

OFFERING CIRCULAR DATED 30 JUNE 2005

VELA LEASE S.R.L.

(incorporated with limited liability under the laws of the Republic of Italy)

€20,350,000 Series 2 Class A Asset Backed Floating Rate Notes due December 2028

Issue Price: 100 per cent

€60,350,000 Series 2 Class B Asset Backed Floating Rate Notes due December 2028

Issue Price: 100 per cent

€25,150,000 Series 2 Class C Asset Backed Floating Rate Notes due December 2028

Issue Price: 100 per cent

Application has been made to list on the Luxembourg Stock Exchange the €20,350,000 Series 2 Class A Asset Backed Floating Rate Notes due December 2028, the €60,350,000 Series 2 Class B Asset Backed Floating Rate Notes due December 2028 and the €25,150,000 Series 2 Class C Asset Backed Floating Rate Notes due December 2028 of Vela Lease S.r.l., a limited liability company organised under the laws of the Republic of Italy. In connection with the issue of the Rated Notes, the Issuer will also issue the €12,622,000 Series 2 Class D Asset Backed Variable Return Notes due December 2028. No application has been made to list the Class D Notes on any stock exchange. The Class D Notes are not being offered pursuant to this Offering Circular. The Notes will be issued on 30 June 2005. This document constitutes a *Prospetto Informativo* for the purposes of article 2, sub-section 3 of Italian Law number 130 of 30 April 1999 and a prospectus for the purpose of the listing and issuing rules of the Luxembourg Stock Exchange.

The principal source of payment of interest and of the Remuneration and of repayment of principal on the Notes will be collections and recoveries made in respect of monetary claims and connected rights arising out of certain lease agreements entered into by LOCAFIT - Locazione Macchinari Industriali S.p.A., as lessor, and certain obligors, and purchased by the Issuer from the Originator pursuant to the Receivables Purchase Agreement. The Issuer has purchased the Initial Portfolio on 14 June 2005. During the Revolving Period, the Issuer may purchase, on a quarterly basis, Subsequent Portfolios from the Originator using the Issuer Available Funds in accordance with the terms of the Receivables Purchase Agreement and subject to the terms of the Priority of Payments.

By virtue of the operation of article 3 of the Securitisation Law and the Transaction Documents, the Issuer's right, title and interest in and to the Portfolio and to any sums collected therefrom will be segregated from all other assets of the Issuer (including any other portfolios of receivables purchased by the Issuer pursuant to the Securitisation Law) and therefore any cash-flow deriving therefrom (to the extent identifiable) will be available, both prior to and following a winding up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders and to the Other Issuer Creditors or to any other creditors of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation, in priority to the Issuer's obligations to any other creditors.

Interest on the Rated Notes will be payable by reference to successive Interest Periods. Interest on the Rated Notes will accrue on a daily basis and will be payable quarterly in arrears in euro on 15 March, 15 June, 15 September and 15 December in each year (or, if any such day is not a Business Day, on the immediately following Business Day). The rate of interest applicable to the Rated Notes for each Interest Period shall be the rate offered in the Euro-Zone inter-bank market for three month deposits in euro (except in respect of the Initial Interest Period where an interpolated interest rate based on two and three month deposits in euro will be substituted for three month Euribor) (as determined in accordance with Rated Notes Condition 6 (*Interest*)), plus the following margins: (a) Class A Notes: a margin of 0.15 per cent per annum up to (and including) the Clean Up Option Date and thereafter 0.30 per cent per annum; (b) Class B Notes: a margin of 0.38 per cent per annum up to (and including) the Clean Up Option Date and thereafter 0.76 per cent per annum; and (c) Class C Notes: a margin of 0.58 per cent per annum up to (and including) the Clean Up Option Date and thereafter 1.16 per cent per annum.

The Class A Notes are expected, on issue, to be rated "Aaa" by Moody's and "AAA" by S&P; the Class B Notes are expected, on issue, to be rated "A1" by Moody's and "A" by S&P; the Class C Notes are expected, on issue, to be rated "Baa2" by Moody's and "BBB" by S&P. It is not expected that the Class D Notes will be assigned a credit rating. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision or withdrawal at any time by the assigning rating organisation.

As at the date of this Offering Circular, payments in respect of the Notes may be subject to withholding or deduction for or on account of Italian substitute tax, in accordance with Italian Legislative Decree number 239 of 1 April 1996, as amended and supplemented from time to time, and any related regulations. Upon the occurrence of any withholding or deduction for or on account of tax from any payments under the Notes of any Class, neither the Issuer nor any other person shall have any obligation to pay any additional amount(s) to any holder of Notes of any Class. For further details see the section entitled "*Taxation*".

The Notes will be limited recourse obligations solely of the Issuer. In particular, the Notes will not be obligations or responsibilities of, or guaranteed by, any of the Originator, the Servicer, the Representative of the Noteholders, the Calculation Agent, the Account Bank, the Cash Manager, the Custodian Bank, the Principal Paying Agent, the Luxembourg Paying Agent, the Swap Counterparty, the Corporate Servicer, the Listing Agent, the Sole Arranger, the Joint Lead Managers, the Joint Bookrunners or the Quotaholders. Furthermore, none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

As of the Issue Date, the Notes will be held in dematerialised form on behalf of the ultimate owners by Monte Titoli for the account of the relevant Monte Titoli Account Holders. Monte Titoli shall act as depository for Euroclear and Clearstream. The Notes will at all times be evidenced by book-entries in accordance with the provisions of article 28 of Italian Legislative Decree number 213 of 24 June 1998 and with Resolution number 11768 of 23 December 1998 of the *Commissione Nazionale per le Società e la Borsa*, as subsequently amended and supplemented. No physical document of title will be issued in respect of the Notes.

Before the relevant maturity date, the Notes will be subject to mandatory and/or optional redemption in whole or in part in certain circumstances (as set out in Condition 7 (*Redemption, Purchase and Cancellation*)). Unless previously redeemed in accordance with the Conditions, the Notes will be redeemed on the Final Maturity Date. Save as provided in the Conditions, the Notes will start to amortise on the Interest Payment Date falling in September 2008, subject to there being sufficient Principal Available Funds and in accordance with the Priority of Payments for application of the Principal Available Funds. No payments of principal in respect of any of the Notes will be made to the Noteholders before the Interest Payment Date falling in September 2008, save as provided in the Conditions.

