

Final Terms

BARCLAYS

BARCLAYS BANK PLC
(Incorporated with limited liability in England and Wales)
BARCLAYS CAPITAL (CAYMAN) LIMITED
(Incorporated with limited liability in the Cayman Islands)

Structured Securities Programme
for issue of Notes up to £60,000,000,000, Certificates and Warrants

Issue by Barclays Bank PLC of the

Up to EUR 11,730,000 Inflation and Commodity linked Notes due 28 June 2013
Series SN12351

The Offer Period shall be from and including 6 May 2008

to and including 25 June 2008

under the Structured Securities Programme

Issue Price: 100.00% of par

This document is prepared in connection with the Structured Securities Programme established by Barclays Bank PLC (the **Bank**) and Barclays Capital (Cayman) Limited (**BCCL**) and is supplemental to and should be read in conjunction with the Base Prospectus dated 28 March 2008 (the "**Base Prospectus**"). This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with such Base Prospectus. Words and expressions defined in the Base Prospectus and not defined in this document shall bear the same meanings when used herein.

These Final Terms are to be read in conjunction with the Base Prospectus, as supplemented and amended from time to time, and all documents which are deemed to be incorporated herein by reference and, to the extent permitted by the law or the regulations of the Relevant Stock Exchange and the relevant listing authority, as applicable, shall be read and construed on the basis that such documents are so incorporated and form part of these Final Terms.

This document has been prepared for the purposes of giving information about the issue by Barclays Bank PLC of the Up to EUR 11,730,000 Inflation and Commodity linked Notes due 28 June 2013, Series SN12351 (the **Notes**).

Investors should refer to "Risk Factors relating to the Notes" in the Base Prospectus for a discussion of certain matters that should be considered when making a decision to invest in the Notes.

Barclays Capital

6 May 2008

These Final Terms are to be read in conjunction with all documents which are deemed to be incorporated herein by reference and, to the extent permitted by the law or the regulations of the Relevant Stock Exchange, shall be read and construed on the basis that such documents are so incorporated and form part of these Final Terms.

The distribution of this document and the offer of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession these Final Terms come are required by the Bank to inform themselves about and to observe any such restrictions. Details of selling restrictions for various jurisdictions are set out in "Purchase and Sale" in the Base Prospectus. In particular, the Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended and are subject to U.S. tax law requirements. Trading in the Notes has not been approved by the US Commodity Futures Trading Commission under the U.S. Commodity Exchange Act. Subject to certain exceptions, the Notes may not at any time be offered, sold or delivered in the United States or to U.S. persons, nor may any U.S. persons at any time trade or maintain a position in such Notes.

The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or the Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in the Public Offer Jurisdiction mentioned in Paragraph 69 of Part A below, provided such person is one of the persons mentioned in Paragraph 69 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor the Manager has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

Risk Factors

Prospective investors should refer to 'Risk Factors relating to the Notes' in the Base Prospectus for a discussion of certain matters that should be considered when making a decision to invest in the Notes. In particular, prospective investors should consider, among others, the following:

General Considerations

The indicative Principal Amount of the Notes is up to EUR 11,730,000 although the actual Principal Amount of the Notes to be issued will depend on the level of orders received during the Offer Period that is scheduled to be the period from (and including) 6 May 2008 to and including 25 June 2008. The final Principal Amount of the Notes will be notified in Italy on behalf of the Issuer not later than 30 June 2008.

Noteholders and prospective purchasers of Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risk and that they consider the suitability of the Notes as an investment in light of their own circumstances and financial condition. The annual return on the Notes for the period starting from 30 June 2008 until the Maturity Date will vary by reference to the performance of the Floating Interest Rate and the Commodities (as defined in paragraphs 15 and 35). The performance of the Floating Interest Rate and the Commodities will therefore affect the nature and the value of the investment return on the Notes. Noteholders and prospective purchasers of the Notes should conduct their own investigations and, in deciding whether or not to purchase the Notes, prospective purchasers should form their own views of the merits of an investment linked to the Floating Interest Rate and the Commodities based upon such investigations and not in reliance on any information given in these Final Terms.

In order to realise a return upon an investment in a Note, an investor must have correctly anticipated the timing and magnitude of an anticipated increase or the absence of a decrease in the value of the relevant Reference Item(s) relative to the Issue Price and must also be correct about when any change will occur. If the value of the Reference Item(s) does not increase, or decreases, as the case may be, before such Note is redeemed, part of the investor's investment in such Note may be lost on such redemption.

The only means by which a Noteholder can realise value from its Notes prior to their Maturity Date is to sell such Notes at their then market price in the secondary market (if available).

Prospective investors in Notes should understand the risks of transactions involving the relevant Notes and should reach an investment decision only after careful consideration of the suitability of such Notes in the light of their particular financial circumstances, the information set forth herein and any other available information regarding the relevant Notes and the Reference Item(s) to which the value of such Notes may relate.

Hedging

In connection with the offering of the Notes, the Issuer and/or any of its affiliates may enter into one or more hedging transactions with respect to the Reference Item(s) or related derivatives. In connection with such hedging activities or with respect to proprietary or other trading activities by the Issuer and/or any of its affiliates, the Issuer and/or any of its affiliates may enter into transactions in the Reference Item(s) or related derivatives which may, but are not intended to, affect the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interest of the relevant Noteholders.

