrendering such Interest Receipt (if in definitive bearer form) to any Paying Agent or, if such Interest Receipt is a Global Receipt, to the Depositary Put Agent, in each case not later than five Business Days immediately preceding the Put Date. Holders of beneficial interests in a Global Receipt shall surrender such interests by instructing the relevant Clearing System to transfer their beneficial interests to the account of the Depositary Put Agent with the relevant Clearing System. Holders of beneficial interests who do not exercise their Put Rights shall be subject to the procedures of the relevant Clearing System. In respect of DTC, upon receipt of the Put Notice from the Depositary Put Agent, DTC shall surrender its Global Receipts (or cause them to be surrendered if held by a custodian for it) to the Depositary Put Agent and shall close all positions on its books with respect thereto. Thereupon DTC shall provide the Depositary Put Agent with a final position listing of its participants with respect to the relevant Global Receipt, including contact name(s), addresses, telephone and facsimile numbers (if any). Thereafter, any payments to be made with respect to such beneficial interests shall be made by wire transfer or check from the Depositary Put Agent to the persons identified in such position listing. The Exercise Notice in respect of the Interest Receipts shall include the identity of the Interest Receipt holder providing such notice, its address and bank details for the receipt of moneys payable in respect of the Put Right, including any Deferred Put Payment as hereinafter defined. The Put Right attaching to any Interest Receipt that is not duly exercised shall lapse and be of no further effect. On the Put Date, the amount payable to such Interest Receipt holder shall be paid by wire transfer from the Depositary Put Agent. All Interest Receipts so surrendered or transferred shall be deemed to have been purchased by the holders of the Principal Receipts and shall be held by the Depositary Put Agent on behalf of all Principal Receipt holders.

In the event that less than all of the Principal Payment is actually received by the Depositary Put Agent, a holder of an Interest Receipt who duly exercises its Put Rights will be entitled to receive, after the Put Date, as a deferred payment or payments of the Put Price (a "Deferred Put Payment") for such Interest Receipts, an additional amount or amounts, if any, later received by the Depositary Put Agent in respect of the Principal Payment. In such event, the amount payable on a Deferred Put Payment to any Interest Receipt holder will be the Put Portion of the amount received at such time by the Depositary Put Agent in respect of the Principal Payment. The amount of the Principal Payment that remains following the Deferred Put Payments will be distributed pro-rata to the holders of the Principal Receipts. Deferred Put Payments shall be made by the Depositary Put Agent, as soon as practicable, following receipt by it of moneys in respect thereof, and shall be made by wire transfer to the accounts specified in the relevant Exercise Notices. Any amounts of Principal Payment remaining following the Deferred Put Payments shall be paid to holders of the Principal Receipts as described below under "Payments".

In the event that, prior to the maturity date of the Debentures, Non-Cash Property is received by the Depositary Put Agent in respect of the Principal Payment, it shall distribute such Non-Cash Property (together with any cash received by the Depositary Put Agent in respect of the Principal Payment) as payment of the Put Price to exercising Interest Receipt holders (and otherwise to the Principal Receipt holders) in the manner described above. Such distributions shall be based on the value ascribed to such Non-Cash Property by a financial advisor appointed by the Depositary Put Agent for such purpose. The Depositary Put Agent shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith and in reliance on the opinion or advice of such financial advisor.

The payment of the Put Price to any Interest Receipt holder will be payable only from and to the extent of moneys actually received by the Depositary Put Agent in respect of the Principal Payment. This may result in the payment of the Put Price in an amount that is less than the Accreted Value of an Interest Receipt. Except to the extent of the obligations of the Depositary Put Agent under the Deposit and Put Agreement, and of the Depositary under the Deposit Agreement, no holder of an Interest Receipt shall have any recourse to any holder of a Principal Receipt, the Depositary Put Agent, the Depositary or the Manager for any shortfalls in amounts received in respect of the Put Price.

Each Put Right Receipt will evidence the right of the holder thereof to exercise its Put Rights in respect of the Interest Receipts to which it is attached, and the Put Rights attendant thereto will not be exercisable separately from the attached Interest Receipt.

The obligations of the Principal Receipt holders, through the Depositary Put Agent as agent for the Principal Receipt holders, to purchase Interest Receipts pursuant to the exercise of Put Rights, constitute unconditional and irrevocable undertakings of the Principal Receipt holders, to the extent provided in the Deposit and Put Agreement, in favor of all Interest Receipt holders of all Series from time to time. Each Principal Receipt shall be subject to the Put Rights of the Interest Receipt holders, and each Principal Receipt holder from time to time, by its purchase and holding of a Principal Receipt, agrees to be bound with respect thereto.

Payments

Payments in respect of Receipts of any Series will be made in Dollars.

On the relevant Payment Date (as defined below), payments in respect of Interest Receipts evidenced by a Restricted Global Receipt or a Regulation S Global Receipt will be made by the Depositary by wire transfer to the relevant Clearing System, or its nominee, as the registered holder thereof, and payments in respect of the Principal Depositary Receipt will be made by the Depositary by wire transfer to the Depositary Put Agent, as the registered holder thereof. No payments shall be made in respect of interests evidenced by a Temporary Bearer Global Receipt except in exchange for and upon surrender of Bearer Receipts received in respect of such interests on or following the Exchange Date. The Depositary expects that the relevant Clearing System will immediately credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the relevant Global Receipt as shown on the records of such Clearing System.

Payments in respect of Bearer Receipts shall be made by a Paying Agent (as defined below under "Paying Agents") to Bearer Receipt holders, on or after the Payment Date in respect of each Bearer Receipt, as applicable, upon surrender of the Bearer Receipts to such Paying Agent. Such payment will be made by Dollar check or, at the option of a holder, by transfer to a Dollar account maintained by such holder. Presentation of a Bearer Receipt must be done in person by the holder thereof at the address of a Paying Agent listed herein (or as hereafter notified by the Depositary or the Depositary Put Agent, as applicable). The Depositary shall receive the Principal Payment or Interest Payments underlying the Bearer Receipts in a segregated account and shall disburse amounts in respect of Interest Receipts from said account to Paying Agents against presentation to it by such Paying Agents of Bearer Receipts properly accepted by them for payment. The Depositary shall forward any amounts actually received by it in respect of the Principal Payment to the Depositary Put Agent who shall disburse such amounts to Paying Agents, against presentation to it by such Paying Agents of Bearer Receipts properly accepted by them for payment as provided in the Deposit and Put Agreement.

"Payment Date" means September 27, 2023 in the case of the Principal Receipts and, with respect to any Interest Receipt, either March 27 or September 27 (as the case may be) of the year in which the relevant underlying Interest Payment is payable.

If payments in respect of the Receipts are not made on the due date therefor the Depositary shall, within two Business Days after becoming aware, give notice to the Receipt Holders in accordance with the provisions herein, with a copy to the Clearing Systems.

All payments are subject in all cases to applicable fiscal laws and regulations. Any commissions or expenses shall be charged to Receipt Holders in respect of such payments.