Capitalised words and expressions in this Offering Circular shall, except so far as the context otherwise requires, have the meanings set out in the section entitled "*Glossary*".

For a discussion of certain risks and other factors that should be considered in connection with an investment in the Notes, see the section entitled "*Special Considerations*".

Sole Arranger

BANCA NAZIONALE DEL LAVORO

Joint Bookrunners and Joint Lead Managers

BANCA NAZIONALE DEL LAVORO

CALYON

JPMORGAN

SG CORPORATE & INVESTMENT BANKING

None of the Issuer, the Sole Arranger, the Joint Lead Managers, the Joint Bookrunners or any other party to the Transaction Documents other than Locafit has undertaken or will undertake any investigation, searches or other actions to verify the details of the Receivables sold by Locafit to the Issuer; nor has any of the Issuer, the Joint Lead Managers, the Joint Bookrunners or any other party to the Transaction Documents undertaken, nor will they undertake, any investigations, searches, or other actions to establish the creditworthiness of any Lessee. In the Receivables Purchase Agreement the Originator has given certain representations and warranties to the Issuer in relation to, inter alia, the Receivables, the Lease Agreements and the Lessees.

The Issuer accepts responsibility for the information contained in this Offering Circular, other than that information for which Locafit and Calyon S.A. accept responsibility as described in the following paragraphs. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), such information is true and does not omit anything likely to affect the import of such information.

Locafit accepts responsibility for the information included in this Offering Circular in the sections entitled "The Portfolio", "The Originator", "Credit and Collection Policy" and "Description of the Transaction Documents - The Servicing Agreement" and any other information contained in this Offering Circular relating to itself, to the Receivables and to the Lease Agreements. To the best of the knowledge and belief of Locafit (which has taken all reasonable care to ensure that such is the case), such information is true and does not omit anything likely to affect the import of such information.

Calyon S.A. accepts responsibility for the information included in this Offering Circular in the section entitled "The Swap Counterparty". To the best of the knowledge and belief of Calyon S.A. (which has taken all reasonable care to ensure that such is the case), such information is true and does not omit anything likely to affect the import of such information.

No person has been authorised to give any information or to make any representation not contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Sole Arranger, the Joint Lead Managers, the Joint Bookrunners, the Representative of the Noteholders, the Issuer, the Quotaholders or Locafit (in any capacity) or any party to the Transaction Documents. Neither the delivery of this Offering Circular nor any sale or allotment made in connection with the offering of any of the Notes shall, under any circumstances, constitute a representation or imply that there has not been any change or any event reasonably likely to involve any change, in the condition (financial or otherwise) of the Issuer or Locafit or the information contained herein since the date hereof, or that the information contained herein is correct as at any time subsequent to the date of this Offering Circular.

The Notes constitute direct limited recourse obligations of the Issuer. By operation of Italian law, the Issuer's right, title and interest in and to the Portfolio will be segregated from all other assets of the Issuer and amounts deriving therefrom will only be available, both prior to and following a winding up of the Issuer, to satisfy the obligations of the Issuer to the holders of the Notes and to pay any costs, fees and expenses payable to the Originator, the Servicer, the Representative of the Noteholders, the Calculation Agent, the Cash Manager, the Custodian Bank, the Corporate Servicer, the Principal Paying Agent, the Luxembourg Paying Agent, the

Subordinated Loan Provider, the Account Bank and the Swap Counterparty and to any third party creditor in respect of any costs, fees or expenses incurred by the Issuer to such third party creditors in relation to the Securitisation. Amounts derived from the Receivables will not be available to any other creditors of the Issuer. The Noteholders will agree that the Issuer Available Funds will be applied by the Issuer in accordance with the relevant priority of payments as outlined in Condition 5 (Priority of Payments).

The distribution of this Offering Circular and the offer, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular (or any part of it) comes are required by the Issuer and the Joint Lead Managers to inform themselves about, and to observe, any such restrictions. Neither this Offering Circular nor any part of it constitutes an offer, or may be used for the purpose of an offer to sell any of the Notes, or a solicitation of an offer to buy any of the Notes, by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any other state securities laws and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered or sold within the United States or for the benefit of U.S. persons (as defined in Regulation S under the Securities Act).

The Notes may not be offered or sold directly or indirectly, and neither this Offering Circular nor any other offering circular or any prospectus, form of application, advertisement, other offering material or other information relating to the Issuer or the Notes may be issued, distributed or published in any country or jurisdiction (including the Republic of Italy, the Grand Duchy of Luxembourg, the United Kingdom and the United States), except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations. For a further description of certain restrictions on offers and sales of the Notes and the distribution of this Offering Circular see the section entitled "Subscription, Sale and Selling Restrictions" below.

Certain monetary amounts and currency conversions included in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which preceded them.

All references in this Offering Circular to "euro", "cents" and "€" are to the single currency introduced in the member states of the European Community which adopted the single currency in accordance with the Treaty of Rome of 25 March 1957, as amended by, inter alia, the Single European Act 1986, the Treaty of European Union of 7 February 1992, establishing the European Union and the European Council of Madrid of 16 December 1995; references to "Italy" are to the Republic of Italy; references to laws and regulations are to the laws and regulations of Italy; and references to "billions" are to thousands of millions.

In connection with the issue of the Senior Notes, Calyon S.A. as stabilisation manager (the "Stabilisation Manager"), or any person acting on behalf of the Stabilisation Manager, may over-allot Senior Notes (provided that the aggregate principal amount of the Senior Notes allotted does not exceed 105 per cent of the aggregate principal amount of the Senior Notes) or effect transactions with a view to supporting the market price of the Senior Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager, or any person acting on behalf of the

Stabilisation Manager, will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Senior Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of allotment of the Senior Notes.