Possible Illiquidity of the Secondary Market

There can be no assurance as to how Notes will trade in the secondary market or whether such market will be liquid or illiquid. The number of Notes of any Series may be relatively small, further adversely affecting the liquidity of such Notes. The relevant Issuer may list Notes on the London Stock Exchange or any other exchange as is specified in the applicable Final Terms or may issue Notes which are not listed on any exchange. However, no assurance can be given that any secondary trading market will develop for the Notes. If Notes are not listed or traded on any exchange, pricing information for such Notes may be more difficult to obtain and the liquidity of such Notes may be adversely affected. Certain Notes are also subject to transfer restrictions.

Potential Conflicts of Interest

The relevant Issuer and its affiliates may engage in trading and market-making activities and may hold long or short positions in the relevant Reference Item(s) and other instruments or derivative products based on or related to the relevant Reference Item(s) for their proprietary accounts or for other accounts under their management. The Issuer and their respective affiliates may also issue Notes in respect of the relevant Reference Item(s) which are securities, or issue derivative instruments in respect thereof. To the extent that either of the Issuer, directly or through its affiliates, serves as issuer, agent, manager or underwriter of such securities or other instruments, its interests with respect to such products may be adverse to those of the Noteholders. The Issuer or their affiliates may also act as underwriter in connection with future offerings of securities which comprise the Reference Items or may act as financial advisors to certain Underlying Companies or Reference Entities. Such activities could present certain conflicts of interest, could influence the prices of such Reference Items and could adversely affect the value of the Notes.

Potential conflict of interest between the Distributors and the Distribution Manager

Biverbanca S.p.A., Banca Agricola Mantovana S.p.A., MPS Banca Personale S.p.A. (the "Distributors") and MPS Capital Services Banca per le Imprese S.p.A (the "Distribution Manager") are affiliates of the MPS Banking Group; the Distribution Manager and the Distributors are in a conflicted situation as they may receive from the Issuer, respectively, Management and Selling Fees. For avoidance of doubt, the Distributors will receive from the

Issuer, through the Distribution Manager, the Selling Fees as a percentage to be calculated on the nominal amount of Notes placed. See below the § “Fees and Commissions”

The Notes could be dealt on the Sistema di Internalizzazione Sistematica (“SIS”) named “De@lDone Trading” (“DDT”), managed solely by Monte dei Paschi di Siena Capital Services Banca per le Imprese S.p.A.

Part A

Terms and Conditions of the Notes

The Notes shall have the following terms and conditions, which shall complete, modify and/or amend the terms and conditions (the Conditions) set out in the Base Prospectus dated 28 March 2008.

The Base Prospectus is available for viewing at the registered office of the Issuer and the specified office of The Bank of New York, One Canada Square, Canary Wharf, London E14 5AL as well as on the Distribution Manager's and Distributor's websites at: www.mpscapitalservices.it, www.biverbanca.it, and www.bam.it and www.mpsbancapersonale.it (see Part B "Offer Information").

Parties

Issuer:	Barclays Bank PLC
Guarantor:	N/A
Manager:	Barclays Bank PLC
Determination Agent:	Barclays Bank PLC
Issue and Paying Agent:	The Bank of New York

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE *SECURITIES ACT*) AND THE NOTES COMPRISE BEARER NOTES THAT ARE SUBJECT TO US TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (*REGULATION S*)). THESE FINAL TERMS HAVE BEEN PREPARED BY THE ISSUER FOR USE IN CONNECTION WITH THE OFFER AND SALE OF THE NOTES OUTSIDE THE UNITED STATES TO NON-US PERSONS IN RELIANCE ON REGULATION S AND FOR LISTING OF THE NOTES OF THE RELEVANT STOCK EXCHANGE, IF ANY, AS STATED HEREIN. FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS ON OFFERS AND SALES OF THE NOTES AND DISTRIBUTION OF THESE FINAL TERMS AND THE BASE PROSPECTUS SEE "PURCHASE AND SALE" IN THE BASE PROSPECTUS.

Provisions relating to the Notes

1.	Title of the Notes:	Up to EUR 11,730,000 Inflation linked Notes
2.	Series:	SN12351
3.	Currency of the Notes:	Euro (EUR)
4.	Aggregate Principal Amount of the Notes:	Up to EUR 11,730,000
5.	Denomination[s] and number of Notes:	EUR 1,000 (Up to 11,730)

6.	Form of Notes:	Bearer Notes Temporary Global Note, exchangeable for a Permanent Global Note.
7.	Notes in definitive form to be issued:	Yes, in the limited circumstances set out in the Base Prospectus
8.	Issue Date of the Notes:	30 June 2008
9.	Issue Price of the Notes:	100 per cent. of par
10.	Relevant Stock Exchange[s]:	London Stock Exchange
11.	Integral multiples of Notes required for transfer:	N/A
12.	Type of Notes and relevant Securities Note:	Non-Standard

Provisions relating to interest (if any) payable on the Note

13.	Interest payable on the Note:	Yes						
14.	Interest Basis:	Floating Rate						
15.	Interest Rate[s]	<table border="0" style="margin-left: 20px;"> <tr> <td style="padding-right: 10px;">-</td> <td style="padding-right: 10px;">Fixed</td> <td style="padding-right: 10px;">N/A</td> </tr> <tr> <td style="padding-right: 10px;">-</td> <td style="padding-right: 10px;">Floating</td> <td>For each Interest Period commencing from and including the Issue Date up to but excluding 30 June 2012, the amount payable on the i-th Interest Payment Date, shall be calculated at an annual rate determined in accordance with the following formula;</td> </tr> </table>	-	Fixed	N/A	-	Floating	For each Interest Period commencing from and including the Issue Date up to but excluding 30 June 2012, the amount payable on the i-th Interest Payment Date, shall be calculated at an annual rate determined in accordance with the following formula;
-	Fixed	N/A						
-	Floating	For each Interest Period commencing from and including the Issue Date up to but excluding 30 June 2012, the amount payable on the i-th Interest Payment Date, shall be calculated at an annual rate determined in accordance with the following formula;						

$$\text{Denominator} * \text{Max} \left[0\%; \frac{\text{Index}_F - \text{Index}_0}{\text{Index}_0} \right]$$

