

Fitch Upgrades Italian Autonomous Province of Trento to 'AAA'

Fitch Ratings-Milan/Paris/London-26 February 2007: Fitch Ratings has today upgraded the Italian Autonomous Province of Trento's Long-term foreign and local currency ratings to 'AAA' from 'AA+'. At the same time the agency has affirmed the Short-term foreign and local currency ratings at 'F1+'. The Long-term ratings Outlook remain Stable. At same time Fitch has upgraded the Long-term local currency ratings of the notes, credit linked to the province's Long-term rating, to 'AA+' from 'AA' as listed below.

The upgrade reflects the province's continued proven long track record of strong financial performance. This is characterized by its solid operating performance, the ability to fully fund its high level of investments and significant fiscal and financial flexibility that compares well with other 'AAA'-rated entities internationally. It also reflects Fitch's increased confidence that the provincial finances will be resilient enough to offset potential negative effects from the central government's financial decisions.

In addition, the wealthy, diversified and dynamic economy underpins the province's budgetary performance with no direct debt. The daily monitoring of the province's financial and cash positions and the management's proactive approach ensure accuracy of budget and avoid revenue and expenditure mismatches. Lastly, the moderate level of supported entities' debt is not expected to increase above EUR1bn by 2010. This is compared to EUR0.2bn in 2006.

The province's Long-term rating 'AAA' is three notches above Italy's sovereign rating ('AA-' (AA minus)/ Stable Outlook), due to the special prerogatives of autonomy enjoyed by the province. Its autonomy is protected by the Italian constitution and an international agreement and is not expected to be significantly affected by the eventual implementation of the reform of the funding system for Italian ordinary status regions. However, the ratings remain credit-linked to that of the Republic of Italy as per Fitch's criteria report "Rating Subnationals above the Sovereign in the Euro Area – A Fine-Tuning" (released 3 May 2006).

- University of Trento's EUR43.7m amortizing fixed-rate notes due in 2015 (ISIN: IT0003976971);
- Trentino Trasporti's EUR33.6m amortizing fixed-rate notes due in 2014 (ISIN: IT0003794127);
- Le Ghiaie's EUR25m bullet fixed-rate notes due in 2008 (ISIN: IT0004022619);
- Garda Trentino Fiere's EUR15m bullet fixed-rate notes due in 2016 (ISIN: IT0004051436);
- Itea's EUR49.9m amortizing fixed-rate notes due in 2015 (ISIN: IT0003794572).

The province's strong written commitment to directly repay such financial obligations make them credit-linked to its Long-term rating while the higher legal protection enjoyed by the province's senior unsecured debt explains the one-notch difference between the provincial Long-term rating and the credit-linked notes ratings.

A credit update on the Autonomous Province of Trento will soon be available on Fitch subscription website www.fitchresearch.com

The Province of Trento, located in the wealthy north-east of Italy, is a small province with a population of about 500,000 (0.9% of Italy's total) and a GDP per capita 27% above the EU27 average.

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