INDEX

SECTION	PAGE
TRANSACTION SUMMARY INFORMATION	7
1. THE PRINCIPAL PARTIES	7
2. THE PRINCIPAL FEATURES OF THE NOTES	10
3. ISSUER AVAILABLE FUNDS AND PRIORITIES OF PAYMENTS	17
4. TRANSFER OF THE PORTFOLIO	26
5. CREDIT STRUCTURE	33
6. THE ACCOUNTS	38
SPECIAL CONSIDERATIONS	41
THE PORTFOLIO	56
THE ORIGINATOR	69
CREDIT AND COLLECTION POLICY	72
THE ISSUER	84
THE SWAP COUNTERPARTY	89
USE OF PROCEEDS	90
DESCRIPTION OF THE TRANSACTION DOCUMENTS	91
1. THE RECEIVABLES PURCHASE AGREEMENT	91
2. THE SERVICING AGREEMENT	92
3. THE WARRANTY AND INDEMNITY AGREEMENT	93
4. THE CASH ALLOCATION, MANAGEMENT AND PAYMENT AGREEMENT	95
5. THE INTERCREDITOR AGREEMENT	95
6. THE DEED OF PLEDGE	96
7. THE DEED OF CHARGE	96
8. THE MANDATE AGREEMENT	96
9. THE SWAP AGREEMENT	97
10. THE CORPORATE SERVICES AGREEMENT	97
11. THE QUOTAHOLDERS' AGREEMENT	97
12. THE LETTER OF UNDERTAKING	98
13. THE SUBORDINATED LOAN AGREEMENT	98
14. THE FIRST DEMAND GUARANTEE	99
THE ACCOUNTS	100
EXPECTED AVERAGE LIFE OF THE RATED NOTES	102
TERMS AND CONDITIONS OF THE RATED NOTES	103

SELECTED ASPECTS OF ITALIAN LAW	161
TAXATION	166
SUBSCRIPTION, SALE AND SELLING RESTRICTIONS	174
GENERAL INFORMATION.....	177
GLOSSARY.....	179

TRANSACTION SUMMARY INFORMATION

The following information is a summary of the transactions and assets underlying the Notes and is qualified in its entirety by reference to the more detailed information presented elsewhere in this Offering Circular and in the Transaction Documents.

1. THE PRINCIPAL PARTIES

Issuer	Vela Lease S.r.l., a limited liability company incorporated under the laws of the Republic of Italy, having its registered office at Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy, fiscal code and enrolment with the companies register of Treviso number 03678280268, enrolled under number 33758 in the <i>elenco generale</i> held by the <i>Ufficio Italiano dei Cambi</i> and enrolled in the <i>elenco speciale</i> held by the Bank of Italy pursuant to, respectively, articles 106 and 107 of the Consolidated Banking Act, having as its sole corporate object the performance of securitisation transactions under the Securitisation Law.
Originator	LOCAFIT - Locazione Macchinari Industriali S.p.A., a joint stock company incorporated under the laws of the Republic of Italy, having its registered office at Corso Italia, 15, 20122 Milan, Italy, fiscal code and enrolment with the companies register of Milan number 00862460151, enrolled under number 143 in the <i>elenco generale</i> held by the <i>Ufficio Italiano dei Cambi</i> and enrolled in the <i>elenco speciale</i> held by the Bank of Italy pursuant to, respectively, articles 106 and 107 of the Consolidated Banking Act. The Originator is a member of BNL Banking Group.
Servicer	LOCAFIT - Locazione Macchinari Industriali S.p.A. The Servicer will act as such pursuant to the Servicing Agreement.
Representative of the Noteholders	Securitisation Services S.p.A., a joint stock company incorporated under the laws of the Republic of Italy, having its registered office at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy, fiscal code and enrolment with the companies register of Treviso number 03546510268, enrolled under number 31816 in the <i>elenco generale</i> held by the <i>Ufficio Italiano dei Cambi</i> and enrolled in the <i>elenco speciale</i> held by the Bank of Italy pursuant to, respectively, articles 106 and 107 of the Consolidated Banking Act. The Representative of the Noteholders will act as such pursuant to the Senior Notes Subscription Agreement and the Mezzanine and Class D

Notes Subscription Agreement.

Calculation Agent	Securitisation Services S.p.A. The Calculation Agent will act as such pursuant to the Cash Allocation, Management and Payment Agreement.
Account Bank	BNP Paribas, a company incorporated under the laws of the Republic of France as a <i>société anonyme</i> , whose registered office is at 16, Boulevard des Italiens, 75009 Paris, France, acting through its Italian branch with offices in Piazza San Fedele, 2, 20121 Milan, Italy, fiscal code and enrolment with the companies register of Milan number 04449690157, enrolled under number 5482 with the register of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act. The Account Bank will act as such pursuant to the Cash Allocation, Management and Payment Agreement.
Cash Manager	BNP Paribas, Italian branch. The Cash Manager will act as such pursuant to the Cash Allocation, Management and Payment Agreement.
Custodian Bank	BNP Paribas Securities Services, a company incorporated under the laws of the Republic of France as a <i>société anonyme</i> , whose registered office is at 3, Rue d'Antin, 75002 Paris, France, acting through its Milan branch located in Via Ansperto, 5, 20123 Milan, Italy, fiscal code and enrolment with the companies register of Milan number 13449250151, registered at 5483 with the register of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act. The Custodian Bank will act as such pursuant to the Cash Allocation, Management and Payment Agreement.
Principal Paying Agent	BNP Paribas Securities Services, Milan branch. The Principal Paying Agent will act as such pursuant to the Cash Allocation, Management and Payment Agreement.
Luxembourg Paying Agent	BNP Paribas Securities Services, acting through its Luxembourg branch with offices at 23, Avenue de la Porte Neuve, L-2085 Luxembourg, Grand Duchy of Luxembourg. The Luxembourg Paying Agent will act as such pursuant to the Cash Allocation, Management and Payment Agreement.
Subordinated Loan Provider	LOCAFIT - Locazione Macchinari Industriali S.p.A. The Subordinated Loan Provider will act as such pursuant to the Subordinated Loan Agreement.

Corporate Servicer	Securitisation Services S.p.A. The Corporate Servicer will act as such pursuant to the Corporate Services Agreement.
Quotaholders	<p>Finanziaria Internazionale Securitisation Group S.p.A., a joint stock company incorporated under the laws of the Republic of Italy, having its registered office at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy, fiscal code and enrolment with the companies register of Treviso number 00508480340, enrolled under number 8945 in the <i>elenco generale</i> held by the <i>Ufficio Italiano dei Cambi</i> pursuant to article 106 of the Consolidated Banking Act.</p> <p>Finanziaria Internazionale Holding S.p.A., a joint stock company incorporated under the laws of the Republic of Italy, having its registered office at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy, fiscal code and enrolment with the companies register of Treviso number 01130140260, enrolled under number 9832 in the <i>elenco generale</i> held by the <i>Ufficio Italiano dei Cambi</i> pursuant to article 106 of the Consolidated Banking Act.</p> <p>LOCAFIT - Locazione Macchinari Industriali S.p.A.</p>
Swap Counterparty	Calyon S.A., a company incorporated under the laws of the Republic of France as a <i>société anonyme</i> , whose registered office is at 9, Quai du Président Paul Doumer, 92920 Paris, La Défense Cedex, France. The Swap Counterparty will act as such pursuant to the Swap Agreement.
Sole Arranger	Banca Nazionale del Lavoro S.p.A., a bank operating in Italy as a joint stock company, having its registered office at Via Vittorio Veneto, 119, 00187 Rome, Italy, fiscal code and enrolment with the companies register of Rome number 00651990582, enrolled under number 1005 in the register of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act. Banca Nazionale del Lavoro S.p.A. is the parent company of BNL Banking Group.
Listing Agent	BNP Paribas Securities Services, Luxembourg branch.
Joint Bookrunners	<p>Banca Nazionale del Lavoro S.p.A.</p> <p>Calyon S.A., acting under its tradename Calyon Corporate and Investment Bank.</p> <p>Société Générale, a company incorporated under the laws</p>

