

823 - 5 SET. 2003

OGGETTO: Schedule dell'Istituto Bancario Lehman Brothers Special Financing Inc.

LA GIUNTA REGIONALE

SU proposta del Direttore del Dipartimento Sviluppo economico e occupazionale

VISTO L'art. 10 della legge 16 maggio 1979, n. 281 che autorizza le Regioni ad emettere prestiti obbligazionari per provvedere alle spese di investimento;

VISTO l'art. 35 della legge n. 724/94 che conferma la facoltà della Regione ad emettere prestiti obbligazionari;

VISTE le deliberazioni n. 600 del 26/4/2001 e n. 1946 del 21 dicembre 2001 con le quali si è autorizzato il rinnovo e l'aggiornamento annuale di Programma M.T.N. (Medium Term Note), sottoscritto in data 17 luglio 2002, incrementando al contempo l'importo totale e fissando a USD 2 miliardi la capacità massima del Programma stesso;

VISTO l'art. 41 della legge n. 448 del 2001 che ribadisce la facoltà per le Regioni ad emettere titoli obbligazionari, contrarre mutui con rimborso del capitale in unica soluzione alla scadenza, previa costituzione, al momento dell'emissione o dell'accensione, di un fondo di ammortamento del debito, o previa conclusione di uno "swap" per l'ammortamento del debito;

VISTO l'art. 5 della Legge Regionale n. 3 del 6 febbraio 2003 che autorizza questa Regione sia ad emettere prestiti obbligazionari che a ristrutturare il debito in essere, al fine di una gestione attiva del portafoglio esistente, attraverso l'uso di strumenti derivati;

PRESO ATTO CHE la conclusione di operazioni di "swap" con un istituto bancario, siano esse finalizzate all'ammortamento del debito relativo ad una emissione obbligazionaria che alla ristrutturazione del debito esistente, presuppongono la sottoscrizione con lo stesso istituto di un contratto quadro ISDA e della relativa "Schedule";

RILEVATO che questa Amministrazione ritiene opportuno sottoscrivere il contratto ISDA e la relativa "Schedule" che l'istituto bancario Lehman Brothers Special Financing Inc. ha presentato, affinché possa dotarsi della facoltà di concludere eventuali future operazioni finanziarie con l'Istituto bancario menzionato;

VISTA la legge n. 6 del 18 febbraio 2002;



823-5 SET. 2003

PRESO ATTO della deliberazione n. 7388 del 21/11/1997 con la quale è stato approvato il contratto-quadro ISDA (International Swap Dealers Association) che regola le operazioni di "swap" (cambio) delle operazioni finanziarie;

ALL'UNANIMITA'

DELIBERA

Di sottoscrivere il contratto ISDA e la relativa "Schedule" con l'Istituto Bancario Lehman Brothers Special Financing Inc. il cui schema è allegato alla presente deliberazione.

IL PRESIDENTE: F.to Francesco STORACE
IL SEGRETARIO: F.to Tommaso Nardini



"SCHEDULE LEHMAN
BROTHERS.doc"



5 SET 2003

Q

Per copia conforme all'originale

PAGINE TOTALI N. 20

Lidia Navisse

(LIDIA NAVISSE)

RESPONSABILE AREA ENTITATE
E FINANZA

MULTICURRENCY - CROSS BORDER

SCHEDULE

to the

Master Agreement

dated as of _____

between

LEHMAN BROTHERS SPECIAL FINANCING INC.
("Party A")

and

REGIONE LAZIO
("Party B")

Part 1

Termination Provisions

In this Agreement:-

(a) "Specified Entity" means in relation to Party A for the purpose of:-

Section 5(a)(v) (Default under Specified Transaction),	None
Section 5(a)(vi) (Cross Default),	None
Section 5(a)(vii) (Bankruptcy),	None
Section 5(b)(iv) (Credit Event Upon Merger),	None

in relation to Party B for the purpose of:-

Section 5(a)(v) (Default under Specified Transaction),	None
Section 5(a)(vi) (Cross Default),	None
Section 5(a)(vii) (Bankruptcy),	None
Section 5(b)(iv) (Credit Event Upon Merger),	None

(b) "Specified Transaction" will have the meaning specified in Section 14 of this Agreement.

(c) The "Cross Default" the provisions of Section 5(a)(vi) of this Agreement will apply to Party A and to Party B.

"provided, however, that notwithstanding the foregoing, an Event of Default shall not occur under either (1) or (2) above if, as demonstrated to the reasonable satisfaction of the other party, (a) the event or condition referred to in (1) or the failure to pay referred to in (2) is a failure to pay caused by an error or omission of an administrative or operational nature; and (b) funds were available to such party to enable it to make the relevant payment when due; and (c) such relevant payment is made within three Local Business Days following receipt of written notice from an interested party of such failure to pay."

If such provisions apply:-



"Specified Indebtedness" will have the meaning specified in Section 14 of this Agreement unless another meaning is specified here: No change from Section 14.