Paying Agents

Morgan Guaranty Trust Company of New York has been appointed the initial paying agent in London and Brussels. Banque Paribas Luxembourg S.A. has been appointed the initial paying agent and transfer agent in Luxembourg. Any paying agent (or transfer agent, if appropriate) may be appointed by the Depositary or the Depositary Put Agent, as applicable, from time to time and are collectively referred to herein as "Paying Agents". The Depositary and the Depositary Put Agent, as applicable, reserve the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents; provided that they will appoint and maintain, for as long as the Receipts are listed on the Luxembourg Stock Exchange, a Paying Agent and a transfer agent in Luxembourg. The Depositary and the Depositary Put Agent, as applicable, will promptly give Receipt Holders notice of any change in Paying Agents or their specified offices or of the specified office of the Depositary or the Depositary Put Agent, as applicable.

Amendments to Deposit Agreement and Deposit Put Agreement

The form of the Interest Receipts and any provision of the Deposit Agreement may at any time and from time to time be amended by the Depositary, in any respect, as it deems necessary or desirable; provided, however, in respect of any Series of Interest Receipts, or the Principal Depositary Certificate, absent an Extraordinary Resolution (as hereinafter defined) by holders of Interest Receipts of such Series, or the Principal Depositary Certificate, in no event shall any amendment materially defer or otherwise alter the amount payable at maturity, the Payment Date of any Interest Receipt of such Series, or the Principal Depositary Certificate, or in any other manner materially adversely affect the rights of any holder of Interest Receipts of such Series, or the Principal Depositary Certificate, to receive payments made in respect of the corresponding Interest Payment, or Principal Payment, as applicable, on the Debentures. Any amendment of the Deposit Agreement that would lower the S&P rating of a Series of Interest Receipts shall require approval by an Extraordinary Resolution of the holders of Interest Receipts of such Series of Interest Receipts.

The form of the Principal Receipts and any provision of the Deposit and Put Agreement may at any time and from time to time be amended by the Depositary Put Agent, in any respect, as it deems necessary or desirable; provided, however, that absent an Extraordinary Resolution by holders of Principal Receipts, in no event shall any amendment materially defer or otherwise alter the amount payable at maturity, the Payment Date of any Principal Receipt or in any other manner materially adversely affect the rights of any holder of Principal Receipts to receive payments made on the Principal Depositary Certificate; and provided further, in respect of any Series of Interest Receipts, that absent an Extraordinary Resolution of the holders of the Interest Receipts of such Series, in no event shall any amendment in any manner adversely affect the Put Rights or exercise thereof by a holder of Interest Receipts of such Series. Any amendment of the Deposit and Put Agreement that would lower the S&P rating of a Series of Principal Receipts shall require approval by an Extraordinary Resolution of the holders of such Series of Principal Receipts.

In respect of Global Receipts, an Extraordinary Resolution shall be a written resolution sanctioned by the holders of all of such Receipts. In respect of Bearer Receipts, an Extraordinary Resolution shall be a resolution sanctioned at a meeting if adopted by persons holding or representing at least 75% of the votes at such meeting. The quorum for any meeting convened to consider an Extraordinary Resolution will be persons holding or representing a majority in Accreted Value of the relevant Receipts then outstanding, or at any adjourned meeting two or more persons being or representing not less than 25% in Accreted Value of the relevant Receipts then outstanding. Any Extraordinary Resolution duly passed shall be binding on all of the relevant Receipts (whether or not they were present at the meeting at which such resolution was passed).

Further Issues

The Depositary or the Depositary Put Agent, as applicable, may from time to time, without the consent of the Receipt Holders, but at the request of, and in agreement with, Lehman Brothers, create and issue further Receipts of any Series so as to form a single series with the Receipts of such Series.

Notices

All notices to Receipt Holders will be valid (a) for so long as the Receipts are listed in the Luxembourg Stock Exchange, if published in a daily newspaper of general circulation in Luxembourg, which is expected to be the Luxemburger Wort (b) upon publication in an English language daily newspaper of general circulation in London, which is expected to be the Financial Times, and (c) upon the mailing by first class mail, postage prepaid or upon delivery to each Clearing System. Any such notice shall be deemed to have been given on the date of such publication, mailing or delivery or, if published, mailed or delivered more than once, on the date of the first such publication, mailing or delivery.

Governing Law

The Receipts are governed by and are to be construed in accordance with the laws of the State of New York in the United States of America.

INFORMATION RELATING TO THE DEPOSITARY AND THE DEPOSITARY PUT AGENT

The Depositary and the Depositary Put Agent is Morgan Guaranty Trust Company of New York, a New York banking corporation, which has its principal office located in New York, New York. Morgan Guaranty Trust Company of New York is a commercial bank offering a wide range of banking and trust services to its customers in the New York metropolitan area, throughout the United States and around the world.

The Consolidated Balance Sheets of J.P. Morgan & Co. Incorporated ("J.P. Morgan"), the parent corporation of Morgan Guaranty Trust Company of New York, are set forth in the most recent Annual Report and Form 10-Q. The Annual Report, Form 10-K and Form 10-Q of J.P. Morgan are on file with the SEC.

The Articles of Association of Morgan Guaranty Trust Company of New York and By-Laws together with the annual report, Form 10-K and Form 10-Q of J.P. Morgan will be available for inspection at the Principal New York Office of the Depositary.

The information set forth above concerning Morgan Guaranty Trust Company of New York has been provided by Morgan Guaranty Trust Company of New York. The Manager makes no representations as to the accuracy or completeness of such information. The delivery of this Offering Circular shall not create any implication that there has not been a change in the affairs of Morgan Guaranty or any of their affiliates since the date hereof or that the information contained or referred to in this Offering Circular is correct as of any time subsequent to its date.

TAXATION

United States of America

The following discussion of certain United States federal income tax consequences to initial purchasers of Receipts who are United States persons of the purchase, ownership and disposition of Receipts represents the opinion of Dorsey & Whitney P.L.L.P., counsel to Lehman Brothers. This discussion does not purport to be a complete analysis of all the potential federal income tax effects relating to the purchase, ownership and disposition of Receipts. There can be no assurance that the Internal Revenue Service will take a similar view of such consequences. This discussion does not address all aspects of taxation that may be relevant to particular purchasers in light of their individual circumstances (including the effect of any foreign, state or local tax laws) or to certain types of purchasers (including dealers in securities, insurance companies, financial institutions, tax-exempt entities and other taxpayers subject to special rules). This discussion does not address the United States tax consequences to purchasers of Receipts who are not United States persons.

The discussion of the United States federal income tax consequences set forth below is based upon currently existing provisions of the Internal Revenue Code of 1986, as amended (the "Code"), judicial decisions, and administrative interpretations. **Because individual circumstances may differ, each prospective purchaser of Receipts is strongly urged to consult its own tax advisor with respect to its particular tax situation and the particular tax effects of any state, local, foreign or other tax laws and possible changes in the tax laws.**

For purposes of this tax discussion, "United States person" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the

United States or any political subdivision thereof or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

Investors who purchase Receipts will be treated for United States federal income tax purposes as owners of the rights to receive principal and interest on the Debentures. An investor who purchases a Principal Receipt or an Interest Receipt, either initially or in the secondary market, will be treated as purchasing an obligation issued on the purchase date with an original issue discount (the "Discount") equal to the excess of the amount payable on the Receipt at maturity of such Receipt over the purchase price paid for such Receipt. In the case of an Interest Receipt, the purchase price paid for such Receipt will be determined by allocating the total purchase price paid for such Receipt and any Put Right attached to such Receipt between such Receipt and such Put Right in proportion to their relative fair market values.