of the Republic of France as a *société anonyme*, whose registered office is at 29, Boulevard Haussmann, 75009 Paris, France, acting through its London branch with offices at SG House, 41 Tower Hill, EC3N 4SG London, United Kingdom under its tradename SG Corporate & Investment Banking.

J.P. Morgan Securities Ltd., a company incorporated under the laws of England and Wales, whose registered office is at 60 Victoria Embankment, London EC4Y 0JP, United Kingdom, acting through its offices at 125 London Wall, London EC2Y 5AJ under its tradename JPMorgan.

Joint Lead Managers

Banca Nazionale del Lavoro S.p.A.

Calyon S.A., acting under its tradename Calyon Corporate and Investment Bank.

Société Generale, London branch, acting under its tradename SG Corporate & Investment Banking.

J.P. Morgan Securities Ltd, acting under its tradename JPMorgan.

2. **THE PRINCIPAL FEATURES OF THE NOTES**

The Notes	The Notes will be issued by the Issuer on the Issue Date in the following Classes:
Senior Notes	€20,350,000 Series 2 Class A Asset Backed Floating Rate Notes due December 2028
Mezzanine Notes	€60,350,000 Series 2 Class B Asset Backed Floating Rate Notes due December 2028
	€25,150,000 Series 2 Class C Asset Backed Floating Rate Notes due December 2028
Class D Notes	€12,622,000 Series 2 Class D Asset Backed Variable Return Notes due December 2028
Issue price	The Notes will be issued at the following percentages of their principal amount:

<i>Class</i>	<i>Issue Price</i>
Class A	100 per cent
Class B	100 per cent
Class C	100 per cent

Class D

100 per cent

Interest on the Rated Notes

The Rated Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at the following margins above Euribor for three months deposits in euro (except in respect of the Initial Interest Period where an interpolated interest rate based on interest rates for two and three months deposits in euro will be substituted for Euribor for three months deposits in euro):

Class A 0.15 per cent per annum up to (and including) the Clean Up Option Date and thereafter 0.30 per cent per annum;

Class B 0.38 per cent per annum up to (and including) the Clean Up Option Date and thereafter 0.76 per cent per annum;

Class C 0.58 per cent per annum up to (and including) the Clean Up Option Date and thereafter 1.16 per cent per annum.

Interest in respect of the Rated Notes will accrue on a daily basis and is payable quarterly in arrears in euro on each Interest Payment Date in accordance with the relevant Priority of Payments. The first payment of interest in respect of the Rated Notes will be due on the Interest Payment Date falling in September 2005 in respect of the period from (and including) the Issue Date to (but excluding) such date.

Remuneration on the Class D Notes

The Remuneration in respect of the Class D Notes will be payable quarterly in arrears in euro on each Interest Payment Date in each year.

Class D Notes Conditions

Except for Class D Notes Condition 6 (*Remuneration*), the terms and conditions of the Class D Notes are the same, *mutatis mutandis*, as the Rated Notes Conditions.

Form and Denomination

The denomination of the Rated Notes and of the Junior Notes will be, respectively, €50,000 and €1,000. The Notes will be held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holders. The Notes have been accepted for clearance by Monte Titoli with effect from the Issue Date. The Notes will at all times be in book entry form and title to the Notes will be evidenced by

book entries in accordance with the provision of article 28 of Decree 213 and CONSOB Resolution number 11768 of 23 December 1998, as subsequently amended and supplemented from time to time. No physical document of title will be issued in respect of the Notes.

Status and subordination The Class A Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Class B Notes, the Class C Notes and the Class D Notes; the Class B Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Class C Notes and the Class D Notes and subordinated to the Class A Notes; the Class C Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Class D Notes and subordinated to the Class A Notes and the Class B Notes; the Class D Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but subordinated to the Class A Notes, the Class B Notes and the Class C Notes.

The Issuer has created the Cash Reserve in order to provide liquidity and credit support to the Rated Notes. In accordance with the Principal Priority of Payments, if, on any Calculation Date during the Amortisation Period, the amounts standing to the credit of the Cash Reserve Account exceed the Required Cash Reserve then, on the immediately following Interest Payment Date, the Issuer shall pay to the Subordinated Loan Provider the portion of such excess (if any) which is not going to be used on the immediately following Interest Payment Date as Cash Reserve Available Amount as Cash Reserve Excess Amount, in priority to payments of principal on all Notes.

The obligations of the Issuer to each Noteholder as well as to each of the Other Issuer Creditors will be limited recourse obligations of the Issuer. Each Noteholder and Other Issuer Creditor will have a claim against the Issuer only to the extent of the Issuer Available Funds. The Conditions and the Intercreditor Agreement set out the order of priority of application of the Issuer Available Funds.

Issuer Available Funds The Issuer Available Funds, in respect of any Interest Payment Date, are constituted by the aggregate of the Settlement Available Funds, the Interest Available Funds

and the Principal Available Funds.

Withholding on the Notes As at the date of this Offering Circular, payments of interest, Remuneration and other proceeds under the Notes may be subject to withholding or deduction for or on account of Italian substitute tax (*imposta sostitutiva*), in accordance with Decree 239. Upon the occurrence of any withholding or deduction for or on account of tax from any payments under the Notes, neither the Issuer nor any other person shall have any obligation to pay any additional amount(s) to any holder of the Notes.

In the event that any Notes are redeemed in whole or in part prior to the Interest Payment Date falling in March 2007, the Issuer will be obliged to pay an additional amount in Italy equal to 20 per cent of interest, Remuneration and other proceeds accrued on the Notes up to the date of the early redemption.