"Threshold Amount" means, in respect of Party A, Euro 100,000,000 or the equivalent in other currencies, and in respect of Party B, Euro 100,000,000 or its equivalent in other currencies.

- (d) The **"Credit Event Upon Merger"** provisions of Section 5(b)(iv) will apply to Party A and Party B. Notwithstanding Section 5(h)(iv) of this Agreement, "Credit Event Upon Merger" means that a Designated Event (as defined below) occurs with respect to a party or its Specified Entity and such action does not constitute an event described in Section 5(a)(viii) but that, in the reasonable opinion of the other party, the creditworthiness of the successor, surviving or transferee entity (which will be the Affected Party) is materially weaker than that of its predecessor, immediately prior to the occurrence of the Designated Event. For purposes hereof, a Designated Event means that, after the Trade Date of a Transaction:
- (i) the party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets (or any substantial part of the assets comprising the business conducted by that party as of the Trade Date of that Transaction) to, or receives all or substantially all the assets and obligations of, another entity;
 - (ii) any person or entity acquires directly or indirectly the beneficial ownership of equity securities having the power to elect a majority of the board of directors of the party;
 - (iii) the party enters into any agreement providing for any of the foregoing; or
 - (iv) without limiting the foregoing, if the party is a Government Entity, an entity such as an organization, board, commission, authority, agency or body succeeds to the principal functions of, or powers and duties granted to, the party.
- (e) The **"Automatic Early Termination"** provision of Section 6(a) will not apply to Party A or to Party B.
- (f) **Payments on Early Termination.** For the purpose of Section 6(e) of this Agreement:-
- (i) Market Quotation will apply to all Terminated Transactions; provided, however, that for the purposes of the definition of Settlement Amount all Currency Option Transactions and FX Transactions (each as defined in Part 6 of this Schedule) for which Loss will apply shall be conclusively and irrevocably deemed to be Transactions for which a Market Quotation cannot be determined. The determination of Loss in respect of all Currency Option and all FX Transactions will be made by three independent dealers.
 - (ii) The Second Method will apply.
- (g) **"Termination Currency"** means Euro.
- (h) **Additional Termination Event** will apply.

Each of the the following events shall constitute an Additional Termination Event with respect to Party B (which shall be the Affected Party):

A moratorium is declared on the payment of any Specified Indebtedness of Party B (without regard to Threshold Amount) or Party B commences negotiations with one or more of its creditors with a view to the general readjustment or rescheduling of its indebtedness and at the time of such negotiations in the reasonable opinion Party A, the creditworthiness of Party B is materially weaker than that of Party B at the time of entering into this Agreement.

Party B:

- (i) fails to serve on its Treasurer the irrevocable payment mandate letter as provided for under Part 5(2)(ii) of this Schedule, within 30 days from the receipt by Party B of each Confirmation relating to each Transaction under this Agreement; or
- (ii) revokes for any reason the irrevocable payment mandate letter or such irrevocable letter becomes unenforceable for any reason; or
- (iii) fails to provide any subsequent Treasurer with an irrevocable payment mandate letter, as provided under Part 5(2)(iii) of the Schedule.

Part 2

Tax Representations

- (a) **Payer Representations.** For the purpose of Section 3(e) of this Agreement, Party A will make the following representation and Party B will make the following representation:-

It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii) or 6(e) of this Agreement) to be made by it to the other party under this Agreement. In making this representation, it may rely on (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of this Agreement, (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of this Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of this Agreement and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement, provided that it shall not be a breach of this representation where reliance is placed on clause (ii) and the other party does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

- (b) **Payee Representations.** For the purpose of Section 3(f) of this Agreement, Party A and Party B make the representations specified below:-

- (i) The following representation will apply to Party A and will apply to Party B:-

It is fully eligible for the benefits of the "Business Profits" or "Industrial and Commercial Profits" provision, as the case may be, the "Interest" provision or the "Other Income" provision (if any) of the Specified Treaty with respect to any payment described in such provisions and received or to be received by it in connection with this Agreement and no such payment is attributable to a trade or business carried on by it through a permanent establishment in the Specified Jurisdiction.

If such representation applies, then:-

"Specified Treaty" means, with respect to Party A and Party B, the income tax convention between the United States of America and the Republic of Italy.

"Specified Jurisdiction" means, with respect to Party A the Republic of Italy and with respect to Party B, the United States of America.

- (ii) The following representation will not apply to Party A and will apply to Party B:
- (A) It is a foreign person for U.S. federal income tax purposes.

Part 3

Documents to be delivered

For the purpose of Sections 4(a)(i) and (ii) of this Agreement, each party agrees to deliver the following documents as applicable:-

(a) Tax forms, documents or certificates to be delivered are:-

Party Required to deliver Document	Form/Document/Certificate	Date by which to be Delivered
Party A/Party B	Such form or document that may be required or reasonably requested in order to allow the other party to make a payment under this Agreement without any deduction or withholding for or on account of any tax or with such deduction or withholding at a reduced rate.	Promptly upon the earlier of (i) reasonable demand by the other party and (ii) learning that the form or document is required.