Where;

EUR CPI or the **Underlying Index** means the Harmonised Index of Consumer Prices (excluding Tobacco) Unrevised Series for the Euro-zone published on the Index Source by the Sponsor on a monthly basis;

Euro-zone means the regions comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

$Index^i_0$ means the official value of the Underlying Index for each April from and including April 2008 to and including April 2011, detailed in the table below;

$Index^i_F$ means the official value of the Underlying Index for each April from and including April 2009 to and including April 2012, detailed in the table below

Index Source means Bloomberg page CPTFEMU <Index> or such other page or service that may replace CPTFEMU <Index> for the purpose of displaying EUR CPI from time to time; and

Sponsor means Eurostat (The Statistical Office of the European Commission) or any successor or successors thereto;

Valuation Dates are as specified in the table below;

Interest Payment Date	Fixing Date $Index^i_0$	Fixing Date $Index^i_F$	i
30 th June 2009	April 2008	April 2009	1
30 th June 2010	April 2009	April 2010	2
30 th June 2011	April 2010	April 2011	3
30 th June 2012	April 2011	April 2012	4

Delay and Disruption Event Provisions

Delay of Publication

(a) If any level of EUR CPI for a month which is relevant to the calculation of the Interest Rate in respect of any Floating Rate Interest Period (a ***Relevant Level***) has not been published or announced by the day that is five Business Days prior to the relevant Interest Payment Date, the Determination Agent shall determine a Substitute Index Level (in place of such Relevant Level by using the following methodology:

(i) if applicable, the Determination Agent will take the same action to determine the Substitute Index Level for the relevant Interest Payment Date as that taken by the calculation agent pursuant to the terms and conditions of the Related Bond; or

(ii) if (i) does not result in a Substitute Index Level for the relevant Interest Payment Date for any reason, then the Determination Agent shall determine the Substitute Index Level as follows:

Substitute Index Level = Base Level
x (Latest Level / Reference Level)

Where:

Base Level means the level of EUR CPI (whether definitive or provisional), published or announced by the Sponsor in respect of the month which is 12 calendar months prior to the month for which the Substitute Index Level is being determined;

Latest Level means the latest level of the EUR CPI (whether definitive or provisional) published or announced by the EUR CPI Sponsor prior to the month in

respect of which the Substitute Index Level is being calculated; and

Reference Level means the level of EUR CPI (whether definitive or provisional) published or announced by the Sponsor in respect of the month that is 12 calendar months prior to the month referred to in "Latest Level" above.

(b) If a Relevant Level is published or announced at any time after the day that is five Business Days prior to the relevant Interest Payment Date such Relevant Level will not be used in any calculations. The Substitute Index Level so determined pursuant to this paragraph, will be the definitive level for the relevant month.

Cessation of Publication

Subject to the provisions of the paragraph entitled "Rebasing of Index" below, if a level for EUR CPI has not been published or announced for two consecutive months or the Sponsor announces that it will no longer continue to publish or announce EUR CPI then the Determination Agent shall determine a Successor Index (in lieu of any previously applicable index) by using the following methodology:

(a) If at any time a successor index has been designated by the calculation agent pursuant to the terms and conditions of the Related Bond, such successor index shall be designated a "Successor Index" for the purposes of all subsequent payment dates in relation to the Notes notwithstanding that any other Successor Index may previously have been determined under the other subsections of this

paragraph; or

(b) If a Successor Index has not been determined under (a) above and a notice has been given or an announcement has been made by a sponsor, specifying that an index will be superseded by a replacement index specified by the Sponsor, and the Determination Agent determines that such replacement index is calculated using the same or substantially similar formula or method of calculation as used in the calculation of the previously applicable index, such replacement index shall be EUR CPI for purposes of the Notes from the date that such replacement index comes into effect; or

(c) If a Successor Index has not been designated by the Determination Agent under (a) or (b) above, the Determination Agent shall ask five leading independent dealers to state what the replacement index for EUR CPI should be. If between four and five responses are received, and of those four or five responses, three or more leading independent dealers state the same index, this index will be deemed the "Successor Index". If three responses are received, and two or more leading independent dealers state the same index, this index will be deemed the "Successor Index". If fewer than three responses are received, the Determination Agent will proceed to subsection (d) hereof; or

(d) if no Successor Index has been deemed under (a), (b) or (c) above by the third Business Day prior to the relevant Interest Payment Date or by the date that is five Business Days after the final Interest Payment Date, the Determination Agent will determine an appropriate alternative index, and

such index will be deemed a "Successor Index".