Mandatory Redemption The Notes of each Class will be subject to mandatory redemption in full (or in part *pro rata*) on the Interest Payment Date falling in September 2008 and on each Interest Payment Date thereafter in accordance with the Rated Notes Conditions and the Class D Notes Conditions, in each case if on such dates there are sufficient Principal Available Funds, which may be applied for this purpose in accordance with the Priority of Payments.

Optional redemption On any Interest Payment Date falling on or after the Clean Up Option Date, the Issuer may redeem the Rated Notes in whole (but not in part) at their Principal Amount Outstanding (plus any accrued but unpaid interest thereon), in accordance with the Principal Priority of Payments, subject to the Issuer:

- (i) giving not less than 20 Business Days' prior written notice to the Representative of the Noteholders and to the Noteholders of its intention to redeem the Rated Notes; and
- (ii) having delivered to the Representative of the Noteholders a certificate duly signed by the Issuer to the effect that it will have the necessary funds (free and clear of any Security Interest of any third party) on such Interest Payment Date to discharge all of its outstanding liabilities in respect of the Rated Notes and of any other payment ranking higher or *pari passu* therewith in accordance with

the Priority of Payments.

Redemption for tax reasons

Upon the imposition, at any time, of any withholding or deduction for or on account of tax (other than a Decree 239 Deduction) from (i) any payments to be made to the Noteholders of any Class, or (ii) any amounts payable to the Issuer in respect of the Portfolio, and provided that the Issuer has certified and produced evidence acceptable to the Representative of the Noteholders that it will have the necessary funds (not subject to the interests of any person) to discharge all of its outstanding liabilities in respect of the Rated Notes and any amount required to be paid under the Rated Notes Conditions and the Intercreditor Agreement in priority to or *pari passu* with the Rated Notes, the Issuer may, subject to as provided in the Rated Notes Conditions and the Class D Notes Conditions, redeem, on the next succeeding Interest Payment Date, in whole (but not in part) the Rated Notes at their Principal Amount Outstanding together with accrued but unpaid interest up to and including the relevant Interest Payment Date.

Final Maturity Date

Unless previously redeemed in full, the Notes are due to be repaid in full at their Principal Amount Outstanding on the Final Maturity Date. The Notes, to the extent not redeemed in full on their Final Maturity Date, shall be cancelled.

Segregation of Issuer's Rights

The Notes have the benefit of the provisions of article 3 of the Securitisation Law, pursuant to which the Portfolio is segregated by operation of law from the Issuer's other assets (including the Previous Portfolio). Both before and after a winding up of the Issuer, amounts deriving from the Portfolio will be exclusively available for the purpose of satisfying the obligations of the Issuer to the Noteholders and to the Other Issuer Creditors or to any other creditors of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation.

The Portfolio may not be seized or attached in any form by creditors of the Issuer other than the Noteholders, until full discharge by the Issuer of its payment obligations under the Notes or cancellation thereof. Pursuant to the terms of the Intercreditor Agreement and the Mandate Agreement, the Issuer has empowered the Representative of the Noteholders, following the delivery of a Trigger Notice or upon failure by the Issuer to exercise its rights under the Transaction Documents, to exercise all the

Issuer's Rights, powers and discretion under the Transaction Documents taking such action in the name and on behalf of the Issuer as the Representative of the Noteholders may deem necessary to protect the interests of the Issuer, the Noteholders and the Other Issuer Creditors in respect of the Portfolio and the Issuer's Rights. Italian law governs the delegation of such power.

In addition, security over certain monetary rights of the Issuer arising out of certain Transaction Documents will be granted by the Issuer in favour of the Representative of the Noteholders pursuant to the Deed of Pledge and the Deed of Charge, for the benefit of the Noteholders and the Other Issuer Creditors.

Trigger Events

If any of the following events occurs:

(i) *Non-payment:*

the Issuer defaults in the payment of:

- (a) the amount of interest and/or principal due and payable on the Most Senior Class of Rated Notes (other than, in the case of the Class B Notes and the Class C Notes, upon occurrence of a Class B Trigger Event or a Class C Trigger Event respectively) and such default is not remedied within a period of three Business Days from the due date thereof; or
- (b) any amount due and payable to the Other Issuer Creditors under item *Second* of the Interest Priority of Payments and such default is not remedied within a period of three Business Days from the due date thereof; or

(ii) *Breach of other obligations:*

the Issuer defaults in the performance or observance of any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party (other than any obligation for the payment of principal or interest on the Notes) and (except where, in the opinion of the Representative of the Noteholders, such default is not capable of remedy in which case no notice

requiring remedy will be required) such default remains unremedied for 30 days after the Representative of the Noteholders has given written notice thereof to the Issuer requiring the same to be remedied; or

(iii) *Insolvency of the Issuer:*

an Insolvency Event occurs with respect to the Issuer; or

(iv) *Unlawfulness:*

it is or will become unlawful (in any respect deemed to be material and incapable of being remedied in the opinion of the Representative of the Noteholders) for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party;

then the Representative of the Noteholders,

- (1) in the case of a Trigger Event under item (i)(a) above, shall; and
- (2) in the case of a Trigger Event under items (i)(b), (ii), (iii) or (iv) above may or, if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding, shall

serve a Trigger Notice on the Issuer declaring the Notes to be due and repayable, whereupon they shall become so due and repayable, following which all payments of principal, interest, Remuneration and other amounts due in respect of the Notes shall be made according to the order of priority set out in the Conditions and described under "*Trigger Event Priority of Payments*" below and on such dates as the Representative of the Noteholders may determine.

Rating

The Rated Notes are expected to be assigned the following ratings on the Issue Date:

<i>Class</i>	<i>Moody's</i>	<i>S&P</i>
Class A	Aaa	AAA
Class B	A1	A
Class C	Baa2	BBB

The Class D Notes will not be assigned any credit rating.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

Listing	Application has been made to list each Class of the Rated Notes on the Luxembourg Stock Exchange.
Governing Law	The Notes will be governed by Italian Law.