(b) Other Documents to be delivered are:-

Party Required to deliver Document	Form/Document/Certificate	Date by which to be Delivered	Covered by Section 3(d) Representation
Party A	A guarantee of Lehman Brothers Holdings Inc. in the form of Exhibit A to this Schedule.	Upon execution of this Agreement.	No
Party A	Annual audited financial statements prepared in accordance with generally accepted accounting principles in the country in which the party is organized.	Promptly after request.	Yes.
Party A	Semi-annual unaudited financial statements prepared in accordance with generally accepted accounting principles in the country in which the party is organized.	Promptly after request.	Yes.
Party B	Copy of provisional budget, actual financial report and multi-annual budget prepared in accordance with regional accounting standards.	Promptly after request.	Yes.
Party A/Party B	Certificate or other documents evidencing the authority of the party entering into this Agreement, Credit Support Document or a Confirmation, as the case may be together with the relevant specimen signatures.	At or promptly following execution of this Agreement, and, if a Confirmation so requires it on or before the date set forth therein.	Yes

Party B	Copies of the relevant Regional laws (as applicable); duly certified copies of the relevant resolutions of the Regional Board (<i>Giunta Regionale</i>) (as applicable).	On or prior to the date of execution of this Agreement and/or prior to the Trade Date of each Transaction entered into hereunder.	Yes
Party B	Certified copy of the irrevocable payment mandate letter creating an irrevocable obligation in favour of Party A, substantially in the form of Exhibit C.	Within 30 days from the receipt by Party B of each Confirmation relating to each Transaction under this Agreement.	Yes
Party B	Legal opinion in the form of Exhibit B.	Upon execution of this Agreement.	Yes

Part 4

Miscellaneous

- (a) **Addresses for Notices:** For the purpose of Section 12(a) of this Agreement:-

Address: Lehman Brothers Special Financing Inc.
c/o Lehman Brothers Inc.
Transaction Management
745 Seventh Avenue, 28th Floor
New York, NY 10019
U.S.A.

Attention: Documentation Manager
Facsimile No.: +1 212 526-7187
Telephone No.: +1 212 526-7672

(For all purposes)

Address for notices or communications to Party B:-

Address: Regione Lazio
Via Rosa Raimondi Garibaldi, 7
00147 Rome

Attention: Direttore del Dipartimento Economico e Occupazionale
Facsimile No.: +39 06 5168 5638; +39 06 5168 6804

(For all purposes)

- (b) **Process Agent.** For the purpose of Section 13(c):-

Party A appoints as its Process Agent: Not Applicable.

Party B appoints as its Process Agent: Party A and Party B irrevocably consent to service of process by registered letter with return of receipt or delivery in person or by courier to the address specified in Part 4(c) of the Schedule, which process will be completed on the date such process is delivered and the return of receipt has been received. Party A and Party B accept the risk of failure of proper service if one party fails to notify the other in writing of a change in its address in a timely manner. Nothing in this Agreement will affect the right of Party A and Party B to serve process in any other manner permitted by law.

- (c) **Offices.** The provisions of Section 10(a) will apply to this Agreement.

- (d) **Multibranch Party.** For the purpose of Section 10(c) of this Agreement:

Party A is not a Multibranch Party.
Party B is not a Multibranch Party.

- (e) **Calculation Agent.** The Calculation Agent is Party A, unless otherwise specified in a Confirmation in relation to the relevant Transaction.

- (f) **Credit Support Document.** Details of any Credit Support Document:-

Party A:- In the case of Party A, a guarantee of Party A's obligations hereunder in the form annexed hereto as Exhibit A to this Schedule.

Party B:- Not Applicable.

(g) **Credit Support Provider.**

Credit Support Provider means in relation to Party A, Lehman Brothers Holdings Inc...

Credit Support Provider means in relation to Party B, Not Applicable.

(h) **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of England.

(i) **Netting of Payments.** Subparagraph (ii) of Section 2(c) of this Agreement will not apply.

(j) **"Affiliate"** will have the meaning specified in Section 14 of this Agreement.

(k) **"Government Entity"** means Party B.

Part 5

Other Provisions

- (1) **ISDA Definitions.** Reference is made to the 2000 ISDA Definitions (the "2000 Definitions") and the 1998 ISDA FX and Currency Option Definitions (the "FX Definitions"), each as published by the International Swaps and Derivatives Association, Inc. which are hereby incorporated by reference. Any terms used and not otherwise defined herein which are contained in the 2000 Definitions or the FX Definitions shall have the meaning set forth therein (without regard to any amendments thereto subsequent to the date hereof). Any reference in the 2000 Definitions to a Swap Transaction shall be deemed to include a Transaction hereunder.

In the event of any inconsistency between the 2000 Definitions and the FX Definitions, the FX Definitions shall prevail with respect to an FX Transaction or a Currency Option. In the event of any inconsistency between the provisions of this Agreement and the 2000 Definitions or the FX Definitions, the provisions of this Agreement shall prevail.

