

BUND/BTP Future Linked 18 months “Dual Passport” Note

Aggregate Principal Amount	DEM 50,000,000
Trade Date	[] January 1998
Issue Date	20 January 1998
Settlement Date	20 January 1998
Maturity Date	20 July 1999
Issue Price	100%
Redemption Amount	102.5% PLUS Notional Income Where “Notional Income” is the aggregate sum of the notional profit or loss from each executed transaction.

Formula

$$\max \left(\left[\sum_{i=1}^{N1} U_{i-1} \times (\text{Price}_i - \text{Price}_{i-1}) \times 25 \times 100 \right] + \left[\sum_{j=1}^{N2} V_{j-1} \times (\text{Price}_j - \text{Price}_{j-1}) \times 20,000 \times 100 \right] / \text{FX} \right)$$

Where	N1 is the total number of BUND transactions during the life of the option
	N2 is the total number of BTP transactions during the life of the option
	U is the BUND position
	V is the BTP position
	FX is equal to the prevailing DEM/ITL exchange rate at Option Maturity
	Price means the reference price for each transaction
Coupon	Zero
Option Maturity Date	6 months and 2 business days from the Issue Date

Position

The noteholder may have a non-zero position in EITHER the BUND future Index Units or the BTP future Index Units and may switch between these. The noteholder may not hold positions in both of these simultaneously. The maximum BUND position is plus or minus 190 Index Units. The maximum BTP position is plus or minus 200 Index Units.

Transaction Frequency

The maximum number of transaction per day is four.

Index Units

Index Units are either LIFFE BUND futures or LIFFE BTP futures contracts. The current reference month will be Mar 98 until this becomes deliverable, at which point the noteholder must close out the position in this contract and enter transactions based on the Jun 98 contract. Once the Jun 98 contract becomes deliverable the noteholder must close out the position in this contract and enter transactions based on the Sep 98 contract.

This indicative termsheet is neither an offer to buy or sell securities or an OTC derivative product which includes options, swaps, forwards and structured notes having similar features to OTC derivative transactions, nor a solicitation to buy or sell securities or an OTC derivative product. The proposal contained in the foregoing is not a complete description of the terms of a particular transaction and is subject to change without limitation.

A handwritten signature in black ink, appearing to be 'W. J. M. J.', is written over a horizontal line.