Except as provided below with respect to Receipts having a maturity of one year or less from the date of purchase, an investor purchasing a Receipt who is a United States person, whether on the cash or accrual method of accounting, will be required to take into account each year as ordinary income the daily portion of the Discount with respect to the Receipt determined by a constant-yield method for each day the Receipt is owned by the holder. The daily portion is determined by allocating to each day of the relevant accrual period a pro rata portion of an amount equal to the adjusted issue price of the Receipt multiplied by the yield to maturity of the Receipt (determined by compounding at the close of each accrual period). For purposes of these calculations, the accrual period is each six month period (or shorter period from the date of purchase) ending on a day in the calendar year corresponding to the maturity date of the Receipt or the date six months before that date. The adjusted issue price of a Receipt is its purchase price increased by previously accrued Discount. Accrued Discount will increase the holder's tax basis in the Receipt for the purpose of determining gain or loss on a sale or other disposition of the Receipt.

Gain or loss recognized on a sale or other disposition of a Receipt will be a capital gain or loss if the Receipt is held as a capital asset, and will be long-term capital gain or loss if the Receipt has been held for more than one year. Gain or loss recognized on a sale or other disposition of a Put Right will be a capital gain or loss if the Interest Receipt to which such Put Right relates is held as a capital asset, and will be long-term capital gain or loss if the Put Right has been held for more than one year. If an investor realizes a loss in respect of a Put Right as a result of a failure to exercise such Put Right, such Put Right will be deemed to have been sold or exchanged on the day it expired. If a Put Right is exercised, the amount realized by the investor on the sale of the Interest Receipt to which such Put Right relates pursuant to such exercise will be reduced by the amount paid to acquire such Put Right.

For Receipts having a maturity of one year or less from the date of purchase, certain holders, including those reporting income for federal income tax purposes under the accrual method, will be required to include the Discount with respect to such Receipts in income currently on a straight-line basis for each day during the taxable year on which such holder holds the Receipt. Such holders may elect instead to accrue the Discount under the constant-yield method (based on daily compounding). Investors not subject to this requirement will not include the Discount with respect to such Receipts in income currently as it accrues (unless they so elect), but any gain realized upon the sale or maturity of such Receipts will be ordinary income to the extent of the Discount accrued through the date of such sale or maturity on a straight-line basis. Investors who are not required, and do not elect, to accrue the Discount on these Receipts will be required to defer deductions for interest on borrowings incurred or continued to purchase or carry these Receipts in an amount not exceeding the deferred income until the deferred income is recognized.

The amount of original issue discount accrued on Receipts held by United States persons (other than corporations and other holders that are exempt from reporting requirements) will be required to be reported to the Internal Revenue Service by the payor of such original issue discount if payments of such original issue discount are made or are considered made in the United States (including payments

made by wire transfer from outside the United States to an account maintained by the holder within the United States). The amount required to be reported may not in all cases be equal to the proper amount of Discount required to be reported as taxable income by a holder of a Receipt other than the original purchaser, and holders other than such original purchasers should consult their own tax advisors regarding proper reporting of Discount on Receipts.

If a purchaser of a Receipt who is a United States person other than a corporation fails to supply an accurate taxpayer identification number or if the Secretary of the Treasury determines that such holder has not reported all interest and dividend income required to be shown on such holder's federal income tax return, a 31% backup withholding may be required in respect of any payments to such holder. Any amount so withheld may be credited against such holder's United States federal income tax liability.

United Kingdom

The comments below are of a general nature based on current United Kingdom law and practice. They relate only to the position of persons who are the absolute beneficial owners of their Receipts and may not apply to certain classes of persons such as dealers. Any Receipt holders who are in doubt as to their personal tax position should consult their professional advisers.

Subject to the potential application of the rules applying to United Kingdom paying and collecting agents, payments in respect of Receipts will not be subject to United Kingdom withholding taxes. Where the interest on the Debentures is entrusted to any person in the United Kingdom ("the UK paying agent") for payment in the United Kingdom the UK paying agent may be liable to deduct United Kingdom income tax at 25% from that payment. If the Depositary appoints another legal entity in the United Kingdom to act as a Paying Agent that entity may come to be regarded as a UK paying agent.

When any person in the United Kingdom ("the UK collecting agent") obtains payment of the interest on the Debentures on behalf of another person the UK collecting agent may be liable to deduct United Kingdom income tax at 25% from that payment. If the Depositary, acting through its United Kingdom office, receives and makes payments of interest on the Debentures the Depositary may come to be regarded as a UK collecting agent.

The Receipts will be material interests in an offshore fund (which takes the form of an unauthorized unit trust) which will not be capable of certification as a distributing fund and accordingly any gain arising on a disposal of Receipts (whether on transfer or redemption) will normally constitute income for United Kingdom taxation purposes on which persons who are resident or ordinarily resident in the United Kingdom may be subject to income tax or corporation tax (depending on their personal circumstances). Investors who are insurance companies subject to United Kingdom taxation may be deemed to dispose of and immediately reacquire any material interest in an offshore fund held by them at the end of each accounting period. Any amount received on the redemption of an Interest Receipt is likely to be subject to tax as an income item for United Kingdom tax purposes.

The issue of the Receipts will not be subject to United Kingdom stamp duty or stamp duty reserve tax. Agreements to transfer the Receipts will not be subject to United Kingdom stamp duty reserve tax. Transfer of Receipts which are executed in the United Kingdom or otherwise relate to anything which is done or to be done in the United Kingdom may be subject to United Kingdom stamp duty but the failure to have any such transfers duly stamped will not prevent the recording of these transfers by the Depositary in any register which it maintains outside the United Kingdom.

Other Countries

NO OPINION IS BEING RENDERED IN RESPECT OF ITALIAN OR OTHER TAX CONSEQUENCES (OTHER THAN THE CERTAIN UNITED STATES FEDERAL INCOME TAX AND UNITED KINGDOM TAX CONSEQUENCES HEREIN DESCRIBED) TO ANY INVESTOR. PROSPECTIVE INVESTORS IN ALL JURISDICTIONS ARE URGED TO CONSULT THEIR OWN PROFESSIONAL ADVISORS REGARDING THE POSSIBLE TAX CONSEQUENCES OF BUYING, HOLDING, SELLING OR REDEEMING THE RECEIPTS.

INVESTMENT CONSIDERATIONS

Potential investors should have regard, inter alia, of the following special factors:

1. Neither the Depositary nor the Depositary Put Agent is liable to gross up any payments in respect of the Receipts or the Principal Depositary Certificate.
2. The Manager has made certain payments in connection with the issue of the Receipts which are only expected to be sufficient to pay the costs of the issuance of the Receipts, obtaining and maintaining the listing of the Receipts on the Luxembourg Stock Exchange and the fees and expenses of the Depositary, the Depositary Put Agent and the Paying Agents.
3. No payment will be made in respect of any Series save to the extent of the amounts of the Principal Payment (in the case of Principal Receipts) and Interest Payments (in the case of corresponding Interest Receipts) actually received by or on behalf of the Depositary in respect of the Debentures or the Principal Depositary Certificate, subject to the provisions relating to the exercise of the Put Rights by Interest Receipt holders (see "Description of the Receipts—Status and Nature of Depositary's and Depositary Put Agent's Obligations" and —"Put Rights of Interest Receipt Holders upon Prepayment of the Debentures"). Payment in respect of any Series is therefore dependent upon payment by the Republic of Italy in respect of its obligations pursuant to the Debentures.