- (2) **Obligations.**

Party B undertakes (i) to comply with all relevant accounting rules and legislation for the appropriate entries to be made according to such rules and legislation for the amounts due under any Transaction entered into under this Agreement, (ii) to provide its Treasurer, within 30 days from the receipt by Party B of any Confirmation relating to each Transaction, with an irrevocable payment mandate letter, duly served on its Treasurer, creating an irrevocable obligation in favour to Party A (such irrevocable payment mandate letter to be substantially in the form of the pro forma irrevocable payment mandate letter attached herewith as Exhibit B), and instructing the Treasurer to earmark on Party B's revenues the necessary amounts for all payments due under any Transaction entered into and in any case for any payment under this Agreement to be communicated in details as soon as known and (iii) to provide, as long as Party B has or may have any obligation under this Agreement, any subsequent Treasurer with the same irrevocable payment mandate letter under (ii) above, and to notify to Party A any such instruction within 30 days from the signature of such irrevocable payment mandate letter.

- (3) **Representations.**

- (i) The introductory clause of Section 3 of this Agreement is hereby amended to read in its entirety as follows:-

"Each party represents to the other (which representations will be deemed to be repeated by each party on each date on which a Transaction is entered into and, in the case of the representations in Sections 3(a) and 3(g), at all times until the termination of this Agreement) that:-"

- (ii) Section 3(a)(ii) of this Agreement is hereby amended to read in its entirety as follows:-

"(ii) **Powers.** It has the power to execute this Agreement and any other documentation relating to this Agreement to which it is a party, to deliver this Agreement and any other documentation relating to this Agreement that it is required by this Agreement to deliver and to perform its obligations under this Agreement and any obligations it has under any Credit Support Document to which it is a party and has taken all necessary action and made all necessary determinations and findings to authorise such execution, delivery and performance;"

- (iii) Section 3 of this Agreement is hereby amended by adding the following subsection "(g)" thereto, which subsection shall only apply to the Government Entity:-

"(g) **Non-Speculation.** This Agreement has been, and each Transaction hereunder will be (and, if applicable, has been), entered into for purposes of managing its borrowings or investments and not for purposes of speculation."

- (iv) Section 3 of this Agreement is hereby amended by adding the following subsection "(h)" thereto:-

"(h) **No Immunity.** Subject to any restrictions under Italian State legislation it is not entitled to claim immunity on the grounds of sovereignty or other similar grounds with respect to itself or its revenues or assets (irrespective of their use or intended use) from (i) suit, (ii) jurisdiction of any court, (iii) relief by way of injunction, order for specific performance or for recovery of property, (iv) attachment of its assets (whether before or after judgment) or (v) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be made subject to in any Proceedings (as defined in Section 13(b)) in the courts of any jurisdiction and no such immunity (whether or not claimed) may be attributed to such party or its revenues or assets."

- (v) Section 3 of this Agreement is hereby amended by adding the following subsection "(i)" thereto:-

"(i) **No Reliance.** Each party represents to the other party (which representation will be deemed to be repeated by each party on each date on which a Transaction is entered into or amended, extended or otherwise modified) that it is acting for its own account, and has made its own independent decisions to enter into this Agreement and any Transaction hereunder and as to whether this Agreement and any Transaction hereunder is appropriate or proper for it based on its own judgment and upon advice from such advisors as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into this Agreement or any Transaction hereunder, it being understood that information and explanations related to the terms and conditions of this Agreement and any Transaction hereunder shall not be considered investment advice or a recommendation to enter into this Agreement or any Transaction hereunder. No communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of any Transaction hereunder.

It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of that Transaction. It is also capable of assuming, and assumes, the risks of that Transaction.

The other party is not acting as a fiduciary for or an adviser to it in respect of that Transaction."

- (vi) Section 3 of this Agreement is hereby amended by adding the following subsection "(j)" thereto, which subsection shall only apply to the Government Entity:-

"(j) **Further Representations and Warranties.** (i) it is subject to suit with respect to its obligations under this Agreement; (ii) the execution, delivery and performance of this Agreement by it constitute private and commercial acts rather than governmental and public acts; and (iii) the waiver of immunity by it is binding and not subject to revocation."

- (vii) Section 3 of this Agreement is hereby amended by adding the following subsection "(k)" thereto:-

"(k) **Eligible Contract Participant.** It is an "eligible contract participant" within the meaning of Section 1(a)(12) of the Commodity Exchange Act."

(4) **Agreements.**

- (i) The introductory clause of Section 4 of this Agreement is hereby amended to read in its entirety as follows:-

"Each party agrees with the other (or, in the case of Section 4(f) and (g), the Government Entity agrees with the other party) that, so long as either party has or may have any obligation under this Agreement or under any Credit Support Document to which it is a party:-"

(ii) Section 4 of this Agreement is hereby amended by adding the following subsections "(f)", thereto:-

"(f) *Notice of Incipient Illegality.* If an Incipient Illegality occurs, the Government Entity will, promptly upon becoming aware of it, notify the other party, specifying the nature of that Incipient Illegality and will also give such other information about that Incipient Illegality as the other party may reasonably require."

