

City of Venice

(the “City”)

NOTICE OF MEETING

of the holders of those of the outstanding
€114,793,000 Floating Rate Notes due 2012 (the “Notes”),
as to which €63,136,000 is outstanding
(ISIN: XS0145107297)

NOTICE OF A MEETING (the “Meeting”)
of the holders of the Notes

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Condition 12 of the Notes issued subject to and with the benefit of the Fiscal Agency Agreement dated 26 March 2002 (the “Agency Agreement”) relating to the Notes, a meeting of the holders of the Notes (the “Noteholders”) convened by the City will be held at the offices of Linklaters, One Silk Street, London EC2Y 8HQ on 24 March 2006 at 11.00 a.m. (London time) for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an Extraordinary Resolution in accordance with the provisions of the Agency Agreement. Unless the context otherwise requires, capitalised terms used in this notice shall bear the meanings given to them in the Consent Solicitation Statement (as defined in the first note (Background) below).

EXTRAORDINARY RESOLUTION

“THAT this Meeting of the Noteholders of the €114,793,000 Floating Rate Notes due 2012, as to which €63,136,000 is outstanding, of the City, HEREBY:

- (1) assents to the following modifications to the Terms and Conditions of the Notes and the Agency Agreement:

(a) *Bullet Repayment* - The modification of Condition 6 (1) by its deletion and replacement with the following

“6 (1) Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes by payment in March 2026 of €600 per Note of €1,000 denomination, €6,000 per Note of €10,000 denomination and €60,000 per Note of €100,000 denomination.”

(b) *Fixed Interest* - The modification of Condition 4 by its deletion and replacement with the following

“4 Interest

The Notes bear interest from and including 26 March 2006 at the rate of [COUPON*] per cent., per annum, payable in respect of each Nominal Amount of Notes semi-annually in arrear on 26 March and 26 September in each year (each an “**Interest Payment Date**”). Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after

judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Fiscal Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

Where interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period the day-count fraction used will be the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last). The period beginning on 26 March 2006 and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is called an “**Interest Period**”.

* Note: The fixed rate of interest will be calculated by the City, in consultation with Merrill Lynch International (the “**Dealer Manager**”), on 24 March 2006 and announced to the Meeting as being the sum of (a) the interest rate interpolated from the BTP government bond yield curve and (b) a premium of 0.10 per cent. per annum, plus or minus 0.05 per cent. per annum as determined by the City, in consultation with the Dealer Manager, on the basis of then prevailing market conditions. The fixed rate of interest will be notified to all Noteholders in the notice to be given of the result of the meetings.

- (2) requests the Fiscal Agent to enter into an Amended and Restated Agency Agreement with amended Terms and Conditions reflecting the above modifications and all of the consequential changes required to the Terms and Conditions and the Agency Agreement to give effect thereto along with the amended global note scheduled thereto with the City (all in the form of the draft produced to this Meeting and for the purposes of identification initialled by the chairman of it with such amendments (if any) as the City and the Fiscal Agent shall agree) to give effect to the modifications set out in paragraph (1) above; and
- (3) discharges and exonerates the Fiscal Agent, the Dealer Manager and the City from all liability to the Noteholders in connection with this Extraordinary Resolution and its implementation.

Notes:

1 Background

The Consent Solicitation Statement provided by the City dated 28 February 2006 (the “Consent Solicitation Statement”), a copy of which is available for collection by the holders of the Notes, as indicated below, explains the background to and reasons for, gives full details of, and invites Noteholders to approve (at the Meeting) the Proposals (as described therein).

2 Documents Available for Display and/or Collection

Noteholders may, at any time during normal business hours on any weekday (Saturdays, Sundays and bank and other public holidays excepted) prior to and including the date of the Meeting, inspect copies of the following documents at the specified offices of the Paying Agents set out below, and at the offices of Linklaters, One Silk Street, London EC2Y 8HQ from the time 15 minutes prior to and during the Meeting:

- the Offering Circular dated 14 March 2002 in respect of the Notes;
- the Agency Agreement dated 26 March 2002 with respect to the Notes;

- the draft Amended and Restated Agency Agreement to be dated 24 March 2006 relating to the Notes and referred to in the Extraordinary Resolution in this Notice of Meetings set out above,

Copies of the Consent Solicitation Statement are available for collection by Noteholders at the specified office of the Paying Agents. Copies of the voting certificates (referred to below) are available for collection by Noteholders at the specified offices of the Paying Agents and the other Paying Agents.

3 Taxation

Noteholders are advised to consult their tax advisers as to the Italian, United Kingdom or other tax consequences (if any) of the coming into effect of the Proposals.

4 General

The attention of Noteholders is particularly drawn to the quorum required for the Meeting and for an adjourned Meeting which is set out in “Voting and Quorum” below.

VOTING AND QUORUM

The relevant provisions governing the convening and holding of the Meeting are set out in Section 12 of the Offering Circular a copy of which is available for inspection as referred to above.

Beneficial owners of the Notes who take the action described below and in the Consent Solicitation Statement, need take no further action in relation to voting at the Meeting (and any Adjourned Meeting) in respect of the Extraordinary Resolution.

1. Noteholders who submit an electronic voting instruction to the relevant Clearing System prior to the Expiration Time on the Expiration Date need take no further action in relation to voting on the Extraordinary Resolution at the Meeting.