PLAN OF DISTRIBUTION

The Interest Receipts are being issued to the Manager against delivery of the Debentures pursuant to the Deposit Agreement. The Principal Receipts are being issued to the Manager against delivery of the Principal Depositary Certificate pursuant to the Deposit and Put Agreement. The deemed purchase price for each series of Receipts will be the issue price therefor as set forth under "Description of the Receipts—Introduction", provided however, that the Receipts of any Series may be resold at prices other than the issue price, which price may vary among purchasers and from time to time.

The Manager has appointed GEMINA Europe Bank S.A. as selling agent in respect of the offering and sale of certain of the Receipts.

No action has been or will be taken by the Depositary, the Depositary Put Agent or the Manager that would permit a public offering of the Receipts or possession or distribution of any offering material in relation to the Receipts in any jurisdiction where any action for that purpose is required. No offers, sales or deliveries of any Receipts or distribution or any offering material relating to the Receipts may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations of any jurisdiction and will not impose any obligation on the Depositary or the Depositary Put Agent.

The Bearer Receipts are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States, or its possessions or to United States persons, except in transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

The Manager has agreed that it will not offer, sell or deliver the Receipts (i) as part of their distribution at any time, or (ii) otherwise until the date which is 40 days after the later of the commencement of the offering and the issue of the Receipts, within the United States or to, or for the account or benefit of, U.S. persons (except as permitted by Rule 144A or pursuant to any other exemption from the registration requirements of the Securities Act), and it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration, to which it sells Receipts during the restricted period, a confirmation or other notice setting forth the restrictions on offers and sales of the Receipts within the United States or to, or for the account or benefit of, U.S.

persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until the expiration of the 40-day period referred to above, an offer or sale of Receipts within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act or pursuant to another exemption from registration under the Securities Act.

The Manager has represented and agreed that (a) it has complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the Receipts in, from or otherwise involving the United Kingdom and (b) it has only issued or passed on, and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of the Receipts to a person who is of a kind described in Article 9(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1988 (as amended) or is a person to whom the document may otherwise lawfully be issued or passed on and only if that person is of a kind to whom the document may lawfully be issued under Section 76 of the Financial Services Act 1986.

Application has been made to list the Receipts on the Luxembourg Stock Exchange.

LISTING AND GENERAL INFORMATION

Authorization

The execution of the Receipts by the Depositary and Depositary Put Agent, respectively, will be done in accordance with the the Deposit Agreement and the Deposit and Put Agreement, respectively, and in accordance with the By-laws of Morgan Guaranty Trust Company of New York.

An application has been made to list the Receipts on the Luxembourg Stock Exchange. In connection with such application, a legal notice relating to the issuance of the Receipts and a copy of the Certificate of Incorporation and By-laws of the Depositary and the Depositary Put Agent will be deposited with the Chief Registrar of the District Court of Luxembourg (*Greffier en Chef du Tribunal d'Arrondissement de et a Luxembourg*) where such documents may be examined and copies obtained.

Information for Receipt Holders

As long as any of the Receipts are outstanding, copies of the certificate of incorporation and by-laws of the Depositary and the Depositary Put Agent, the Deposit Agreement, the Deposit and Put Agreement and the Fiscal Agency Agreement relating to the Debentures will be available at the offices of the Depositary and the Paying Agent in Luxembourg set forth on the inside back cover of this Offering Circular.

The Debentures were registered with the United States Securities and Exchange Commission pursuant to a registration statement no. 33-66854 (the "Registration Statement"). Copies of the Registration Statement, including the Prospectus and Prospectus Supplement dated August 10, 1993 and September 16, 1993, respectively, relating to the Debentures, together with the latest periodic reports filed by the Republic of Italy with the Securities and Exchange Commission, may be obtained upon a written request addressed to the Securities and Exchange Commission, Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20540, at prescribed rates.

The Debentures are listed on the London, Hong Kong and Singapore Stock Exchanges and information in respect thereof may be obtained from each such Exchange in accordance with its rules.

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ANNEX A

Extracts from Prospectus Supplement dated September 16, 1993 relating to Republic of Italy U.S.\$3,500,000,000 6⁷/₈% Debentures due September 27, 2023, and Prospectus dated August 10, 1993 of Republic of Italy Debt Securities and/or Warrants to Purchase Debt Securities.

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\$5,500,000,000



Republic of Italy

\$2,000,000,000 6% Notes due September 27, 2003
\$3,500,000,000 6¾% Debentures due September 27, 2023

The Securities will constitute direct, general and unconditional obligations of the Republic of Italy. Interest on the Securities is payable semi-annually on March 27 and September 27, commencing March 27, 1994. All payments of principal and interest on the Securities will be made in U.S. dollars without deduction for or on account of taxes imposed by the Republic of Italy, subject to the exceptions described under "Description of Securities — Italian Taxation". The Securities will not be redeemable prior to maturity. See "Description of Securities".

Both the Notes and the Debentures will be represented by Global Securities in fully registered form without coupons, which will be deposited with a custodian for, and registered in the name of a nominee of, DTC for the accounts of its participants, including Euroclear and Cedel. Beneficial interests in the Global Securities will trade in DTC's Same-Day Funds Settlement System, and secondary market trading activity in such interests will therefore settle in same-day funds. Beneficial interests in the Global Securities will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants. Except in limited circumstances, registered definitive Securities will not be issued in exchange for beneficial interests in the Global Securities. See "Global Clearance and Settlement".

Application has been made to the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited (the "London Stock Exchange") and the Stock Exchange of Singapore Limited for the Securities to be admitted to the Official List of each such exchange. Application has also been made to list the Securities on The Stock Exchange of Hong Kong Limited. The Securities are offered for sale in those jurisdictions in the United States, Europe and Asia where it is legal to make such offers. See "Underwriting".

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS TO WHICH IT RELATES. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Initial Public Offering Price (1)	Underwriting Discount (2)	Proceeds to Italy (1)(3)
Per Note	99.851%	.350%	99.501%
Total	\$1,997,020,000	\$7,000,000	\$1,990,020,000
Per Debenture	98.725%	.500%	98.225%
Total	\$3,455,375,000	\$17,500,000	\$3,437,875,000

(1) Plus accrued interest, if any, from September 27, 1993.

(2) Italy has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

(3) Before deduction of estimated expenses of approximately \$2,000,000 payable by Italy, including approximately \$400,000 of the expenses of the Underwriters to be reimbursed by Italy.

The Securities are offered subject to receipt and acceptance by the Underwriters, to prior sale and to the Underwriters' right to reject any order in whole or in part and to withdraw, cancel or modify the offer without notice. It is expected that delivery of the Global Securities will be made, against payment therefor in same-day funds, on or about September 27, 1993.

Goldman, Sachs & Co.

**CS First Boston
Merrill Lynch & Co.**

**Deutsche Bank AG London
J.P. Morgan Securities Inc.
UBS Limited**

Banca Commerciale Italiana

**Banca Nazionale del Lavoro
BNP Capital Markets Limited
CREDITO ITALIANO
Dresdner Bank Aktiengesellschaft
Istituto Bancario San Paolo di Torino S.p.A.
Monte dei Paschi di Siena
Paribas Capital Markets
S.G. Warburg Securities**

Salomon Brothers Inc

**IBJ International plc
Morgan Stanley International**

**Banca di Roma
Gruppo Cassa di Risparmio di Roma
Banco di Napoli
CARIPLO S.p.A.
Daiwa Europe Limited
IMI Bank (Lux) S.A.
Lehman Brothers
Nomura International
Swiss Bank Corporation
Westdeutsche Landesbank
Girozentrale**

The activities of the Underwriters in connection with this transaction are led jointly by Goldman, Sachs & Co. and Salomon Brothers Inc.