(5) *Section 14 Definitions.* Section 14 of this Agreement is hereby amended to add the following definitions in their appropriate alphabetical order:-

"*Government Entity*" has the meaning specified in the Schedule.

'Incipient Illegality' means (a) the enactment by any legislative body with competent jurisdiction over a Government Entity of legislation which, once adopted will render unlawful (i) the performance by such Government Entity of any absolute or contingent obligation to make a payment or delivery or to receive a payment or delivery in respect of a Transaction or the compliance by such Government Entity with any other material provision of this Agreement relating to such Transaction or (ii) the performance by a Government Entity of any contingent or other obligation which the Government Entity has under such Transaction, (b) any assertion in any proceeding, forum or action by a Government Entity, in respect of such Government Entity or in respect of any other similar entity having the same nature and located or organised under the laws of the state in which such Government Entity is located to the effect that performance under this Agreement or similar agreements is unlawful or (c) the occurrence with respect to a Government Entity of any event that constitutes an Illegality."

(6) *Set-Off.* Section 6 of the Agreement is amended by adding the following new subsection 6(f):

(f) Set-off.

(f) In addition to any rights of set-off a party may have as a matter of law or otherwise, upon the occurrence of an Event of Default or an Additional Termination Event and the designation of an Early Termination Event Date pursuant to Section 6 of the Agreement with respect to a party ("X"), the other party ("Y") will have the right (but not be obliged) without prior notice to X or any other person to set-off or apply any obligation of X owed to Y (whether or not matured or contingent and whether or not arising under this Agreement, and regardless of the currency, place of payment or booking office of the obligation) against any obligation of Y owed to X (whether or not matured or contingent and whether or not arising under this Agreement, and regardless of the currency, place of payment or booking office of the obligation.)

(2) For the purpose of cross-currency set-off, Y may convert either obligation to another currency at the applicable market exchange rate selected by Y on the relevant date.

(3) If the amount of an obligation is unascertained, Y may in good faith estimate that amount and set-off in respect of the estimate, subject to the relevant party accounting to the other when the amount of the obligation is ascertained.

(4) This clause (f) shall not constitute a mortgage, charge, lien or other security interest upon any of the property or assets of either party to this Agreement.

(7) *Escrow.* If by reason of the time difference between the cities in which payments are to be made, it is not possible for simultaneous payments to be made on any date on which both parties are required to make payments hereunder, either party may at its option and in its sole discretion notify the other party that payments on that date are to be made in escrow. In this case deposit of the payment due earlier on that date shall be made by 2:00 p.m. (local time at the place for the earlier payment) on that date with an escrow agent selected by the notifying party, accompanied by irrevocable payment instruction (i) to release the deposited payment to the intended recipient upon receipt by the escrow agent of the required deposit of the corresponding payment from the other party on the same date accompanied by irrevocable payment

instructions to the same effect or (ii) if the required deposit of the corresponding payment is not made on that same date, to return the payment deposited to the party that paid it in escrow. The party that elects to have payments made in escrow shall pay the costs of the escrow arrangements and shall cause those arrangements to provide that the intended recipient of the payment due to be deposited first shall be entitled to interest on that deposited payment for each day in the period of its deposit at the rate offered by the escrow agent for that day for overnight deposits in the relevant currency in the office where it holds that deposited payment (at 11:00 a.m. local time on that day) if that payment is not released by 5:00 p.m. local time on the date it is deposited for any reason other than the intended recipient's failure to make the escrow deposit it is required to make hereunder in a timely fashion.

- (8) **Bankruptcy.** Clause (6) of Section 5(a)(vii) of this Agreement is hereby amended to read in its entirety as follows:-

“(6)(A) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets or (B) in the case of a Government Entity, (I) there shall be appointed or designated with respect to it, an entity such as an organisation, board, commission, authority, agency or body to monitor, review, oversee, recommend or declare a financial emergency or similar state of financial distress with respect to it or (II) there shall be declared or introduced by any legislative or regulatory body with competent jurisdiction over it, the existence of a state of financial emergency or similar state of financial distress in respect of it”.

- (9) **Merger Without Assumption.** Section 5(a)(viii) of this Agreement is hereby amended to read in its entirety as follows:-

“(viii) **Merger Without Assumption.** The party or any Credit Support Provider of such party consolidates or amalgamates with or into, or transfers all or substantially all its assets to, another entity (or, without limiting the foregoing, if such party is a Government Entity, an entity such as an organization, board, commission, authority, agency or body succeeds to the principal functions of, or power and duties granted to, such party) and, at the time of such consolidation, amalgamation, merger, transfer or succession:

- (1) the resulting, surviving, transferee or successor entity fails to assume all the obligations of such party or such Credit Support Provider under this Agreement or any Credit Document to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other party to this Agreement; or
- (2) the benefits of any Credit Support Document fail to extend (without the consent of the other party) to the performance by such resulting, surviving, transferee or successor entity of its obligations under this Agreement.”