3. ISSUER AVAILABLE FUNDS AND PRIORITIES OF PAYMENTS

Settlement Available Funds	The Settlement Available Funds are, in respect of any Settlement Date, constituted of the Billed Residual Collected Amount paid into the Collection Account under the terms of the Servicing Agreement.
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Interest Available Funds	The Interest Available Funds are, in respect of any Interest Payment Date, constituted of the aggregate of:
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- (i) all Interest Instalments paid into the Collection Account pursuant to the terms of the Servicing Agreement, plus the Accrued Interest as at the last day of the immediately preceding Quarterly Collection Period and minus the Accrued Interest as at the last day of the second preceding Quarterly Collection Period;
- (ii) all amounts on account of interest deriving from the pre-payment of any Lease Agreement during the immediately preceding Quarterly Collection Period;
- (iii) all amounts deriving from any default interest during the immediately preceding Quarterly Collection Period;
- (iv) all amounts deriving from any pre-payment penalties paid under the Lease Agreements during the immediately preceding Quarterly Collection Period;
- (v) all amounts recovered during the immediately preceding Quarterly Collection Period in relation to any Defaulted Receivable;
- (vi) all amounts received or recovered by the Issuer

under any Transaction Document (including proceeds deriving from the enforcement of the Issuer's Rights but excluding any amounts already described in other items of the Interest Available Funds or the Principal Available Funds) during the immediately preceding Quarterly Collection Period;

- (vii) the Cash Reserve Available Amount, if any, on such Interest Payment Date;
- (viii) the Residual Interest Cash of the preceding Interest Payment Date;
- (ix) all amounts standing to the credit of the Adjustment Reserve Account at the end of the immediately preceding Quarterly Collection Period;
- (x) all amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Collection Account, the Adjustment Reserve Account, the Payments Account and the Cash Reserve Account during the immediately preceding Quarterly Collection Period;
- (xi) all amounts due and payable to the Issuer under the terms of the Swap Agreement on such Interest Payment Date;
- (xii) any amounts allocated on such Interest Payment Date under item *First* of the Principal Priority of Payments during the Revolving Period or, as the case may be, under item *Second* of the Principal Priority of Payments during the Amortisation Period;
- (xiii) all amounts on account of interest received under any repurchase of Receivables during the immediately preceding Quarterly Collection Period;
- (xiv) all amounts on account of interest, profits or premium received under the Eligible Investments during the immediately preceding Quarterly Collection Period;
- (xv) the Billed Residual Collected Amounts collected during the immediately preceding Quarterly Collection Period and not already paid to the

Originator on the preceding Settlement Dates;

- (xvi) all amounts on account of interest in relation to any indemnity received under the Insurance Policies during the immediately preceding Quarterly Collection Period; and
- (xvii) on the Interest Payment Date on which the Notes are to be redeemed in full, all amounts standing to the credit of the Expenses Account; *minus*
- (xviii) any amount paid on the immediately preceding Interest Payment Date under item *First* of the Principal Priority of Payments during the Revolving Period or, as the case may be, under item *Second* of the Principal Priority of Payments during the Amortisation Period.

Principal Available Funds

The Principal Available Funds are, in respect of any Interest Payment Date, constituted of the aggregate of:

- (i) all Principal Instalments collected during the immediately preceding Quarterly Collection Period, minus the Accrued Interest as at the last day of the immediately preceding Quarterly Collection Period and plus the Accrued Interest as at the last day of the second preceding Quarterly Collection Period;
- (ii) all amounts on account of principal deriving from the pre-payment of any Lease Agreement during the immediately preceding Quarterly Collection Period;
- (iii) amounts under items *Sixth*, paragraph (b), *Seventh*, paragraph (b), *Eighth* and *Thirteenth*, paragraph (b), of the Interest Priority of Payments on such Interest Payment Date;
- (iv) prior to the delivery of a Trigger Notice, any Cash Reserve Excess Amount on such Interest Payment Date;
- (v) following the delivery of a Trigger Notice, all amounts standing to the credit of the Cash Reserve Account after the payments made on the immediately preceding Interest Payment Date;
- (vi) the Residual Principal Cash of the preceding

Interest Payment Date;

- (vii) following full redemption of the Rated Notes, all amounts standing to the credit of the Cash Reserve Account;
- (viii) all amounts on account of principal received under any repurchase of Receivables during the immediately preceding Quarterly Collection Period;
- (ix) all amounts on account of principal in relation to any indemnity received under the Insurance Policies during the immediately preceding Quarterly Collection Period; and
- (x) any amount paid on the immediately preceding Interest Payment Date under item *First* of the Principal Priority of Payments during the Revolving Period or, as the case may be, under item *Second* of the Principal Priority of Payments during the Amortisation Period.

Interest Priority of Payments prior to the delivery of a Trigger Notice

- (A) On each Settlement Date prior to the delivery of a Trigger Notice, the Settlement Available Funds shall be applied to pay to the Originator the Billed Residual Collected Amount, to the extent not already paid to the Originator as Billed Residual Uncollected Amount on the previous Interest Payment Date.
- (B) On each Interest Payment Date prior to the delivery of a Trigger Notice, the Interest Available Funds shall be applied in making the following payments in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full):

First, (a) to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses (to the extent that amounts standing to the credit of the Expense Account have been insufficient to pay such costs during the immediately preceding Interest Period), (b) to credit into the Expense Account such an amount to bring the balance of such account up to (but not exceeding) the Retention Amount;

Second, to pay, *pari passu* and *pro rata* according

to the respective amounts thereof, (a) the remuneration due to the Representative of the Noteholders and any proper costs and expenses incurred by the Representative of the Noteholders under the provisions of, or in connection with, any of the Transaction Documents, and (b) any amount due and payable on such Interest Payment Date to the Account Bank, the Calculation Agent, the Principal Paying Agent, the Luxembourg Paying Agent, the Corporate Servicer and the Servicer;

Third, to pay to the Swap Counterparty amount due and payable under the Swap Agreement, including any hedging termination payments upon early termination of the Swap Agreement except where the Swap Counterparty is the Defaulting Party or the Sole Affected Party;

Fourth, to credit the Net Adjustment Reserve Amount, if any, to the Adjustment Reserve Account;

Fifth, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class A Notes on such Interest Payment Date ;

Sixth, (a) if no Class B Trigger Event has occurred, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class B Notes on such Interest Payment Date, or (b) if a Class B Trigger Event has occurred or is continuing, to apply all remaining amounts to pay any amount payable under the applicable Principal Priority of Payments on such Interest Payment Date;

Seventh, (a) if no Class C Trigger Event has occurred, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class C Notes on such Interest Payment Date, or (b) if a Class C Trigger Event has occurred or is continuing, to apply all remaining amounts to pay any amount payable under the applicable Principal Priority of Payments on such Interest Payment Date;