Paragraphs 2 to 4 below apply only to Noteholders who do not submit electronic voting instructions to the relevant Clearing System.

2. A Noteholder wishing to attend and vote at the Meeting and any adjourned such meeting in person must produce at the Meeting either the Note(s) or a valid voting certificate or certificates issued by the Paying Agent for the Notes.
3. A Noteholder, not wishing to attend and vote at the Meeting, as the case may be, in person may either deliver the relevant Note(s) or voting certificate(s) to the person whom he wishes to attend on his behalf or give a voting instruction (on a voting instruction form obtainable from the specified office of the relevant Paying Agent set out below) instructing the Paying Agents to appoint a proxy to attend and vote at the Meeting in accordance with his instructions.
4. Notes may be deposited with a relevant Paying Agent or (to the satisfaction of such Paying Agent) held to its order or under its control by Euroclear or Clearstream, Luxembourg or any other person approved by such Paying Agent (i) for the purpose of obtaining voting certificates, until 48 hours before the time appointed for holding the Meeting (or, if applicable, any adjourned such meeting) or, (ii) for the purpose of giving voting instructions, until the time being 48 hours before the time appointed for holding the Meeting (or, if applicable, any adjourned such meeting) and, in each case, within the time limit specified by Euroclear or Clearstream, Luxembourg, as the case may be, but not thereafter.

5. A voting certificate or voting instruction shall be valid until the release of the deposited Notes to which it relates. Such release shall take place on the first to occur of (i) the conclusion of the Meeting (or, if applicable, any adjourned such meeting), and (ii) (within the time limit specified by Euroclear or Clearstream, Luxembourg, as the case may be) the surrender of the voting certificate to the relevant Paying Agent who issued the same or the surrender to a relevant Paying Agent not less than 48 hours before the Meeting (or, if applicable, any adjourned such meeting) of the voting instruction receipt(s) issued in respect thereof, provided that Noteholders who submit electronic voting instructions in accordance with the terms of the Consent Solicitation Statement shall be deemed to instruct the relevant Clearing System to block their Notes to the order of the Principal Paying Agents until the conclusion of the Meeting (or, if applicable, any adjourned such meeting).

Any voting instructions or proxy appointment given may not be revoked during the period starting 48 hours before the time fixed for the Meeting and ending at the close of such Meeting.

Quorum and Adjournment

The quorum required at the Meeting is two or more persons present holding Notes or voting certificates or being proxies and holding or representing not less than two-thirds of the aggregate principal amount of the Notes for the time being outstanding and no business (other than the choosing of a chairman) shall be transacted unless the requisite quorum is present at the commencement of business.

If within 15 minutes after the time appointed for the Meeting, a quorum is not present that Meeting shall be adjourned for such period, not being less than 14 days nor more than 42 days. At least 10 days' notice of such adjourned Meeting must be given in the same manner as the original Meeting and such notice shall state the quorum required at such adjourned meeting. The quorum for any adjourned such Meeting shall be two or more persons present holding Notes or voting certificates or being proxies and holding or representing in the aggregate not less than one-third of the aggregate principal amount of the outstanding Notes.

Voting

Every question submitted to the Meeting shall be decided in the first instance by a show of hands and, in case of equality of votes, the chairman shall both in a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) to which he may be entitled as a Noteholder or as a proxy or as a representative.

Unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman or the City or by two or more persons present holding Notes or voting certificates or being proxies or representatives and holding or representing in the aggregate not less than one-fiftieth part of the principal amount of the Notes then outstanding, a declaration by the chairman that a resolution has been carried by a particular majority or lost or not carried by any particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution.

At each Meeting (a) on a show of hands, every person who is present in person and produces a Note or voting certificate or is a proxy shall have one vote and (b) on a poll, every person who is so present shall have one vote in respect of each €1,000 in principal amount of the Notes (currently representing €600 in outstanding principal amount of the Notes) so produced or represented by the voting certificate so produced or in respect of which s/he is a proxy or representative.

Extraordinary Resolution

To be passed, the Extraordinary Resolution requires a majority in favour consisting of not less than two-thirds of the votes cast. If passed, the Extraordinary Resolution will be binding upon all the Noteholders whether or not present at such Meeting and whether or not voting.

Notice of results

Notice of the result of the voting on the Resolution shall be given to the Noteholders by the City in accordance with the Notices Condition in the Notes as soon as reasonably practicable following the date on which such Resolution(s) is/are duly passed, provided that failure to give such notice shall not invalidate the Extraordinary Resolution.

Governing Law

This notice is governed by, and shall be construed in accordance with, English law.

Clearing Systems

Holders of Notes which are held by Clearstream, Luxembourg or Euroclear should contact the relevant corporate action departments.

OFFICES OF THE CITY

City of Venice
Cà Farsetti
San Marco, 4136
30124 Venice

FISCAL AGENT, PRINCIPAL PAYING AGENT AND AGENT BANK

JP Morgan Chase Bank
Trinity Tower
9 Thomas More Street
London E1W 1YT

PAYING AGENT

J.P. Morgan Bank Luxembourg S.A
5 Rue Plaetis
L-2338
Luxembourg

REGISTERED OFFICES OF THE DEALER MANAGER

Merrill Lynch International
Merrill Lynch Financial Centre
2 King Edward Street
London EC1A 1HQ

This notice is given by:

The City of Venice 28 February 2006