



Final Terms



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 the issue of Notes, Certificates and Warrants

BARCLAYS BANK PLC

EUR20,000,000 Fixed Rate Notes due 31 July 2014

Series SN16519

The Offer Period in France, Italy and Spain shall be from and including 19 June 2009 to and including 28 July 2009 at 4.00 p.m. (CET)

Under the Structured Securities Programme

Issue Price: 100.00% of par

This document has been prepared for the purposes of giving information about the issue by Barclays Bank PLC of the EUR20,000,000 Fixed Rate Notes due 31 July 2014, Series SN16519 (the "**Notes**"). This document constitutes the Final Terms of the Notes described herein and 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 27 March 2009, as supplemented and amended from time to time, which constitutes a base prospectus for the purpose of the Directive 2003/71/EC (the "**Base Prospectus**"). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing during normal business hours at the registered office of the Issuer and the specified office of the Issue and Paying Agent for the time being in London and copies may be obtained from such office. Words and expressions defined in the Base Prospectus and not defined in this document shall bear the same meanings when used herein.

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.

Investors should refer to "Risk Factors" 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

19 June 2009

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 US Securities Act of 1933, as amended, and are subject to US tax law requirements. Trading in the Notes has not been approved by the US Commodity Futures Trading Commission under the US Commodity Exchange Act of 1936, as amended. Subject to certain exceptions, the Notes may not at any time be offered, sold or delivered in the United States or to US persons, nor may any US persons at any time trade or maintain a position in such Notes.

Tax Considerations

Additional Information relating to Italian Taxation, as set out in the Annex. Potential Noteholders should consult their own tax advisers before agreeing to purchase the Notes.

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 27 March 2009

Parties

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

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 REGULATIONS 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 REGULATIONS 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:	EUR20,000,000 Fixed Rate Notes due 31 July 2014
2.	Series:	SN16519
3.	Currency of the Notes:	Euros (<i>EUR</i>)
4.	Aggregate Principal Amount of the Notes:	EUR20,000,000
5.	(i) Specified Denomination[s]:	EUR100
	(ii) Minimum Transfer Amount:	N/A
6.	Calculation Amount:	Specified Denomination
7.	Form of Notes:	Bearer Notes Temporary Global Note, exchangeable for a Permanent Global Note.
8.	Notes in definitive form to be issued:	Yes, in the limited circumstances set out in the Base Prospectus

9.	Issue Date of the Notes:	31 July 2009
10.	Issue Price of the Notes:	100.00 per cent. of par
11.	Relevant Stock Exchange[s]:	London Stock Exchange
12.	Type of Notes and relevant Securities Note:	Fixed Rate Notes

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

13.	Interest payable on the Note:	Yes
14.	Interest Basis:	Fixed Rate Note
15.	Interest Rate[s]	- Fixed 4.00 per cent per annum payable on the Interest Payment Dates
		- Floating N/A
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 Date[s]:	30 April, 31 July, 31 October and 31 January in each year from and including 31 October 2009, up to and including the Maturity Date.
23.	Interest Commencement Date:	Issue Date
24.	Interest Period[s]:	As defined in Condition 25
25.	Day Count Fraction:	30/360, unadjusted

Provisions regarding redemption

26.	Maturity Date:	31 July 2014
27.	Early Redemption following the occurrence of:	
	(i) Asian Hedging Disruption	N/A
	(ii) Asian Increased Cost of Hedging	N/A
28.	Call Option:	N/A
29.	Put Option:	N/A
30.	Valuation Date:	N/A

31.	Valuation Time:	N/A
32.	(i) Averaging Dates:	N/A
	(ii) Consequence of an Averaging Date being a Disrupted Day:	N/A
33.	Redemption Amount and the currency in which it will be paid:	An amount in EUR, payable on the Maturity Date, calculated as follows: <i>100% x Calculation Amount</i>
34.	Early Redemption Amount and the currency in which it will be paid:	In relation to an Early Redemption in accordance with Condition 5.4, an amount in EUR as determined by the Determination Agent in its sole discretion using its reasonable judgement
35.	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:	2, as stated in the Base Prospectus
36.	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>)
37.	Procedures for giving Issuer Redemption Notice if other than as specified in Condition 6.3:	N/A
38.	Procedure for giving Special Redemption Notice if other than as specified in Condition 6.3:	N/A
39.	Basis for selecting Notes where Daily Maximum Amount is exceeded if other than on a pro rata basis:	N/A
40.	Additional provisions relating to the redemption of the Notes:	N/A
41.	Equity Linked Notes:	N/A
42.	Index Linked Notes:	N/A
43.	Currency Linked Notes:	N/A
44.	Credit Linked Notes:	N/A
45.	Commodity Linked Notes:	N/A

Provisions relating to settlement

46.	Settlement type:	Cash Settlement
47.	Board Lot:	N/A
48.	Currency in which cash settlement will be made	EUR
49.	Early Redemption Payment Date:	As defined in Condition 25
50.	Relevant Clearing System, Exchange or Futures Exchange:	Relevant Clearing System shall mean Euroclear / Clearstream, Luxembourg
51.	Physical Delivery Date:	N/A

Definitions

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

Selling restrictions and provisions relating to certification

57.	Applicable US Commodities Restrictions:	N/A
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58. Non-US Selling Restrictions:

As set out in the Base Prospectus;
and in addition:

Republic of Italy

Notwithstanding the terms of the public offer set out in Part B below.