Rebasing of the Index

If the Determination Agent determine that EUR CPI has been or will be rebased at any time, the Index as so rebased (the ***Rebased Index***) will be used for purposes of determining the level of EUR CPI from the date of such rebasing; provided, however, that the Determination Agent shall make such adjustments as are made by the calculation agent pursuant to the terms and conditions of the Related Bond, if any, to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as EUR CPI before it was rebased. If there is no Related Bond, the Determination Agent shall make adjustments to the past levels of the Rebased Index so that the Rebased Index levels prior to the date of rebasing reflect the same rate of inflation as EUR CPI before it was rebased. Any such rebasing shall not affect any prior payments made under the Notes.

Material Modification prior to Payment Date

If, on or prior to the day that is five Business Days before a Interest Payment Date, the Sponsor announces that it will make a material change to EUR CPI then the Determination Agent shall make any such adjustments to EUR CPI consistent with adjustments made to the Related Bond, or, if there is no Related Bond, only those adjustments necessary for the modified Index to continue as EUR CPI.

Manifest Error in Publication

If, within thirty days of publication, the Determination Agent determines that the

Sponsor has corrected the level of EUR CPI to remedy a material error in its original publication, the Determination Agent will notify the parties of (i) that correction, and (ii) the amount that is payable as a result of that correction.

Related Bond

The Related Bond shall be the Fallback Bond.

Fallback Bond

The Fallback Bond will be a bond selected by the Determination Agent and issued by the government of the country to whose level of inflation the Index relates and which pays a coupon or redemption amount which is calculated by reference to EUR CPI, with a maturity date which falls on (a) the same day as the Maturity Date, (b) the next longest maturity after the Maturity Date if there is no such bond maturing on the Maturity Date, or (c) the next shortest maturity before the Maturity Date if no bond defined in (a) or (b) is selected by Determination Agent. If the index relates to the level of inflation in the European Monetary Union, the Agent will select an inflation-linked bond that is a debt obligation of one of the governments (but not any government agency) of France, Italy, Germany or Spain which pays a coupon or redemption amount which is calculated by reference to the level of inflation in the European Monetary Union. In each case, the Determination Agent will select the Fallback Bond from those inflation-linked bonds issued on or before the Issue Date of the Notes. If there is more than one bond maturing on the same date, the Fallback Bond shall be selected by the Determination Agent from those bonds. If the

Fallback Bond redeems the Determination Agent will select a new Fallback Bond on the same basis, but selected from all eligible bonds in issue at the time the original Fallback Bond redeems (including any bond for which the redeemed bond is exchanged).

16.	Screen Rate Determination:	N/A
17.	ISDA Determination:	N/A
18.	Amortisation Yield:	N/A
19.	Fixed Coupon Amount:	N/A
20.	Broken Coupon Amount:	N/A
21.	Minimum/Maximum Rates of Interest:	N/A
22.	Interest Payment Dates:	Interest Payment Dates shall be 30 June in each year, commencing from and including 30 June 2009 up to and including 30 June 2012.
23.	Interest Commencement Date:	The Issue Date
24.	Interest Period[s]:	As stated in Condition 25
25.	Day Count Fraction:	Actual/Actual (ICMA), unadjusted

Provisions regarding redemption

26.	Exchange Rate Time:	N/A
27.	Maturity Date:	28 June 2013
28.	Early Redemption following the occurrence of:	
	(i) Asian Hedging Disruption	N/A
	(ii) Asian Increased Cost of Hedging	N/A
29.	Early Redemption following the occurrence of a Guarantor Tax Event:	N/A
30.	Call Option:	N/A
31.	Put Option:	N/A
32.	Valuation Date:	Each Fixing Date and 14 June 2013
33.	Valuation Time:	As stated in Condition 25
34.	(i) Averaging Dates:	N/A
	(ii) Consequence of an Averaging Date being a Disrupted Day:	N/A
35.	Redemption Amount and the currency in which it will be paid:	On the Maturity Date, the Issuer shall redeem the Notes in an amount, in EUR, in accordance with the following formula:

$$\text{Denominati on} * \{100\% + \text{Min}[20\%; \text{Max}(0\%; 60\% * \text{Perf})]\}$$

Where;

$$Perf = \sum_{j=1}^4 Performance_j * w_j ;$$

$$Performance_j = \left(\frac{S_j^F - S_j^0}{S_j^0} \right);$$

Relevant Commodity Price means In respect of a Relevant Commodity, for any Pricing Date, the price, expressed as a price per unit of the Relevant Commodity_(j), determined with respect to that day for the specified Commodity Reference Price.

S_j^F means, the Relevant Commodity Price for the Relevant Commodity_(j) in the Commodity Basket on the Valuation Date being 14 June 2013;

S_j^0 means, the Relevant Commodity Price for the Relevant Commodity_(j) in the Commodity Basket on the Strike Date being 30 June 2008; and

w_j means, the weight of the Relevant Commodity_(j) in the Basket, as set out in Annex 1

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| 36. Early Redemption Amount and the currency in which it will be paid: | In respect of EUR1,000 in nominal amount of Notes an amount in EUR determined by the Determination Agent in its sole discretion using its reasonable judgement |
| 37. The maximum and minimum number of Business Days prior to the Early Redemption Date on which Issuer Redemption Notices and Special Redemption Notices must be given by the Issuer: | As stated in the Conditions |
| 38. Time for receipt of Early Redemption Notice and/or Noteholder's Notice: | 10:00 am London time, as stated in the Base Prospectus |

