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Date: 27 June, 2005  
To: City of Milan  
From: JP Morgan Chase Bank, N.A.  
Re: Swap transaction

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Dear Sirs:

The purpose of this letter (this "**Confirmation**") is to confirm the terms and conditions of the swap transaction entered into between us on the Trade Date specified below (the "**Transaction**"). This Confirmation constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below.

The definitions and provisions contained in the 2000 ISDA Definitions (the "**2000 Definitions**") published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between the 2000 Definitions and this Confirmation, this Confirmation will govern.

This Confirmation supplements, forms a part of, and is subject to, the ISDA Master Agreement dated 27<sup>th</sup> June, 2005, as amended and supplemented from time to time (the "**Agreement**"), between you and us. All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

The terms of the Transaction to which this Confirmation relates are as follows

**1. General Terms:**

Party A	JP Morgan Chase Bank
Party B:	City of Milan
Trade Date:	<u>24 June 2005</u>
Effective Date:	29 June 2005
Calculation Agent:	Party A
Termination Date:	29 June 2035, subject to the adjustment in accordance with the Business Day Convention.
Business Day:	TARGET Settlement Day and London.
Business Day Convention:	Modified Following.

**2. Fixed Amounts:**

Fixed Payer: Party A.

Fixed Payer Calculation Amounts: EUR 421, 336, 750.00

Fixed Payer Payment Dates: 29 June in each year from and including 29 June 2006 to and including the Termination Date. subject to adjustment in accordance with the Business Day Convention or the purposes of payment but there will be adjustment to the Calculation Period

For the purposes of this provision, "Bond" shall mean: the bonds due to be issued on the 29 June 2005 by Party B.

Fixed Rate Day Count Fraction: Act/Act (ISMA)

Fixed Rate: 4.019%

### 3. Floating Amounts:

#### Floating Amount:

Floating Rate Payer: Party B.

Calculation Amount: With respect to a Payment Date and a Calculation Period, the amount set forth in Schedule A hereto as the applicable Calculation Amount for such Calculation Period.

Floating Rate Payer Payment Dates: 29 June in each year from and including 29 June 2006 to and including the Termination Date subject to adjustment in accordance with the Business Day Convention and there will be an adjustment to the Calculation Period.

Floating Rate: See the Additional Rate Formula

Designated Maturity: 12 months

Rreset Date: First Day of each Calculation Period

Spread: Plus 0.00000 percent

Floating Rate Day Count Fraction: Act/360

Initial Calculation Period From and including 29 June 2005 to but excluding 29 June 2006 subject to adjustment in accordance with the Business Day Convention.

Additional Rate Formula: The Floating Rate shall be calculated in accordance with the following formula:

no pay 28/6/2005

i) If Index plus Spread is less than 3.48000 percent, then the Floating Rate for that Calculation Period shall be deemed to be 3.48000 percent;

ii) If Index plus Spread is greater than or equal to 3.48000 percent and less than or equal to 6.19000 percent, then the Floating Rate for that Calculation Period shall be deemed to be Index plus Spread;

iii) If Index plus Spread is greater than 6.19000 percent, then the Floating Rate for that Calculation Period shall be deemed to be 6.19000 percent.

Where:

Index=EUR-EURIBOR-Telorate with a Designated Maturity of 12 months;

Reset Dates for Index=The first day in each Calculation Period Spread: Plus 0.00000 percent;

Floating Rate Day Count Fraction=Actual/360

Compounding=Inapplicable

Business Days=TARGET Settlement Day and London

#### **Interim Exchange**

Interim Exchange Payer:  
Interim Exchange Payment  
Dates:

On each Interim Exchange Payment Date, the Interim Exchange Payer will pay the Interim Exchange Amount to Party A

Party B

Each date set forth in Schedule B under the column heading "Interim Exchange Payment Dates", subject to adjustment in accordance with Business Day Convention.

Interim Exchange Amount:

With respect to an Interim Exchange Payment Date, the amount set forth with respect to such date in Schedule B under the column heading "Interim Exchange Amounts"

#### **Final Exchange:**

Final Exchange Amount Payer

On the Final Exchange Date, the Final Exchange Amount Payer will pay the Final Exchange Amount to Party B

Party A

Final Exchange Date:

Termination Date

Final Exchange Amount:

EUR 421,336, 750.00

#### **4. Notice and Account Details:**



Account Details of Party A:

J.P. MORGAN Frankfurt  
JP MORGAN CHASE BANK, N.A. – London  
BIC: CHASDEFXXXX  
AC No: 623140060

Account Details of Party B:

Comune di Milano  
Banca Intesa S.p.A.  
Conto Tesoreria No: 1000188  
CAB: 01783  
ABI: 30690

5. Additional Provisions:

Documents to be delivered:

Each party shall deliver to the other, at the time of its execution of this Confirmation, evidence of the incumbency and specimen signature of the person(s) executing this Confirmation, unless such evidence has been previously supplied and remains true and in effect.