To the extent that the Notes have not been registered, and until the offering of the Notes has been registered, 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.

59. Certification of non-US status:

TEFRA D Applicable

General

60. Applicable Business Day Convention:

Modified Following Business Day Convention

61. Relevant Clearing System[s], Rules and appropriate codes:

Euroclear
Clearstream, Luxembourg
ISIN: XS0433791604
Common Code: 043379160

62. (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

63. Any modifications to the Master Subscription Agreement and/or Master Agency Agreement:

N/A

- | | | |
|-----|--|-----|
| 64. | 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 |
| 65. | Any Conditions additional to, or modified from, those set forth in the Base Prospectus: | N/A |

**Part B
Other Information**

1. LISTING

- | | | |
|------|-----------------------|--|
| (i) | Listing | London |
| (ii) | Admission to trading: | Application has been made for the Notes to be admitted to listing on the official list of the UK Listing Authority and to be admitted to trading on the Regulated Market of the London Stock Exchange on or around the Issue Date. |

2. RATINGS

Ratings: The Notes have not been individually rated.

3. NOTIFICATION

The Financial Services Authority has provided the competent authorities in France, Spain and Italy, 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 OFFER

Save as discussed in the 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

(See "Use of Proceeds" wording in the Base Prospectus) |
| (ii) | Estimated net proceeds: | EUR20,000,000 |
| (iii) | Estimated total expenses: | N/A |

6. FIXED RATE NOTES ONLY - YIELD

Indication of yield: Calculated as 4.00% per cent. per annum on the Issue Date. As set out above, 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 – N/A

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 Société Anonyme and the relevant identification number(s): N/A

Delivery: Delivery free of payment

New Global Note No

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

Intended to be held in a manner which would allow Eurosystem eligibility: No

11. OFFER INFORMATION

Offer Price: EUR100 per Note

Issue Price: 100.00%

The Issue Price per Note includes a commission element to be shared with a third party which will not exceed 5.50 per cent., further details of which are available upon request.

Offer Period and Distributors

The Offer Period in France, Italy and Spain shall be from and including 19 June 2009 to and including 28 July 2009 at 4.00 pm (CET)

The Notes will be publicly offered in France, through the following institution (the *French Distributor*):

Barclays Bank PLC France
183 Avenue Daumesnil
75012 Paris
France

The Notes will be publicly offered in the Republic of Italy, through the following institution (the *Italian Distributor*):

Barclays Bank PLC
Via della Moscova 18
20121 Milano
Italia

The Notes will be publicly offered in Spain, through the following institution (the *Spanish Distributor*):

Barclays Bank S.A.
1 Plaza de Colon
28046 Madrid
Spain

Non-exempt Offer

An offer of the Notes in Italy may be made through the Italian Distributor other than pursuant to Article 3(2) of the Prospectus Directive in Italy during the Offer Period.

An offer of the Notes in France may be made through the French Distributor and its network in accordance with Articles L.411-1 et. seq of the French *Code Monetaire et Financier* during the Offer Period.

An offer of the Notes may be made through the Spanish Distributor and its network other than pursuant to Article 3(2) of the Prospectus Directive in Spain during 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 Barclays Bank PLC related to the subscription for the Notes

Conditions to which the offer is subject:

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.

The Issuer reserves the right to withdraw the offer of the Notes at any time on or prior to the end of the Offer Period. For the avoidance of doubt, if any application has been made by the potential investor and the Issuer exercises such a right, each such

	<p>potential investor shall not be entitled to subscribe or otherwise acquire the Notes and any applications will be automatically cancelled and any purchase money will be refunded to the applicant.</p>
<p>Description of the application process:</p>	<p>Applications for the Notes can be made in France, Italy and Spain through the relevant Distributor. Distribution will be in accordance with the relevant Distributor's usual procedures.</p>
<p>Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:</p>	<p>Subscription orders may be reduced in case of oversubscription, excess amount of funds paid being reduced without delay with no entitlement for compensation.</p>
<p>Details of the minimum and/or maximum amount of application:</p>	<p>N/A</p>
<p>Manner in and date on which results of the offer are to be made public:</p>	<p>Results of the offer will be made public via the relevant Distributor as soon as practically possible after the end of the Offer Period.</p>
<p>Details of the method and time limits for paying up and delivering the Notes:</p>	<p>The Notes will be issued on the Issue Date against payment to the Issuer the distributor of the net subscription moneys. Each investor will be notified by the relevant Distributor of the settlement arrangements in respect of the Notes at the time of such investor's application.</p>
<p>Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:</p>	<p>Offers may be made by the French Distributor in France, Italian Distributor in Italy and Spanish Distributor in Spain each to any person. Offers (if any) in other EEA countries will only be made by the relevant Distributor pursuant to an exemption from the obligation under the Prospectus Directive as implemented in such countries to publish a prospectus.</p>
<p>Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:</p>	<p>Each investor will be notified by the relevant Distributor of its allocation of Notes at the time of such investor's application.</p>
<p>Amount of any expenses and taxes specifically charged to the subscriber or purchaser:</p>	<p>No dealings in the Notes may take place prior to the Issue Date.</p> <p>N/A</p>
<p>Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.</p>	<p>France : Barclays Bank PLC France 183 Avenue Daumesnil 75012 Paris France</p>

Italy:

Barclays Bank PLC
Via della Moscova 18
20121 Milano
Italia

Spain :

Barclays Bank S.A.
1 Plaza de Colon
28046 Madrid
Spain

Annex
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.