

FITCH AFFIRMS THE ITALIAN AUTONOMOUS PROVINCE OF TRENTO AT 'AA+'

Fitch Ratings-Milan/London-28 June 2004: Fitch Ratings, the international rating agency, has today affirmed Italian Autonomous Province of Trento's Long-term foreign currency rating at 'AA+' and Short-term rating at 'F1+'. A Long-term local currency rating of 'AA+' has also been assigned. The Long-term Outlook is Stable.

The Province's Long-term ratings are above Italy's Long-term 'AA' rating with a Stable Outlook. This reflects the province's exceptional status and autonomy, protected at the Italian constitutional level on the basis of an international agreement, within the Italian system of government and its excellent budgetary performance.

Ample operating margins (on average 34% of current revenue), a high level of capital expenditure entirely self-funded with no recourse to debt and offering room to manoeuvre in times of need, a debt free position, and high quality management practices characterise the solid financial position of the Province of Trento.

Its revenue is mainly made up of national taxes generated on provincial territory, collected by the central government and devolved to the province, which exposes it, to some extent, to state tax decision and local economic performance. Provincial operating expenditure is diversified, with limited concentration in any one particular sector. In addition, the province is one of the few Italian subnationals to run a balanced healthcare budget.

The Province of Trento's credit fundamentals are expected to remain solid and stable in the long term, although the provincial debt position could change in view of the planned acquisition of some hydroelectric power plants. However, the projected debt level is fully compatible with the 'AA+' rating.

The Province of Trento, located in the North-East of Italy and home to around 483,000 inhabitants, is wealthy and characterised by a dynamic and diversified economy which accounts for close to 1% of Italy's GDP.

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