39.	Redemption Notice Time:	10:00 am London time, as stated in the Base Prospectus 10:00 am Brussels time (<i>in the case of Euroclear Bank</i>) 11:00 am Brussels time (<i>if delivered by EUCLID</i>) 10:00 am Luxembourg time (<i>in the case of Clearstream, Luxembourg</i>)
40.	Procedures for giving Issuer Redemption Notice if other than as specified in Condition 6.3:	N/A
41.	Procedure for giving Special Redemption Notice if other than as specified in Condition 6.3:	N/A
42.	Basis for selecting Notes where Daily Maximum Amount is exceeded if other than on a pro rata basis:	N/A
43.	Additional provisions relating to the redemption of the Notes:	N/A
44.	Equity Linked Notes, Equity Basket Notes:	N/A
45.	Single Index Notes, Basket of Indices Notes:	N/A
46.	Currency Linked Notes:	N/A
47.	Credit Linked Notes:	N/A
48.	Commodity Linked Notes:	Applicable
	(i) Trade Date	26 June 2008
	(ii) Relevant Commodity/ies or Commodity Index/Indices	Each Relevant Commodity ^(j) comprising the Commodity Basket, as set out in Annex 1
	(iii) Commodity Reference Price:	As set out in Annex 1
	(iv) Exchange:	N/A
	(v) Specified Price:	As set out in Annex 1
	(vi) Delivery Date:	As set out in Annex 1
	(vii) Pricing Date:	The 30 June 2008 and the Valuation Date, each subject to adjustment in accordance with the Commodity Business Day Convention
	Common Pricing:	N/A
	(viii) Commodity Market Disruption Events:	As defined in Condition 7.7 of the Base Prospectus
	(viii) Disruption Fallbacks:	As defined in Condition 7.7 of the Base Prospectus
	(ix) Commodity Business Day:	As defined in Condition 25 of the Base Prospectus

(x)	Commodity Business Day Convention:	Following Business Day Convention
(xi)	Other Terms and Conditions	N/A

Provisions relating to settlement

49.	Settlement type:	Cash Settlement
50.	Board Lot:	N/A
51.	Currency in which cash settlement will be made	EUR
52.	Early Redemption Payment Date:	As defined in Condition 25
53.	Clearing System:	N/A
54.	Physical Delivery Date:	As defined in Condition 25

Definitions

55.	Definition of Business Day:	As defined in Condition 25
56.	Definition of Exchange Business Day:	As defined in Condition 25
57.	Definition of Maturity Notice Time:	As defined in Condition 25
58.	Definition of Issuer Tax Event:	As defined in Condition 12
59.	Definition of Guarantor Tax Event:	N/A

Selling restrictions and provisions relating to certification

60.	Applicable US Commodities Restrictions:	Type 2
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61. Non-US Selling Restrictions:

Prospectus

Republic of Italy

To the extent that the Notes have not been registered, and until the offering of the Notes has been registered (but see § 11“Passporting” pag.26, Part B), pursuant to Italian securities legislation, no Notes may be offered, sold or delivered, nor may copies of the Base Prospectus (including these Final Terms), any supplement to the Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and its implementing CONSOB regulations, as amended from time to time, and in Article 2 of Directive No. 2003/71/EC of 4 November 2003;

(ii) in other circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of the Financial Services Act and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14 May 1999, as amended (the **Regulation No. 11971**).

Any offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus, any supplement to the Base Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and

(b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and

(c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority..

62. Certification of non-US status: TEFRA D

General

63. Applicable Business Day Convention: Following Business Day Convention

64. Relevant Clearing System[s], Rules and appropriate codes: Euroclear
Clearstream, Luxembourg
ISIN: XS0356703867
Common Code: 035670386

65. (i) Reuters page(s) (or other reference source) from which the exchange rate for currency conversion will be taken when calculating the Redemption Amount and/or the Early Redemption Amount, or N/A

(ii) the Reference Bank or Central Bank quoting the exchange rate for conversion pursuant to Condition 6.9(a) N/A

66. Any modifications to the Master Subscription Agreement and/or Master Agency Agreement: N/A

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| 67. | The offices (if any) in addition to the principal office of the Issue and Paying Agent where (i) the latest annual report and accounts, of the Issuer, Guarantor and semi-annual interim reports of the Guarantor and (ii) copies of the Master Agency Agreement and the Base Prospectus and these Final Terms will be available in English for holders of the Notes during the term of the Notes: | N/A |
| 68. | Any Conditions additional to, or modified from, those set forth in the Base Prospectus: | <p>Non-exempt Offer:</p> <p>An offer of the Notes may be made through the distribution network, in respect of which, MPS Capital Services Banca per le Imprese S.p.A.. will act as a Distribution Manager, (the “<i>Distribution Network</i>” and each bank involved a “Distributor”) and its network other than pursuant to Article 3(2) of the Prospectus Directive in Italy (the Public Offer Jurisdiction) during the period from and including 6 May 2008 until and including 25 June 2008, during the hours in which banks are generally open for business in Milan, Italy (the <i>Offer Period</i>). The Notes will be placed into the Republic of Italy without any underwriting commitment by the Distributor and no undertakings have been made by third parties to guarantee the subscription of the Notes. See further § Offer Information of Part B below.</p> <p>MPS Capital Services Banca per le Imprese S.p.A. is the Distribution Manager in relation to the offer in Italy (the <i>Distribution Manager</i>). In its capacity as Distribution Manager MPS Capital Services Banca per le Imprese S.p.A. has organised the placing syndicate by appointing the Distributors (as hereafter specified).</p> |

The Issuer accepts responsibility for the information contained in these Final Terms. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in these Final Terms is in accordance with the facts and does not contain anything likely to affect the import of such information.