The date of this Prospectus Supplement is September 16, 1993.

DESCRIPTION OF SECURITIES

The Securities are to be issued pursuant to a fiscal agency agreement, dated as of July 1, 1993 (the "Fiscal Agency Agreement"), between Italy and Morgan Guaranty Trust Company of New York, as Fiscal Agent (the "Fiscal Agent"). The following statements and the statements under "Description of Debt Securities" in the Prospectus briefly summarize some of the terms of the Securities and the Fiscal Agency Agreement. Such statements do not purport to be complete and are qualified in their entirety by reference to the Fiscal Agency Agreement and to the form of Global Security, described below, filed or to be filed by Italy with the Commission.

The Notes, which are to be issued in an aggregate principal amount of \$2,000,000,000, will bear interest from September 27, 1993 at the rate set forth on the cover page of this Prospectus Supplement and will mature on September 27, 2003. Interest on the Notes will be payable semi-annually on March 27 and September 27 of each year, commencing March 27, 1994, to the persons in whose names the Notes are registered at the close of business on the preceding March 12 or September 12, as the case may be. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. The Debentures, which are to be issued in an aggregate principal amount of \$3,500,000,000, will bear interest from September 27, 1993 at the rate set forth on the cover page of this Prospectus Supplement and will mature on September 27, 2023. Interest on the Debentures will be payable semi-annually on March 27 and September 27 of each year, commencing March 27, 1994, to the persons in whose names the Debentures are registered on the close of business on the preceding March 12 or September 12, as the case may be. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months.

The Securities are not redeemable prior to maturity and are not entitled to the benefit of any sinking fund. At maturity, the Securities will be redeemed at par. Dealings in the Securities are expected to commence on or about September 27, 1993. Additional terms of the Securities are described in the Prospectus under "Description of Debt Securities".

The Fiscal Agent is not a trustee for the holders of the Securities and does not have the same responsibilities or duties to act for such holders as would a trustee. The Fiscal Agent is an affiliate of J.P. Morgan Securities Inc., one of the Underwriters referred to in the section entitled "Underwriting".

Form, Denominations and Registration

The statements set forth in this Prospectus Supplement in this section under this subsection and "Definitive Securities" and in the section entitled "Global Clearance and Settlement" include summaries of certain rules and operating procedures of DTC, Euroclear and Cedel that affect transfers of interests in the Global Securities.

The Securities will be issued in the form of the Global Securities registered in the name of Cede & Co. ("Cede"), as nominee of DTC. The Global Securities will be held by the Fiscal Agent as custodian for DTC. The Securities will be issued only in fully registered form, without coupons, and, in the case of any Securities issued in exchange for Global Securities, as provided below, in denominations of \$1,000 and integral multiples thereof.

Except as set forth below, the Global Securities may be transferred, in whole and not in part, only to DTC, another nominee of DTC or a successor of DTC or its nominee.

Beneficial interests in the Global Securities will be represented, and transfers of such beneficial interests will be effected, through accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Such beneficial interests will be in denominations of \$1,000 and integral multiples thereof. Investors may hold Securities directly through DTC, Euroclear or Cedel, if they are participants in such systems, or indirectly through organizations that are participants in such systems. Euroclear and Cedel hold securities on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries, which in turn hold such securities in customers' securities accounts in the depositaries' names on the books of DTC. Morgan Guaranty Trust Company of New York initially will act as depositary for Euroclear, and Citibank, N.A. initially will act as depositary for Cedel.

DTC may grant proxies or otherwise authorize DTC participants (or persons holding beneficial interests in the Notes through such DTC participants) to exercise any rights of a holder or take any other actions which a holder is entitled to take under the Fiscal Agency Agreement or the Securities. Under its usual procedures, DTC would mail an omnibus proxy to Italy assigning Cede's consenting or voting rights to those DTC participants to whose accounts the Securities are credited on a record date as soon as possible after such record date. Euroclear or Cedel, as the case may be, will take any action permitted to be taken by a holder under the Fiscal Agency Agreement or the Securities on behalf of a Euroclear participant or Cedel participant only in accordance with its relevant rules and procedures and subject to its depositary's ability to effect such actions on its behalf through DTC.

Persons who are not DTC participants may beneficially own Securities held by DTC only through direct or indirect participants in DTC (including Euroclear and Cedel). So long as Cede, as the nominee of DTC, is the registered owner of the Global Securities, Cede for all purposes will be considered the sole holder of the Securities under the Fiscal Agency Agreement and the Securities. Except as provided below, owners of beneficial interests in the Global Securities will not be entitled to have Securities registered in their names, will not receive or be entitled to receive physical delivery of Securities in definitive form and will not be considered the holders thereof under the Fiscal Agency Agreement or the Securities. Accordingly, any person owning a beneficial interest in the Global Securities must rely on the procedures of DTC and, to the extent relevant, Euroclear or Cedel, and, if such person is not a participant, on the procedures of the participant through which such person owns its interest, to exercise any rights of a holder of Securities. Italy understands that, under existing industry practice, in the event that an owner of a beneficial interest in the Global Securities desires to take any action Cede, as the holder of such Global Securities, is entitled to take, Cede would authorize the participants to take such action, and the participants would authorize beneficial owners owning through such participants to take such action or would otherwise act upon the instructions of beneficial owners owning through them.

Payment

Payment of principal of and interest on the Global Securities will be made to Cede, the nominee for DTC, as the registered owner. The principal of and interest on the Securities will be payable in U.S. dollars or in such other coin or currency of the United States of America as at the time of payment is legal tender for the payment therein of public and private debts.

Upon receipt of any payment of principal of or interest on the Global Securities, DTC will credit DTC participants' accounts with payment in amounts proportionate to their respective beneficial interests in the principal amount of the Global Securities as shown on the records of DTC. Payments by DTC

participants to owners of beneficial interests in the Global Securities held through such participants will be the responsibility of such participants, as is now the case with securities held for the accounts of customers registered in "street name". Distributions with respect to Securities held through Euroclear or Cedel will be credited to the cash accounts of Euroclear participants or Cedel participants in accordance with the relevant system's rules and procedures, to the extent received by its depository. Neither Italy nor the Fiscal Agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Global Securities or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Any moneys held by the Fiscal Agent in respect of the Securities and remaining unclaimed for two years after such amount shall have become due and payable shall be returned to Italy, and the holder of such Security shall thereafter look only to Italy for any payment to which such holder may be entitled.

Definitive Securities

If DTC notifies Italy that it is unwilling or unable to continue as depository for the Global Securities or ceases to be a clearing agency registered under the U.S. Securities Exchange Act of 1934 (the "Exchange Act") at a time when it is required to be and a successor depository is not appointed by Italy within 90 days after receiving such notice or becoming aware that DTC is no longer so registered, or if an event of default with respect to the Securities shall have occurred and be continuing as described under "Description of Debt Securities — Default; Acceleration of Maturity" in the Prospectus, Italy will issue or cause to be issued Securities in definitive form in exchange for the Global Securities. Italy may also at any time and in its sole discretion determine not to have any of the Securities represented by the Global Securities, and, in such event, will issue or cause to be issued Securities in definitive form in exchange for the Global Securities. Securities issued in definitive form will be issued only in fully registered form, without coupons, in denominations of \$1,000 and integral multiples thereof. Any Securities so issued will be registered in such names, and in such denominations, as DTC shall request. Such Securities may be presented for registration of transfer or exchange at the office of the Fiscal Agent in The City of New York, and principal thereof and interest thereon will be payable at such office of the Fiscal Agent, provided that interest thereon may be paid by check mailed to the registered holders of the definitive Securities.