- (10) Party A represents to the other that it is aware that Party B cannot be considered as an “*operatore qualificato*” as provided by Article 31.2 of CONSOB Regulation No. 11522 of 1 July 1998, as amended.

Part 6

Foreign Exchange and Currency Option Transactions

- (a) **Incorporation and Amendment of 1998 FX and Currency Option Definitions**
- (i) Incorporation of 1998 FX and Currency Option Definitions. The 1998 FX and Currency Option Definitions (the "1998 Definitions"), published by the International Swaps and Derivatives Association, Inc., the Emerging Markets Traders Association and The Foreign Exchange Committee, are hereby incorporated by reference with respect to any "Currency Option Transactions" and "FX Transactions" as defined by the 1998 Definitions, except as otherwise specifically provided herein or in the Confirmation.
- (ii) Amendment of 1998 FX and Currency Option Definitions. The following amendments are made to the 1998 Definitions:
- Section 2.1 of the 1998 Definitions is amended by adding the following as Section 2.1(b):
- Currency Obligation.** "Currency Obligation" means the undertaking of a party hereunder to receive or deliver an amount of currency, including a netted Currency Obligation, and including any Currency Obligation previously entered into by the parties.
- The definition of "Terminated Transactions" shall be deemed to include Currency Obligations.
- (b) **Confirmations.** Any confirmation (whether provided by mail, facsimile, e-mail or other electronic means, and whether manually or electronically generated) in respect of any FX Transaction or Currency Option Transaction into which the parties may enter, or may have entered into prior to the date hereof, that fails by its terms to expressly exclude the application of this Agreement shall (to the extent not otherwise provided for in this Agreement) (i) constitute a "Confirmation" as referred to in this Agreement even where not so specified in such confirmation and (ii) supplement, form a part of, and be subject to this Agreement, and all provisions in this Agreement will govern such Confirmation except as modified therein.
- (c) **Netting.** Unless otherwise agreed by the parties, any Call or Put written by a party will automatically be terminated and discharged, in whole or in part, as applicable, against a Call or a Put, respectively, having the identical terms, written by the other party, and, upon the occurrence of such termination and discharge, neither party shall have any further obligation to the other party in respect of the Currency Option Transaction or parts thereof so terminated and discharged (except for the obligation of either party to pay any Premium due, but not paid, thereunder), provided that the remaining portion of any Currency Option Transaction which is partially discharged and terminated shall continue to be a Currency Option Transaction for all purposes of this Agreement.
- (d) **Inconsistencies.** In the event of any conflict between:
- (1) the terms of a Deliverable FX Transaction Confirmation and this Agreement, the terms of this Agreement shall supersede;
 - (2) the terms of a Deliverable FX Transaction Confirmation, where the Confirmation explicitly states that it shall so prevail and has been signed by both parties, its terms shall supersede the terms of this Agreement;
 - (3) the terms of a Currency Option Transaction or a Non-Deliverable FX Transaction Confirmation and this Agreement, the terms of the Confirmation shall supersede.
- (e) **Definitions.** Section 14 is hereby amended as follows:

The definition of "Terminated Transactions" shall be deemed to include Currency Obligations.

**LEHMAN BROTHERS SPECIAL FINANCING
INC.**

By: _____

Name: _____

Title: _____

Date: _____

REGIONE LAZIO

By: _____

Name: _____

Title: _____

Date: _____

GUARANTEE OF LEHMAN BROTHERS HOLDINGS INC.

LEHMAN BROTHERS SPECIAL FINANCING INC. ("Party A") and REGIONAL LAZIO ("Party B") have entered into a Master Agreement dated as of 21st July, 2003, (the "Master Agreement"), pursuant to which Party A and Party B have entered and/or anticipate entering into one or more transactions (each a "Transaction"), the Confirmation of each of which supplements, forms part of, and will be read and construed as one with, the Master Agreement (collectively referred to as the "Agreement"). This Guarantee is a Credit Support Document as contemplated in the Agreement. For value received, and in consideration of the financial accommodation accorded to Party A by Party B under the Agreement, LEHMAN BROTHERS HOLDINGS INC., a corporation organized and existing under the laws of the State of Delaware ("Guarantor"), hereby agrees to the following:

(a) Guarantor hereby unconditionally guarantees to Party B the due and punctual payment of all amounts payable by Party A under each Transaction when and as Party A's obligations thereunder shall become due and payable in accordance with the terms of the Agreement. In case of the failure of Party A to pay punctually any such amounts, Guarantor hereby agrees, upon first written demand by Party B, to pay or cause to be paid any such amounts punctually when and as the same shall become due and payable.

(b) Guarantor hereby agrees that its obligations under this Guarantee constitute a guarantee of payment when due and not of collection.