Signed on behalf of the Issuer:

By:
Duly authorised

The Notes will not become valid or obligatory for any purpose until the Final Terms is attached to the

Global Note and the certificate of authentication on the Global Note has been signed by or on behalf of the Issue and Paying Agent.

Part B

Other Information

1. LISTING

- | | | |
|--------------|---|---|
| (i) | Listing | London |
| (ii) | Admission to trading: | Application has been made for the Notes to be admitted to trading on the official list of the UK Listing Authority and to be admitted to trading on the regulated market of the London Stock Exchange with effect from 30 June 2008 |
| (iii) | Estimate of total expenses related to admission to trading | N/A |

2. RATINGS

The short term unsecured obligations of the Bank are rated A-1+ by Standard & Poor's, P-1 by Moody's and F1+ by Fitch Ratings Limited and the long-term obligations of the Bank are rated AA by Standard & Poor's, Aa1 by Moody's and AA+ by Fitch Ratings Limited.

For the avoidance of doubt, the Notes have not been individually rated.

3. NOTIFICATION

The Financial Services Authority has provided the Commissione Nazionale per le Società e la Borsa (the "CONSOB") with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.

4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

Save as discussed in Plan of Distribution, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

5. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) **Reasons for the offer** General funding
- (ii) **Estimated net proceeds:** Up to EUR 11,730,000
- For the avoidance of doubt, the estimated net proceeds reflect the proceeds to be received by the Issuer on the Issue Date. They are not a reflection of the fees payable by/to the Distribution Manager and the Distributors.
- (iii) **Estimated total expenses:** N/A

6. FIXED RATE NOTES ONLY - YIELD

Indication of yield:	N/A
	The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

7. FLOATING RATE NOTES ONLY - HISTORIC INTEREST RATES

N/A

8. INDEX-LINKED OR OTHER VARIABLE-LINKED NOTES ONLY - PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, [EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS] AND OTHER INFORMATION CONCERNING THE UNDERLYING

Past and future performance and volatility of the component of the floating rate and each Commodity in the Commodity Basket can be obtained on Bloomberg using the code set out beside its name in Paragraph 15 and Annex 1 respectively.

The tables below show the Interest Amount for different scenarios.

Negative Scenario (minimum yield)

Annual Gross Yield of 0.00% (equivalent to 0.00% net).

Year	Wheat	Soybean	Sugar	Corn	Underlying Index (Relevant Final Month)	Underlying Index (Relevant Initial Month)	Interest Amount
0	940	1350	12.5	600			
1					106.50	106.50	0.000%
2					106.38	106.50	0.000%
3					106.38	106.38	0.000%
4					106.27	106.38	0.000%
5	850	1200	13.5	650			0.000%

Intermediate Scenario

Annual Gross Yield of 4.099%, (equivalent to 3.600% net).

Year	Wheat	Soybean	Sugar	Corn	Underlying Index (Relevant Final Month)	Underlying Index (Relevant Initial Month)	Interest Amount
0	940	1350	12.5	600			
1					109.20	106.50	2.535%
2					111.93	109.20	2.500%
3					114.94	111.93	2.689%
4					117.80	114.94	2.488%
5	1070	1300	15.7	800			10.944%

Positive Scenario

Annual Gross Yield of 5,642% (equivalent to 4.973% net).

Year	Wheat	Soybean	Sugar	Corn	Underlying Index (Relevant Final Month)	Underlying Index (Relevant Initial Month)	Interest Amount
0	940	1350	12.5	600			
1					109.50	106.50	2.817%
2					112.20	109.50	2.466%
3					114.80	112.20	2.317%
4					117.60	114.80	2.439%
5	1420	1450	16.9	850			20.000%

9. DUAL CURRENCY NOTES ONLY - PERFORMANCE OF RATE[S] OF EXCHANGE [AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT]

N/A

10. OPERATIONAL INFORMATION

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking Societe Anonyme and the relevant identification number(s): N/A

Delivery: Delivery free of payment

New Global Note Yes

Names and addresses of additional Paying Agents(s) (if any) [and APK Issuing and Paying Agent / VPC Issuing and Paying Agent / Spanish Notes Issuing and Paying Agent]: N/A

Intended to be held in a manner which would allow Eurosystem eligibility: Yes

11. OFFER INFORMATION

Offer Price: EUR1,000 per Note

A. Value of the derivative component:

The derivative component of the Notes is represented by the purchase, by the holder, of four call options on the Underlying Index and a call spread on the performance of the Commodity Basket. Its value, at the date of 21 April 2008, calculated according respectively Black model and Black and Scholes model, is equal to 16.60%.

B. Value of the bond component:

The bond component of each Note is represented by a bond that, on redemption pays out 100%: the value of the bond component, at the date of 21 April 2008 is equal to 79.51%.

On the basis of the Management Fees and the Selling Fees of the issue as will be paid by the Issuer, respectively, to the Distribution Manager and, through it, to the Distributors, of the implicit derivative component and of the bond component, the Issue Price should be divided as follows

Value of the bond component 79.51%

Value of the implicit derivative

component	16.60%
Selling Fees	3.112%
Management Fees	0.778%
Issue Price	100,00%

THE NOTES HAVE A GROSS MINIMUM YIELD PER ANNUM EQUAL TO 0.00% AND A NET MINIMUM YIELD PER ANNUM EQUAL TO 0.00%. (Applying a tax rate of 12.50%).