Italian Taxation

The principal of and interest on the Securities will be paid by Italy without deduction for or on account of any present or future taxes or duties, of whatsoever nature, imposed or levied by or within Italy or by or within any district, municipality or other political subdivision or taxing authority therein or thereof. The foregoing, however, will not exempt any Security (including a Global Security) or the income therefrom from Italian taxation when the registered or beneficial owners thereof are subject to Italian taxation otherwise than by reason of holding or owning an interest in a Security (including a Global Security) or the receipt of income therefrom. See "Description of Debt Securities — Italian Taxation" in the Prospectus.

United States Taxation

For information regarding United States taxation in respect of the Securities, see "Description of Debt Securities — United States Taxation" in the Prospectus.

Modification and Amendment

The Fiscal Agency Agreement and the terms and conditions of the Securities may be modified or amended by Italy and the Fiscal Agent, without the consent of the holders of the Securities, for the purpose of adding to the covenants of Italy for the benefit of the Holders, surrendering any right or power conferred upon Italy, securing the Securities pursuant to the requirements of the Securities or otherwise, curing any ambiguity or curing, correcting or supplementing any defective provision therein, or in any

manner that Italy and the Fiscal Agent may determine and that shall not adversely affect the interests of the Holders of the Securities. See "Description of Debt Securities — Amendments" in the Prospectus.

Notices

All notices will be published in English in London in the *Financial Times*, in New York in *The Wall Street Journal* and, so long as the Securities are listed on the Stock Exchange of Singapore Limited, in Singapore in the *Business Times* and, so long as the Securities are listed on The Stock Exchange of Hong Kong Limited, in Hong Kong in the *South China Morning Post*. If at any time publication in any such newspaper is not practicable, notices will be valid if published in an English language newspaper determined by Italy with general circulation in the respective market regions. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made.

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Republic of Italy

Debt Securities and/or Warrants to Purchase Debt Securities

The Republic of Italy from time to time may offer up to \$10,000,000,000 (or its equivalent in other currencies or composite currencies) aggregate principal amount of its debt securities consisting of bonds, notes and/or other evidences of indebtedness ("Debt Securities") with or without warrants to purchase Debt Securities (collectively, "Securities"). Such Securities may be denominated in U.S. dollars, or, at the option of the Republic of Italy, in any other currency or currencies, in composite currencies or in amounts determined by reference to an index. The Securities will be offered from time to time as separate issues in amounts and at prices and on terms to be determined at the time of sale and to be set forth in supplements to this Prospectus. The Debt Securities will be direct, unconditional and general obligations of the Republic of Italy for the payment and performance of which the full faith and credit of the Republic of Italy will be pledged.

The terms of the Securities, including, where applicable, the designation, aggregate principal amount, currency of denomination and payment, denominations, maturity, rate (which may be fixed or variable) and time of payment of interest (if any), terms for redemption at the option of the Republic of Italy or the holder (if any), terms for sinking fund payments (if any), terms relating to any warrants to be issued, the initial public offering price, the names of and the amounts to be purchased by any underwriters or agents, the compensation of any such underwriters or agents and the other terms in connection with the offering and sale of each issue of the Securities in respect of which this Prospectus is being delivered will be set forth in the Prospectus Supplement relating to such issue of Securities.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is August 10, 1993.

DESCRIPTION OF DEBT SECURITIES

The following is a brief summary of the terms and conditions of the Debt Securities and the Fiscal Agency Agreement with respect thereto. Copies of the forms of Debt Securities and the form of Fiscal Agency Agreement are or will be filed as exhibits to the Registration Statements of which this Prospectus is a part. This summary does not purport to be complete and is qualified in its entirety by reference to such exhibits.

General

The Debt Securities may be issued in one or more series as may be authorized from time to time by Italy. Reference is made to the applicable Prospectus Supplement for the following terms of Debt Securities offered thereby; (i) the designation, aggregate principal amount, any limitation on such principal amount, currency or currencies of denomination and payment, and authorized denominations; (ii) the percentage of their principal amount at which such Debt Securities will be issued; (iii) the maturity date; (iv) the interest rate or rates, if any, and the manner in which such rate or rates will be determined; (v) the interest payment dates, if any, and the dates from which interest accrues; (vi) any index, price or formula to be used for determining the amount of any payment of principal, premium or interest; (vii) any optional or mandatory redemption terms or repurchase or sinking fund provisions; (viii) whether such Debt Securities will be in bearer form (which may or may not be registrable as to principal) with interest coupons, if any, or in fully registered form, or both, and restrictions on the exchange of one form for another; and (ix) other specific provisions. Any special United States federal income tax and other considerations applicable to any Debt Securities (i) issued with original issue discount, (ii) denominated in a currency other than the U.S. dollar or (iii) payments on which are determined by reference to any index also will be described in the Prospectus Supplement relating thereto.

There will be a fiscal agent (the "Fiscal Agent") or agents for Italy in connection with the Debt Securities whose duties will be governed by the Fiscal Agency Agreement. Italy will appoint a fiscal agent for each series of Debt Securities, which may or may not be the same fiscal agent. Italy may maintain deposit accounts and conduct other banking transactions in the ordinary course of business with the Fiscal Agent. The Fiscal Agent is the agent of Italy, is not a trustee for the holders of Debt Securities and does not have the same responsibilities or duties to act for such holders as would a trustee.

Debt Securities may be issued as discounted Debt Securities (bearing no interest or interest at a rate which at the time of issuance is below market rates) to be sold at a substantial discount below their stated principal amount. Special considerations applicable to any such discounted Debt Securities will be described in the Prospectus Supplement relating thereto.

Principal of (and premium, if any) and interest on the Debt Securities will be payable at such place or places and in such currency or currencies as are designated by Italy and set forth in the applicable Prospectus Supplement. Unless otherwise set forth in the applicable Prospectus Supplement, interest on fully registered Debt Securities will be paid by check mailed to the persons in whose names Debt Securities are registered at the close of business on the record dates designated in the applicable Prospectus Supplement at each such person's address appearing on the register of Debt Securities.

Nature of Obligation; Negative Pledge

The Debt Securities will constitute the direct, unconditional, general and (subject to the provisions below) unsecured obligations of Italy, and rank *pari passu*, without any preference among themselves, with all present and future unsecured and unsubordinated general obligations of Italy for money borrowed. The full faith and credit of Italy will be pledged for the due and punctual payment of the Debt Securities and for the due and timely performance of all obligations of Italy with respect thereto. Amounts payable in respect of principal of and interest on the Debt Securities will be charged upon and be payable out of the Treasury of Italy, into which are deposited the public revenues of Italy, equally and ratably with all other amounts so charged and amounts payable in respect of all other general loan obligations of Italy.