(c) Guarantor hereby agrees that its obligations under this Guarantee shall be unconditional, irrespective of the validity, regularity or enforceability of the Agreement against Party A (other than as a result of the unenforceability thereof against Party B), the absence of any action to enforce Party A's obligations under the Agreement, any waiver or consent by Party B with respect to any provisions thereof, the entry by Party A and Party B into additional Transactions under the Agreement or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor (excluding the defense of payment or statute of limitations, neither of which is waived). The Guarantor acknowledges that Party A and Party B may from time to time enter into one or more Transactions pursuant to the Agreement and agrees that the obligations of the Guarantor under this Guarantee will upon the execution of any such Transaction by Party A and Party B extend to all such Transactions without the taking of further action by the Guarantor.

(d) This Guarantee shall remain in full force and effect until such time as Party B shall receive written notice of termination. Termination of this Guarantee shall not affect Guarantor's liability hereunder as to obligations incurred or arising out of Transactions entered into prior to the termination hereof.

(e) Guarantor further agrees that this Guarantee shall continue to be effective or be reinstated, as the case may be, if at any time, payment, or any part thereof, of any obligation or interest thereon is rescinded or must otherwise be restored by Party B upon an Event of Default as set forth in Section 2(a)(vii) of the Master Agreement affecting Party A or Guarantor.

(f) Guarantor hereby waives (i) promptness, diligence, presentment, demand of payment, protest, order and, except as set forth in paragraph (a) hereof, notice of any kind in connection with the Agreement and this Guarantee, or (ii) any requirement that Party B exhaust any right to take any action against Party A or any other person prior to or contemporaneously with proceeding to exercise any right against Guarantor under this Guarantee.

This Guarantee shall be governed by and construed in accordance with the laws of the State of New York, without reference to choice of law doctrine. All capitalized terms not defined in this Guarantee, but defined in the Agreement, shall have the meanings assigned thereto in the Agreement.

Any notice hereunder will be sufficiently given if given in accordance with the provisions for notices under the Agreement and will be effective as set forth therein. All notices hereunder shall be delivered to Lehman Brothers Holdings Inc., Attention: Corporate Counsel, 399 Park Avenue, 11th Floor, New York, NY 10022 USA (Facsimile No. (212) 520-0176) with a copy to Lehman Brothers Special Financing Inc., Attention: Transaction Management, 745 Seventh Avenue, 28th Floor, New York, NY 10019 USA.

IN WITNESS WHEREOF, Guarantor has caused this Guarantee to be executed in its corporate name by its duly authorized officer as of the date of the Agreement.

LEHMAN BROTHERS HOLDINGS INC.

By: _____

Name:

Title:

Date:

[Form of legal opinion]

[]
[]

Dear Sirs,

1. The Region of Lazio ("Party B") is a territorial entity validly organised and existing and in good standing under the laws of the Republic of Italy.
2. The execution, delivery and performance of the Master Agreement dated as of [] by Party B are within the Party B's power and do not conflict with, or constitute a default under any provisions of the Party B's by-laws or any applicable law or regulation and binding on or affecting the Party B's property or assets.
3. The Master Agreement when duly executed and delivered by Party B will constitute valid and binding obligation of Party B enforceable against Party B in accordance with its terms, except as the enforceability thereof may be limited by reorganisation, moratorium, or other laws affecting the enforcement of creditor's rights generally or by general equity principles.
4. Party B has approved with its resolution No. [] of [] the entering into of the Master Agreement with [] ("Party A") together with a swap agreement related to [].
5. No consent, authorisation, license or approval of, or registration filing, or declaration with, any governmental authority of Italy is required in connection with the execution, delivery and performance of the Master Agreement or the Confirmation by Party B signed by []. The terms of any future transaction under the Master Agreement and any future Confirmation will need express approval by the Regional Board and appropriate delegation of signing authority.
6. No authorisations, approvals or consents are required under the laws of the Republic of Italy to permit the purchase by Party B of the currency used to make payments pursuant to the Master Agreement or any Confirmation to carry out any of its other obligations arising therefrom.
7. Party B is not required under any applicable law, as modified by the practice of any relevant governmental revenue authority, of the Republic of Italy to make any deduction or withholding for or on account of any Tax from any payment under the Master Agreement or any Confirmation.
8. The choice of the English law to govern the interpretation and enforcement of the Master Agreement or any Confirmation is valid under the laws of the Republic of Italy and, in a suit in a court of or in the Republic of Italy to enforce the rights of Party A under the Master Agreement or any Confirmation, such choice of law should be honoured by such court unless conflicting with public policy principles.
9. The submission to the jurisdiction of the English courts for all purposes in connection with, and the consent to service of process in, the Master Agreement are valid and binding upon the Party B and not subject to revocation. There are no provisions in the Master Agreement, as supplemented by the Schedule, which are repugnant to the public policy of the Republic of Italy. Any judgement obtained against the Region in the courts of England in respect of the Master Agreement would be recognised and enforced in Italy in accordance with and subject to the requirements of the Brussels Convention of 27th September, 1968 as superseded by the Regulation of the EU Council No. 44/2001 of 22nd December, 2000 on reciprocal recognition and enforcement of judgements in civil and commercial matters.

10. Party B is subject to suit with respect to its obligations under the Master Agreement or any Confirmation, and the execution, delivery and performance of the Master Agreement or any Confirmation by Party B constitute private and commercial acts rather than public and governmental acts. The waiver of immunity by Party B is binding and not subject to revocation.