Offer Period and Distributors

The Offer Period commences on and including 6 May 2008 and ends and including on 25 June 2008 during the hours in which banks are generally open for business in Milan, Italy. The Notes placed through door-to-door selling pursuant to Article 30 of the Legislative Decree of 24 February 1998, n. 58, as subsequently amended, will be offered from 6 May, 2008 to 18 June 2008 (included). The Distribution Manager is entitled to terminate the Offer Period prior to 25 June 2008, in particular when the maximum amount of the offer has been placed, by means of notice to be published on the website of the Distribution Manager.

The Notes will be publicly offered in the Republic of Italy through the following institutions (together the "**Distribution Network**", or the "**Distributors**" and each, a "**Distributor**"):

Biverbanca S.p.A.
Viale Carso, 15
13900 Biella
(Republic of Italy)

Banca Agricola Mantovana S.p.A.
Corso Vittorio Emanuele,30
46100 Mantova
(Republic of Italy)

MPS Banca Personale S.p.A.
Strada provinciale Lecce-Surbo (Zona Industriale
73100 LECCE
(Republic of Italy)

Copies of the offering documents will be available at the offices of the Distributors.

	<p>Potential investors can also find such documents on the website of the Distribution Manager and Distributors appointed in respect of the Notes, respectively: www.mpscapitalservices.it, www.biverbanca.it, www.bam.it and www.mpsbancapersonale.it</p>
Passporting	<p>The Financial Services Authority has provided the Commissione Nazionale per le Società e la Borsa (the “CONSOB”) with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.</p> <p>The Notes will be placed into the Republic of Italy without any underwriting by the Distributors. No undertakings have been made by third parties to guarantee the subscription of the Notes.</p> <p>A prospective Noteholder should contact a Distributor prior to the end of the Offer Period. A prospective Noteholder will subscribe for Notes in accordance with the arrangements existing between the relevant Distributor and its customers relating to the subscription of securities generally. Noteholders will not be required to enter into any contractual arrangements directly with the Offeror related to the subscription for the Notes</p>
Conditions to which the offer is subject:	<p>Offers of the Notes made prior to the Issue Date are conditional on their issue. Notes will be allotted subject to availability in the order of receipt of investors' applications.</p>
Description of the application process:	<p>Applications for the Notes can be made in Italy through the Distribution Network in respect of which MPS Capital Services Banca per le Imprese S.p.A. will act as Distribution Manager. Distribution will be in accordance with the Distributor's usual procedures, notified to investors by the Distributor.</p>
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	<p>Not Applicable</p>
Details of the minimum and/or maximum amount of application:	<p>Not Applicable</p>
Manner in and date on which results of the offer are to be made public:	<p>Not Applicable</p>
Details of the method and time	<p>The Notes will be issued on the Issue Date</p>

limits for paying up and delivering the Notes: against payment to the Issuer of the net subscription moneys. Each investor will be notified by the Distributor of the settlement arrangements in respect of the Notes at the time of such investor's application.

Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:

Offers may be made by the Distributor in Italy to any person. Offers (if any) in other EEA countries will only be made by the Distributor pursuant to an exemption from the obligation under the Prospectus Directive as implemented in such countries to publish a prospectus.

Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:

Each investor will be notified by the Distributor of its allocation of Notes at the time of such investor's application.

No dealings in the Notes may take place prior to the Issue Date.

Amount of any expenses and taxes specifically charged to the subscriber or purchaser:

Not Applicable

Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.

Not Applicable

Fees and commissions

At the end of the Offer Period, a Management Fee 0.778% of the Aggregate Principal Amount of the Notes sold to Noteholders) shall be paid by the Issuer to the Distribution Manager.

At the same time, the Issuer shall pay, through the Distribution Manager, a Selling Fee to each Distributor. Such Selling Fee will be equal to 3.112% of the Aggregate Principal Amount of the Notes placed by the Distributor itself.

Annex 1

Commodity Basket

j	Relevant Commodity	W_(ij)	Commodity Reference Price	Specified Price	Delivery Date
1	Wheat	20%	WHEAT-CBOT Bloomberg Ticker: W 1 Comdty	Official settlement price	First Nearby Month (Second Nearby Month for any Pricing Date which falls on or after the earlier to occur of (i) the first notice day and (ii) the last trading day of the relevant Futures Contract).
2	Soybean	25%	SOYBEANS-CBOT Bloomberg Ticker: S 1 Comdty	Official settlement price	First Nearby Month (Second Nearby Month for any Pricing Date which falls on or after the earlier to occur of (i) the first notice day and (ii) the last trading day of the relevant Futures Contract).
3	Sugar	25%	SUGAR # 11 (WORLD)- NYBOT Bloomberg Ticker: SB1 Comdty	Official settlement price	First Nearby Month (Second Nearby Month for any Pricing Date which falls on or after the earlier to occur of (i) the first notice day and (ii) the last trading day of the relevant Futures Contract).
4	Corn	30%	CORN-CBOT Bloomberg Ticker: C 1 Comdty	Official settlement price	First Nearby Month (Second Nearby Month for any Pricing Date which falls on or after the earlier to occur of (i) the first notice day and (ii) the last trading day of the relevant Futures Contract).

For the avoidance of doubt, Bloomberg Tickers are provided for reference purposes only and if there is any discrepancy between the price published on the Bloomberg Ticker and that on the Exchange, the price published on the Exchange shall prevail.