Eighth, in or towards making good any shortfall reflected in the Principal Deficiency Ledger until the debit balance, if any, of the Principal

Deficiency Ledger is reduced to zero;

Ninth, to transfer any amounts to the Cash Reserve Account in order to make up any shortfall in the Required Cash Reserve Amount;

Tenth, to pay any hedging termination payment due and payable to the Swap Counterparty under the Swap Agreement other than any amount paid under item *Third* above;

Eleventh, to pay to the Originator the Billed Residual Uncollected Amount;

Twelfth, (a) if no Class D Trigger Event has occurred, to pay, *pari passu* and *pro rata*, all amounts due and payable in respect of Remuneration on the Class D Notes on such Interest Payment Date, or (b) if a Class D Trigger Event has occurred or is continuing, to apply all remaining amounts to pay any amount payable under the applicable Principal Priority of Payments on such Interest Payment Date;

Thirteenth, to credit the Residual Interest Cash, if any, to the Collection Account.

Principal Priority of Payments during the Revolving Period

On each Interest Payment Date during the Revolving Period, the Principal Available Funds shall be applied:

First, to pay any amount payable under items *First* through *Seventh* (inclusive) under the Interest Priority of Payments, to the extent that the Interest Available Funds are not sufficient on such Interest Payment Date to make such payments in full;

Second, to pay to the Originator any amount due under clause 14.1.3 of the Receivables Purchase Agreement as purchase price for increased instalments;

Third, to pay to the Originator any amount due as Subsequent Portfolio Target Amount;

Fourth, to pay to the Originator the Adjustment Purchase Price, if any;

Fifth, to credit the Residual Principal Cash, if any, to the Collection Account.

Principal Priority of Payments during the

On each Interest Payment Date during the Amortisation Period, the Principal Available Funds shall be applied on

Amortisation Period

each Interest Payment Date in making the following payments in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full):

First, to pay any Cash Reserve Excess Amount to the Subordinated Loan Provider as Subordinated Loan repayment in accordance with the provisions of the Subordinated Loan Agreement;

Second, to pay any amount payable under items *First* through *Seventh* (inclusive) under the Interest Priority of Payments, to the extent that the Interest Available Funds are not sufficient on such Interest Payment Date to make such payments in full;

Third, to pay, *pari passu* and *pro rata*, all amounts of principal due and payable on the Class A Notes;

Fourth, subject to the Class A Notes having been redeemed in full, to pay, *pari passu* and *pro rata*, all amounts of principal due and payable on the Class B Notes;

Fifth, subject to the Class A Notes and the Class B Notes having been redeemed in full, to pay, *pari passu* and *pro rata*, all amounts of principal due and payable on the Class C Notes;

Sixth, to pay to the Originator the Adjustment Purchase Price, if any;

Seventh, subject to the Class A Notes, the Class B Notes and the Class C Notes having been redeemed in full, to pay to the Subordinated Loan Provider any amount due and payable on the Subordinated Loan;

Eighth, subject to the Class A Notes, the Class B Notes and the Class C Notes having been redeemed in full, to pay, *pari passu* and *pro rata*, all amounts of principal due and payable on the Class D Notes,

provided that, to the extent that the Principal Available Funds are to be applied towards payment of items *Third*, *Fourth*, *Fifth* or *Eighth* on any Interest Payment Date which falls prior to the expiration of eighteen months following the Issue Date, the Issuer shall credit such amounts to the Payments Account and pay the same to the relevant Noteholders on the first Interest Payment Date

following the expiration of such period.

Trigger Event Priority of Payments

On each Interest Payment Date following the delivery of a Trigger Notice, the Issuer Available Funds shall be applied in making the following payments in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full):

First, (a) to pay to the Originator the Billed Residual Collected Amount to the extent not already paid to the Originator as Billed Residual Uncollected Amount, (b) if the relevant Trigger Event is not an Insolvency Event, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses (to the extent that amounts standing to the credit of the Expense Account have been insufficient to pay such costs during the immediately preceding Interest Period), (c) to credit into the Expense Account such an amount to bring the balance of such account up to (but not exceeding) the Retention Amount;

Second, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (a) the remuneration due to the Representative of the Noteholders and any proper costs and expenses incurred by the Representative of the Noteholders under the provisions of, or in connection with, any of the Transaction Documents, and (b) any amount due and payable on such Interest Payment Date to the Account Bank, the Calculation Agent, the Principal Paying Agent, the Luxembourg Paying Agent, the Corporate Servicer and the Servicer;

Third, to pay to the Swap Counterparty amount due and payable under the Swap Agreement, including any hedging termination payments upon early termination of the Swap Agreement except where the Swap Counterparty is the Defaulting Party or the Sole Affected Party;

Fourth, to credit the Net Adjustment Reserve Amount, if any, to the Adjustment Reserve Account;

Fifth, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class A Notes on such Interest Payment Date;

Sixth, to pay, *pari passu* and *pro rata*, all amounts of

principal due and payable on the Class A Notes;

Seventh, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class B Notes on such Interest Payment Date;

Eighth, to pay, *pari passu* and *pro rata*, all amounts of principal due and payable on the Class B Notes;

Ninth, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class C Notes on such Interest Payment Date;

Tenth, to pay, *pari passu* and *pro rata*, all amounts of principal due and payable on the Class C Notes;

Eleventh, to pay any hedging termination payment due and payable to the Swap Counterparty under the Swap Agreement other than any amount paid under item *Third* above;

Twelfth, to pay to the Originator any Adjustment Purchase Price;

Thirteenth, to pay to the Originator the Billed Residual Uncollected Amount;

Fourteenth, to pay any amount due and payable to the Subordinated Loan Provider under the Subordinated Loan;

Fifteenth, to pay, *pari passu* and *pro rata*, all amounts of principal due and payable on the Class D Notes;

Sixteenth, to pay, *pari passu* and *pro rata*, all amounts due and payable in respect of Remuneration on the Class D Notes on such Interest Payment Date,

provided that, to the extent that the Issuer Available Funds are to be applied towards payment of items *Sixth*, *Eighth*, *Tenth* or *Fifteenth* on any Interest Payment Date which falls prior to the expiration of eighteen months following the Issue Date, the Issuer shall credit such amounts to the Payments Account and pay the same to the relevant Noteholders on the first Interest Payment Date following the expiration of such period.