Representations:

Each party will be deemed to represent to the other party on the date on which it enters into a Transaction that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for that Transaction):

(a) *Non-Reliance*. It is acting for its own account, and it has made its own independent decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisers 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 that Transaction; it being understood that information and explanations related to the terms and conditions of a Transaction shall not be considered investment advice or a recommendation to enter into that Transaction. 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 that Transaction.;

(b) *Assessment and Understanding*. 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 capable of assuming, and assumes the risks of that Transaction.;

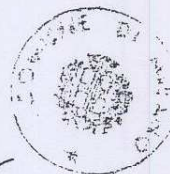
(c) *Status of Parties*. The other party is not acting as a fiduciary for or an adviser to it in respect of that Transaction.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing a copy of this Confirmation and returning it to us or by sending to us a letter, telex or facsimile substantially similar to this letter, which letter, telex or facsimile sets forth the material terms of the Transaction to which this Confirmation relates and indicates agreement to those terms. When referring to this Confirmation, please indicate: JP Morgan Chase Bank, N.A. Deal Number:

Your sincerely,

City of Milan

By: *Roberto Butti*



Name: *Roberto Butti*  
Title: *DIRETTORE CENTRALE*

Confirmed on the date  
first above written:

JP Morgan Chase Bank, N.A.

By:

Name: *ANDREW COX*  
Title: *MANAGING DIRECTOR*



## Schedule A

For all Calculation Periods falling within the period:

**From and including\*: To but excluding\*:**

**Calculation Amount:**

29 June 2005	29 June 2006	EUR 421,336,750.00
29 June 2006	29 June 2007	EUR 413,848,086.12
29 June 2007	29 June 2008	EUR 406,058,452.84
29 June 2008	29 June 2009	EUR 397,955,754.19
29 June 2009	29 June 2010	EUR 389,527,408.09
29 June 2010	29 June 2011	EUR 380,760,326.76
29 June 2011	29 June 2012	EUR 371,640,896.43
29 June 2012	29 June 2013	EUR 362,154,956.19
29 June 2013	29 June 2014	EUR 352,287,776.02
29 June 2014	29 June 2015	EUR 342,024,033.88
29 June 2015	29 June 2016	EUR 331,347,791.93
29 June 2016	29 June 2017	EUR 320,242,471.83
29 June 2017	29 June 2018	EUR 308,690,828.91
29 June 2018	29 June 2019	EUR 296,674,925.46
29 June 2019	29 June 2020	EUR 284,176,102.85
29 June 2020	29 June 2021	EUR 271,174,952.56
29 June 2021	29 June 2022	EUR 257,651,286.04
29 June 2022	29 June 2023	EUR 243,584,103.36
29 June 2023	29 June 2024	EUR 228,951,560.62
29 June 2024	29 June 2025	EUR 213,730,935.97
29 June 2025	29 June 2026	EUR 197,898,594.43
29 June 2026	29 June 2027	EUR 181,429,951.07
29 June 2027	29 June 2028	EUR 164,299,432.94
29 June 2028	29 June 2029	EUR 146,480,439.29
29 June 2029	29 June 2030	EUR 127,945,300.28
29 June 2030	29 June 2031	EUR 108,665,234.04
29 June 2031	29 June 2032	EUR 88,610,301.93
29 June 2032	29 June 2033	EUR 67,749,362.10
29 June 2033	29 June 2034	EUR 46,050,021.10
29 June 2034	29 June 2035	EUR 23,478,583.59

\*dates subject to adjustment in accordance with the Modified Following Business Day Convention

## Schedule B

### Interim Exchange Payment Dates:

### Interim Exchange Amount:

29 June 2006	EUR 7,488,663.88
29 June 2007	EUR 7,789,633.28
29 June 2008	EUR 8,102,698.64
29 June 2009	EUR 8,428,346.10
29 June 2010	EUR 8,767,081.33
29 June 2011	EUR 9,119,430.33
29 June 2012	EUR 9,485,940.24
29 June 2013	EUR 9,867,180.17
29 June 2014	EUR 10,263,742.14
29 June 2015	EUR 10,676,241.94
29 June 2016	EUR 11,105,320.11
29 June 2017	EUR 11,551,642.92
29 June 2018	EUR 12,015,903.45
29 June 2019	EUR 12,498,822.61
29 June 2020	EUR 13,001,150.29
29 June 2021	EUR 13,523,666.52
29 June 2022	EUR 14,067,182.68
29 June 2023	EUR 14,632,542.75
29 June 2024	EUR 15,220,624.64
29 June 2025	EUR 15,832,341.55
29 June 2026	EUR 16,468,643.35
29 June 2027	EUR 17,130,518.13
29 June 2028	EUR 17,818,993.65
29 June 2029	EUR 18,535,139.01
29 June 2030	EUR 19,280,066.24
29 June 2031	EUR 20,054,932.11
29 June 2032	EUR 20,860,939.83
29 June 2033	EUR 21,699,341.00
29 June 2034	EUR 22,571,437.51
29 June 2035	EUR 23,478,583.59

\*dates subject to adjustment in accordance with the Modified Following Business Day Convention