11. Party B is not entitled to claim immunity on the grounds of sovereignty or other similar grounds with respect to itself or its revenues or assets (irrespective of their use or intended use) from (i) suit, (ii) jurisdiction or any court, (iii) relief by way of injunction, order for specific performance or for recovery of property, (iv) attachment of its assets (whether before or after judgment) or (v) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be made subject to in any Proceedings (as defined in Article 13(h)) in the courts of any jurisdiction and no such immunity (whether or not claimed) may be attributed to such party or its revenues or assets, subject to the non-attachability of (i) certain assets of the Region destined for a public purpose as referred to in Article 11 of Law No. 281/1970 as amended and (ii) amounts transferred by the Central Government which can be spent by the Region expressly on behalf of the Central Government only for earmarked purposes.

Article 11, 1st paragraph of Law No. 68/1993 expressly contemplates that funds of regions may not be subject to enforcement if destined for the payment of wages and related social security charges due in the following quarter and to the payment of instalments of loans maturing in the current semester as well as for the payment of indispensable local services expressly identified by decree of the Ministry of the Interior in agreement with the Ministry of the Economy provided that the Regional Board has adopted for each quarter a resolution expressly quantifying the amounts expressly destined for such payments.

12. The irrevocable payment mandate letter to be given to the Party B's Treasurer to pay to Party A any amount due under the Master Agreement (and any Confirmation thereunder), and authorising the Party B's Treasurer to allocate from the income of Party B the funds necessary for the payments under the Master Agreement and the Confirmation, with a specific irrevocable obligation in favour of Party A, is a valid and binding contractual undertaking of Party B.

Yours sincerely,

EXHIBIT C

FORM OF IRREVOCABLE PAYMENT MANDATE LETTER

To: Treasurer of Regione Lazio
[]

REGIONE LAZIO

The General Department of Financial Resources and Budget

- HAVING SEEN Regional Law No. [];
- HAVING SEEN the Resolution of the Regional Board No. [] of [] through which the Region authorised the entering into a ISDA Master Agreement in order to execute swap transactions;
- HAVING CONSIDERED that the transaction is regulated by the ISDA Master Agreement executed on [] together with the Confirmation dated [] with [] ("Party B") relating to the swap agreement through which it was agreed:
- [];
- HAVING SEEN the Resolution of the [] through which the accounting conditions precedent of the entire transaction were set up;

IRREVOCABLY MANDATES

the Treasury Bank of Regione Lazio, [], to pay to Party A, on the due dates of [] of each year, starting on [] up to [], the due amounts as indicated above, as well as any amount due in case of termination, as it will be communicated to the Treasurer, providing for the appropriate gradual allocations. The Treasury Bank will be discharged of the payments with the related payment receipts.

This mandate will remain valid also towards any successor which may be appointed to act as Treasury Bank of Regione Lazio, to which this mandate will have to be communicated by the resigning Treasury Bank.

Rome, [Date]

The authorised signatory

Please kindly return to the Region copy of this irrevocable payment mandate letter duly signed for acknowledgement and acceptance.

The Treasury Bank

(italian version)

MODELLO DI MANDATO IRREVOCABILE DI PAGAMENTO

Spett.le Tesoriere della Regione Lazio
[]

REGIONE LAZIO

La Direzione Generale Risorse Finanziarie e Bilancio

VISTA la Legge Regionale No. [];

VISTA la delibera della Giunta Regionale n. [] del [] con cui la Regione ha autorizzato la stipulazione di un ISDA Master Agreement al fine di realizzare operazioni di swap;

CONSIDERATO che l'operazione di swap è regolata dall'ISDA Master Agreement stipulato in data [] insieme alla Confirmation in data [] con [] ("Contraente A") relativa al contratto di swap attraverso la quale è stato concordato:
- [];

VISTA la delibera del [] con cui sono state poste le condizioni contabili precedenti per l'intera operazione;

CONFERISCE MANDATO IRREVOCABILE

alla banca tesoriere della Regione Lazio, [], di pagare in favore del Contraente A, alle date stabilite del [] di ogni anno, a partire da [] e fino a [], gli importi dovuti come sopra indicato, nonché per gli eventuali ulteriori pagamenti previsti nelle ipotesi di risoluzione, come sarà comunicato al tesoriere, provvedendo agli opportuni graduali accantonamenti. Delle somme pagate il tesoriere sarà liberato con le ricevute dei versamenti che vi si riferiscono.

Il presente mandato resterà efficace anche nei confronti di eventuali futuri soggetti che svolgeranno il servizio di tesoriere della Regione Lazio ai quali dovrà essere comunicata dal tesoriere uscente.

Roma, [Data]

Autorizzato alla firma

Vogliate cortesemente restituire alla Regione copia del presente mandato irrevocabile di pagamento debitamente sottoscritto per presa d'atto ed accettazione.

La Banca Tesoriere

(autorizzato alla firma)