TAXATION

The statements herein regarding taxation are based on the laws in force in Italy as at the date of these Final Terms and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.

Tax treatment of the Notes

Legislative Decree No. 239 of 1 April 1996, as a subsequently amended, (the **Decree No. 239**) provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from notes falling within the category of bonds (obbligazioni) or debentures similar to bonds (titoli similari alle obbligazioni) issued, inter alia, by non-Italian resident issuers.

Where an Italian resident Noteholder is (i) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has opted for the application of the risparmio gestito regime – see "Capital Gains Tax" below), (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to the Notes, accrued during the relevant holding period, are subject to a withholding tax, referred to as "imposta sostitutiva", levied at the rate of 12.50 per cent. In the event that the Noteholders described under (i) and (iii) above are engaged in an entrepreneurial activity to which the Notes are connected, the imposta sostitutiva applies as a provisional tax.

Where an Italian resident Noteholder is a company or similar commercial entity or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected and the Notes are deposited with an authorised intermediary, interest, premium and other income from the Notes will not be subject to imposta sostitutiva, but must be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the "status" of the Noteholder, also to IRAP - the regional tax on productive activities).

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001, as clarified by the Italian Ministry of Economics and Finance through Circular No. 47/E of 8 August 2003, payments of Interest in respect of the Notes made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and Article 14-bis of Law No. 86 of 25 January 1994 are subject neither to substitute tax nor to any other income tax in the hands of a real estate investment fund.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund (the **Fund**) or a SICAV, and the Notes are held by an authorized intermediary, interest, premium and other income accrued during the holding period on the Notes will not be subject to imposta sostitutiva, but must be included in the management results of the Fund accrued at the end of each tax period, subject to an ad-hoc substitute tax applicable at a 12.50 per cent. rate.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to imposta sostitutiva, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 11.00 per cent. substitute tax.

Pursuant to Decree No. 239, imposta sostitutiva is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Economics and Finance (each an **Intermediary**).

An Intermediary must (i) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary and (ii) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the imposta sostitutiva, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the imposta sostitutiva is applied and withheld by any entity paying interest to a Noteholder.

Early Redemption

Without prejudice to the above provisions, in the event that Notes having an original maturity of at least 18 months are redeemed, in full or in part, prior to 18 months from their issue date, Italian resident Noteholders will be required to pay, by way of a withholding to be applied by the Italian intermediary responsible for payment of interest or the redemption of the Notes, an amount equal to 20 per cent. of the interest and other amounts accrued up to the time of the early redemption.

Non-Italian Resident Noteholders

No Italian imposta sostitutiva is applied on payments to a non-Italian resident Noteholder of interest or premium relating to the Notes provided that, if the Notes are held in Italy, the non-Italian resident Noteholder declares itself to be a non-Italian resident according to Italian tax provisions.

Capital Gains Tax

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the Noteholder, also as part of the net value of production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is an individual not holding the Notes in connection with an entrepreneurial activity and certain other persons, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an imposta sostitutiva, levied at the current rate of 12.50 per cent. Noteholders may set off losses with gains.

In respect of the application of the imposta sostitutiva, taxpayers may opt for one of the three regimes described below.

Under the "tax declaration" regime (regime della dichiarazione), which is the default regime for Italian resident individuals not engaged in entrepreneurial activity to which the Notes are connected, the imposta sostitutiva on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual Noteholder holding Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay imposta sostitutiva on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the imposta sostitutiva separately on capital gains realised on each sale or redemption of the Notes (the "risparmio amministrato" regime). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and (ii) an express election for the risparmio amministrato regime being punctually made in writing by the relevant Noteholder. The depository is responsible for accounting for imposta sostitutiva in respect of capital

gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in its annual tax return.

Any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so-called "*risparmio gestito*" regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 12.50 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in its annual tax return.

Any capital gains realised by a Noteholder which is an Italian open ended or a closed-ended investment fund or a SICAV will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 12.50 per cent. substitute tax.

Any capital gains realised by a Noteholder which is an Italian pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 11 per cent. substitute tax.

Capital gains realised by non-Italian resident Noteholders from the sale or redemption of the Notes are not subject to Italian taxation, provided that the Notes (i) are traded on regulated markets, or (ii) if not traded on regulated markets, are held outside Italy.

Inheritance and gift taxes

Pursuant to Law Decree No. 262 of 3 October 2006, (Decree No. 262), converted into Law No. 286 of 24 November 2006, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

- (i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4% on the value of the inheritance or the gift exceeding EUR 1,000,000;
- (ii) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree, are subject to an inheritance and gift tax applied at a rate of 6% on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding € 100.000; and
- (iii) any other transfer is subject to an inheritance and gift tax applied at a rate of 8% on the entire value of the inheritance or the gift.

Transfer Tax

Article 37 of Law Decree No. 248 of 31 December 2007 (the **Decree No. 248**), as converted into Law No. 31 of 28 February 2008, has abolished the Italian transfer tax provided by Royal Decree No. 3278 of 30 December 1923, as amended and supplemented by Legislative Decree No. 435 of 21 November 1997. Following the repeal of the Italian transfer tax as from 31 December 2007, contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarized deeds are subject to fixed registration tax at rate of EUR 168; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the **EU Savings Directive**), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland) with effect from the same date.

Implementation in Italy of the EU Savings Directive

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April, 2005 (the **Decree No. 84**). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid starting from 1 July 2005 to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall not apply the withholding tax and shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.