Italy will undertake that so long as any Debt Security remains outstanding it will not create any Encumbrance upon the whole or any part of its present or future revenues or assets to secure any present or future External Indebtedness without securing the outstanding Debt Securities equally and ratably therewith. "Encumbrance" means any mortgage, charge, pledge, lien or other arrangement creating security other than any security on goods or other assets provided to or acquired by Italy and securing a sum not greater than the purchase price (together with interest and other related charges) of such goods or assets and any related services. "External Indebtedness" means all indebtedness of Italy in respect of moneys borrowed by Italy and guarantees given by Italy for moneys borrowed by others which is expressed or denominated in a currency or currencies other than lire or which is, at the option of the person entitled thereto, payable in a currency or currencies other than lire.

Italian Taxation

Under existing Italian law, all payments of principal and interest in respect of the Debt Securities, which will in each case be issued outside Italy, will be exempt from any taxes, levies, imposts, duties, deductions, withholdings or other charges, of whatsoever nature, imposed, levied, collected, withheld or assessed by Italy or any political subdivision or taxing authority thereof or therein (all of which are referred to herein as "Italian Taxes") so long as the beneficial owner of the relevant Debt Security is not resident in Italy.

Without prejudice to the foregoing, if any payment of principal or interest is not exempt as aforesaid, Italy has agreed to pay, to the extent permitted by law, such additional amounts as are necessary in order that the net payment, after the imposition of any Italian Taxes in respect thereof, will not be less than the amount the holder would have received in the absence of such taxes, except that no such additional amounts shall be payable in respect of any Debt Security presented for payment:

(a) by or on behalf of a holder who is able to avoid such imposition, levy, collection, withholding or assessment by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or

(b) more than 30 days after the Relevant Date, except to the extent that the holder thereof would have been entitled to additional amounts on presenting the same for payment on the expiration of such period of 30 days.

As used herein, the "Relevant Date" means the date on which such payment first becomes due or, if the full amount of the money payable has not been received by the Fiscal Agent on or prior to such due date, it means the date on which, the full amount of such money having been so received, notice to that effect shall have been duly given in the manner provided in the Fiscal Agency Agreement.

Any reference herein to principal and/or interest shall be deemed also to refer to any additional amounts which may be payable hereunder.

United States Taxation

The Debt Securities and interest thereon will not be exempt from United States taxation generally.

In the opinion of Sullivan & Cromwell, special United States counsel for Italy, and subject to the discussion of "backup" withholding below, interest on the Debt Securities is currently exempt from United States federal income taxes, including withholding taxes, if paid to an individual who is not a citizen or resident of the United States or to a corporation organized under the laws of a country other than the United States (a "non-U.S. holder") whether or not such non-U.S. holder is engaged in trade or business in the United States, unless

(i) the corporation is an insurance company carrying on a United States insurance business to which the interest is attributable, within the meaning of the United States Internal Revenue Code, or

(ii) the individual or corporation has an office or other fixed place of business in the United States to which the interest is attributable, the interest is derived in the active conduct of a banking,

financing or similar business within the United States or is received by a corporation the principal business of which is trading in stock or securities for its own account, and certain other conditions exist.

In addition, in the opinion of Sullivan & Cromwell, (a) subject to the discussion of back-up withholding below, a non-U.S. holder will not be subject to United States federal income tax on any gain realized on the sale or exchange of a Debt Security, provided that such gain is not effectively connected with the conduct by the holder of a U.S. trade or business and, in the case of a non-U.S. holder who is an individual, such holder is not present in the United States for a total of 183 days or more during the taxable year in which such gain is realized, (b) interest on the Debt Securities constitutes income from sources without the United States, but, with certain exceptions, is treated separately, together with other items of "passive income" or "financial services income", for purposes of computing the foreign tax credit allowable under the United States federal income tax laws, and (c) the Debt Securities are deemed to be situated outside the United States for purposes of the United States federal estate tax and are not includible in the gross estate for purposes of such tax in the case of a nonresident in the United States who was not a citizen of the United States at the time of death.

A 31 percent "backup" withholding tax and certain information reporting requirements may apply to payments of principal, premium, if any, and interest on the Debt Securities made to certain noncorporate holders if such payments are made or are considered made in the United States (including payments on Debt Securities made by wire transfer from outside the United States to an account maintained by the holder with the Fiscal Agent or paying agent in the United States). If the conditions relating to place of payment are satisfied, non-United States persons are generally exempt from these withholding and reporting requirements (assuming that the gain or income is otherwise exempt from United States federal income tax) but may be required to comply with certification and identification procedures in order to prove their exemption from the requirements. Similar rules requiring reporting and withholding with respect to gross sale proceeds will apply to a non-United States person who sells a Debt Security through a United States branch of a broker and information reporting (but not backup withholding) will apply to a non-United States person who sells a Debt Security through (a) a non-United States branch of a United States broker, or (b) a non-United States office of a broker that is a controlled foreign corporation for United States tax purposes or that is a person 50 percent or more of whose income is effectively connected with a United States trade or business for a specified period, in either case unless the holder proves an exemption from the requirement.

Limitations on sales to United States persons of Debt Securities in bearer form, if any, will be described in the Prospectus Supplement relating thereto.

Default; Acceleration of Maturity

With respect to any series of Debt Securities, upon the happening of any of the following events:

(a) default in any payment of principal of (and premium, if any, on) or interest on any of the Debt Securities of such series and the continuance of such default for a period of more than 30 days after the due date; or

(b) failure to perform or observe any other obligation under the Debt Securities of such series and the continuance of such default for a period of 60 days following written notice thereof to Italy at the office of the Fiscal Agent by any holder (except where such failure is not capable of remedy, in which event no notice shall be required); or

(c) if (i) any other present or future External Indebtedness becomes due and payable prior to the stated maturity thereof by reason of default, or any such External Indebtedness is not paid at the maturity thereof as extended by any grace period applicable thereto, or any such External Indebtedness in the form of a guarantee is not honored when due and called upon or within any grace period applicable thereto, or (ii) Italy shall declare a general moratorium on the payment of any External Indebtedness;

then in any case the principal of any Debt Security of such series (or, in the case of any Debt Security issued at a discount, an amount of principal determined as set forth in the applicable Prospectus Supplement) may be declared to be due and payable immediately by written demand given to Italy and the Fiscal Agent at the office of the Fiscal Agent by the holder thereof, unless prior to receipt of such demand by the Fiscal Agent, all such defaults shall have been cured. No periodic evidence is required to be furnished by Italy as to the absence of defaults. Because each series of Debt Securities shall be independent of each other series, a default with respect to one series of Debt Securities will not, in itself, constitute a default with respect to, or permit the acceleration of the maturity of, Debt Securities of a different series except as provided in clause (c) above.

Redemption

If the Debt Securities of a series provide for mandatory redemption by Italy, or redemption at the election of Italy, such redemption shall be on not more than 60 nor less than 30 days' notice and, in the event of redemption in part, the Debt Securities to be redeemed will be selected by lot by the Fiscal Agent. Unless all the Debt Securities of a series to be redeemed are registered Debt Securities or bearer Debt Securities registered as to principal, notice of redemption will be published at least twice prior to the redemption date in a newspaper printed in the English language and of general circulation in Europe and at such other places, if any, as are set forth in such Debt Securities. Additionally, notice of such redemption will be mailed to holders of registered Debt Securities of such series, and to those holders of bearer Debt Securities of such series who have registered the principal of their Debt Securities, to their last addresses as they appear on the register for the Debt Securities of such series. Under proposed United States income tax regulations, special rules will apply to Debt Securities that can be redeemed prior to maturity if the yield on the redeemed Debt Securities would be lower than the yield on the Debt Securities if outstanding to stated maturity.

Amendments

With the approval of holders of the Debt Securities of a series at a meeting duly called and held, upon the affirmative vote of the holders of not less than 66⅔ percent in aggregate principal amount of the Debt Securities of such series then outstanding or upon the written consent of the holders of not less than such percentage (or of such other percentage as may be set forth in the text of the Debt Securities of such series with respect to the action being taken), Italy and the Fiscal Agent may modify, amend or supplement the terms of the Debt Securities of such series or, insofar as it affects the Debt Securities of such series, the Fiscal Agency Agreement, in any way, and such holders may make, take or give any request, demand, authorization, direction, notice, consent, waiver or other action provided by the Fiscal Agency Agreement or the Debt Securities of such series to be made, given or taken by holders of Debt Securities; provided, however, that no such action may, without the consent of the holder of each Debt Security of such series affected thereby, (A) change the due date for the payment of the principal of (or premium, if any) or any installment of interest on any Debt Security of such series, (B) reduce the principal amount of any Debt Security of such series, the portion of such principal amount which is payable upon acceleration of the maturity of such Debt Security, the interest rate thereon or the premium payable upon redemption thereof, (C) change the coin or currency in which or the required places at which payment with respect to interest, premium or principal in respect of the Debt Securities of such series is payable, (D) shorten the period during which Italy is not permitted to redeem the Debt Securities of such series, or permit Italy to reduce the Debt Securities of such series if, prior to such action, Italy is not permitted to do so, (E) reduce the proportion of the principal amount of the Debt Securities of such series the vote or consent of the holders of which is necessary to modify, amend or supplement the Fiscal Agency Agreement or the terms and conditions of the Debt Securities of such series or to make, take or give any request, demand, authorization, direction, notice, consent, waiver or other action provided thereby to be made, taken or given, or (F) change the obligation of Italy to pay additional amounts.

Italy and the Fiscal Agent may, without the vote or consent of any holder of Debt Securities, amend the Fiscal Agency Agreement or the Debt Securities of any series for the purpose of (a) adding to the covenants of Italy for the benefit of the holders of Debt Securities, (b) surrendering any right or power conferred upon Italy, (c) securing the Debt Securities pursuant to the requirements of the Debt Securities or otherwise, (d) curing any ambiguity or curing, correcting or supplementing any defective provision thereof or (e) amending the Fiscal Agency Agreement or the Debt Securities of such series in any manner which Italy and the Fiscal Agent may determine and which shall not be inconsistent with the Debt Securities of such series and shall not adversely affect the interest of any holder of Debt Securities.

Governing Law; Consent to Service

The Debt Securities will provide that they will be governed by and construed in accordance with the laws of the State of New York except with respect to their authorization and execution and any other matters required to be governed by the laws of the Republic of Italy, which will be governed by the laws of the Republic of Italy.

Italy will appoint the Honorable Boris Biancheri, its Ambassador to the United States, 1601 Fuller Street, N.W., Washington, D.C. 20009, and his successor as its authorized agent upon whom process may be served in any action arising out of or based on the Debt Securities which may be instituted in any State or Federal court in The City of New York by the holder of any Debt Security and will irrevocably submit to the jurisdiction of any such court in respect of any such action. Italy will irrevocably waive any immunity to such service of process and any objection to venue in any action which may be instituted in any such court or (except as to venue) in any competent court in the Republic of Italy. Such appointment will be irrevocable until all amounts in respect of the principal, premium, if any, and interest, if any, due and to become due on or in respect of all the Debt Securities have been provided to the Fiscal Agent, except that, if for any reason, the authorized agent ceases to be able to act as such authorized agent or ceases to have an address in the United States, Italy will appoint another person in Washington, D.C. or The City of New York as its authorized agent. Notwithstanding the foregoing, any action arising out of or based on the Debt Securities may be instituted by the holder of any Debt Security in any competent court in the Republic of Italy. Italy will waive irrevocably any immunity from jurisdiction (but not execution or attachment or process in the nature thereof) to which it might otherwise be entitled in any action arising out of or based on the Debt Securities which may be instituted by the holder of any Debt Security in any State or Federal court in The City of New York or in any competent court in the Republic of Italy. Neither such appointment nor such waiver of immunity includes actions brought under the United States Federal securities laws. In the absence of a waiver of immunity by Italy with respect to such actions it would not be possible to obtain a United States judgment in such an action against Italy unless a court were to determine that Italy is not entitled under the Immunities Act to sovereign immunity with respect to such action.

REPRESENTATION LETTER
(Non-Rule 144A)

Morgan Guaranty Trust Company of New York
Avenue des Arts 35
1040 Brussels
Belgium

Lehman Brothers International (Europe)
One Broadgate
London EC2M 7HA

Dear Sirs:

Zero Coupon Depositary Receipts
Relating to Republic of Italy 6⅞% Debentures
due September 27, 2023

In connection with our purchase of the above referenced securities (the "Receipts"), we represent and warrant to you as follows:

1. We are purchasing the Receipts for investment for our own account and not with a view to any resale, distribution or other disposition thereof.
2. We have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of an investment in the Receipts and we have concluded on the basis of information available to us that we are able to bear the risks associated with such an investment.
3. We understand that we shall have no recourse against any former holder of the Receipts or any person acting on behalf of a former holder for any loss that we may incur as a result of our investment in the Receipts.
4. We are an institutional "accredited investor" within the meaning of Rule 5.01(a)(1)-(3) under the Securities Act of 1933, as amended (the "Securities Act").
5. We understand that the Receipts have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except (A)(i) to a person who the purchaser reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act, or (iii) pursuant to another exemption from registration under the Securities Act provided thereunder (if available) and (B) in accordance with all applicable securities laws of the states of the United States. The Receipts represent beneficial interests in a Global Receipt(s) deposited with a custodian for, and registered in the name of, The Depository Trust Company ("DTC") and, therefore, any transfer of the Receipts must be made in accordance with the rules of DTC, the Euroclear System or Cedel Bank, société anonyme. In addition, in the event that the Receipts are not assigned a rating in one of the four highest categories assigned to long-term debt, or in an equivalent short-term category, by at least one nationally recognized statistical rating organization, any transfers of the Receipt may be made only upon receipt by the Depository of a written certification in the form available with the

Depository. We also understand that the Receipts may bear a legend relating to restrictions on transfer except in compliance with the Securities Act.

6. We understand that there may not be a market, nor is there any assurance that a market will develop for the Receipts, and that the Seller does not have any obligation to make or facilitate any such market (or to otherwise repurchase the Receipts) under any circumstances.

7. We have consulted with our own legal counsel, independent accountants and financial advisors, to the extent we deem necessary, regarding the tax consequences to us of ownership of the Receipts and we are not purchasing the Receipts in reliance on any representation of the Seller or its counsel with respect to tax matters.

8. We have reviewed the Offering Circular, dated February 3, 1995, with respect to the Receipts (the "Circular") and have had the opportunity to ask questions and receive answers concerning the terms and conditions of the transactions contemplated by the Circular and to obtain additional information necessary to verify the accuracy and completeness of any information furnished to us or to which we had access.

9. In the event we are not acting for our own account in purchasing the Receipts, we represent that we are duly authorized to make the representation contained herein on behalf of our principals.

Very truly yours,

[Name of Buyer]

By:

Title:

THE DEPOSITARY AND DEPOSITARY PUT AGENT

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