4. TRANSFER OF THE PORTFOLIO

The Portfolio

The principal source of payment of interest and of the Remuneration and of repayment of principal on the Notes will be collections made in respect of the Portfolio of performing Receivables arising out of the Lease Agreements (which Receivables, for the avoidance of doubt, do not include the Residual Value) purchased and to be purchased from time to time by the Issuer pursuant to the terms of the Receivables Purchase Agreement.

Transfer of the Receivables

On 14 June 2005, the Originator and the Issuer entered into the Receivables Purchase Agreement, pursuant to which the Originator has assigned and transferred to the Issuer the Initial Portfolio and, during the Revolving Period and subject to the terms thereof, will assign and transfer to the Issuer Subsequent Portfolios.

The offer by the Originator of a Subsequent Portfolio for purchase by the Issuer may take place on a quarterly basis during the Revolving Period provided that no Trigger Event or Purchase Termination Event has occurred. The Receivables comprised in each Subsequent Portfolio will be selected on the basis of the Criteria so that, to the extent possible, the sum of the Individual Purchase Price of the relevant Receivables will not be higher than the Target Amount (as calculated by the Servicer and set out in the relevant Quarterly Servicer's Report) for such Subsequent Portfolio.

"Target Amount" means, as at each Quarterly Servicer's Report Date during the Revolving Period, the positive difference, if any, between (i) the Principal Amount Outstanding of the Rated Notes at the immediately preceding Interest Payment Date, and (ii) the Collateral Portfolio Outstanding Principal as at the last day of the immediately preceding Quarterly Collection Period.

See for further details "*The Portfolio*" and "*Description of the Transaction Documents - The Receivables Purchase Agreement*".

Purchase Price

The Purchase Price in respect of the Initial Portfolio (net of the Billed Residual Amount in respect of the Initial Portfolio), equal to the sum of all Individual Purchase Prices of the relevant Receivables, will be paid on the Issue Date using the net proceeds of the issue of the Notes.

If certain formalities provided for by the Receivables Purchase Agreement have been completed with respect to the relevant Subsequent Portfolio, the Purchase Price in respect of each Subsequent Portfolio (net of the relevant Billed Residual Amount), equal to the sum of all Individual Purchase Prices of the relevant Receivables, will be payable on each Interest Payment Date during the Revolving Period using Principal Available Funds in accordance with the Principal Priority of Payments.

See for further details "*The Portfolio*" and "*Description of the Transaction Documents - The Receivables Purchase Agreement*".

Sale without recourse

The Initial Portfolio has been, and the Subsequent Portfolios will be, assigned and transferred to the Issuer without recourse (*pro soluto*) against the Originator, in the case of a failure by any of the Lessees to pay amounts due under the Lease Agreements, in accordance with the Securitisation Law and subject to the terms and conditions of the Receivables Purchase Agreement.

Pools of Receivables

The Receivables comprised in the Portfolio shall be classified into the following categories:

Pool 1: shall mean the aggregate of Receivables originating from Lease Agreements the underlying Assets of which are Motor Vehicles;

Pool 2: shall mean the aggregate of Receivables originating from Lease Agreements the underlying Assets of which are Equipment; and

Pool 3: shall mean the aggregate of Receivables originating from Lease Agreements the underlying Assets of which are Real Estate Assets.

Purchase Termination Events

If any of the following events occurs:

(i) *Breach of obligations by the Originator:*

the Originator defaults in the performance or observance of any of its obligations under or in respect of any of the Transaction Documents to which it is a party, the Representative of the Noteholders has certified that such default is, in its opinion, materially prejudicial to the interests of the Rated Noteholders and (except where, in the sole opinion of the Representative of the

Noteholders, such breach is not capable of remedy in which case no notice requiring remedy will be required) such default remains unremedied for 30 days after the date on which the Representative of the Noteholders has given written notice thereof to the Issuer and the Originator requiring the same to be remedied; or

(ii) *Breach of representations and warranties by the Originator:*

any of the representations and warranties given by the Originator under any Transaction Document to which it is a party is or proves to have been, when made or repeated, incorrect or misleading in any respect which, in the opinion of the Representative of the Noteholders, is material in relation to the interests of the Rated Noteholders and such breach has not been remedied in accordance with the provisions of the Warranty and Indemnity Agreement; or

(iii) *Insolvency:*

an Insolvency Event occurs in respect of the Originator; or

(iv) *Unpaid Principal Deficiency Ledger:*

on an Interest Payment Date during the Revolving Period, the Interest Available Funds, net of any Cash Reserve Available Amount, are not sufficient to pay in full the amounts due under item *Eighth* of the Interest Priority of Payments; or

(v) *Breach of ratios:*

(a) for two consecutive Interest Payment Dates during the Revolving Period, the Portfolio Delinquency Ratio as at the last day of the immediately preceding Quarterly Collection Period is higher than the Portfolio Delinquency Trigger Level; or

(b) for two consecutive Interest Payment Dates during the Revolving Period, the Portfolio Default Ratio as at the last day of the immediately preceding Quarterly Collection Period is higher than the

Portfolio Default Trigger Level; or

- (c) for two consecutive Interest Payment Dates during the Revolving Period, the Cumulative Net Default Ratio as at the last day of the immediately preceding Quarterly Collection Period is higher than the following percentages:

<i>as at the last day of:</i>	<i>Cumulative Net Default Ratio:</i>
1 st Quarterly Collection Period	1.90 per cent
2 nd Quarterly Collection Period	1.90 per cent
3 rd Quarterly Collection Period	1.90 per cent
4 th Quarterly Collection Period	2.30 per cent
5 th Quarterly Collection Period	2.30 per cent
6 th Quarterly Collection Period	2.30 per cent
7 th Quarterly Collection Period	2.70 per cent
8 th Quarterly Collection Period	2.70 per cent
9 th Quarterly Collection Period	3.00 per cent
10 th Quarterly Collection Period	3.00 per cent
11 th Quarterly Collection Period	3.50 per cent
12 th Quarterly Collection Period	3.50 per cent

- (d) on each Interest Payment Date during the Revolving Period, the ratio between (i) the difference between the Principal Amount Outstanding of the Rated Notes and the Collateral Portfolio following the purchase of the relevant Subsequent Portfolio on such Interest Payment Date; and (ii) the Principal Amount Outstanding of the Rated Notes on such Interest Payment Date, is higher than 20%,

then the Representative of the Noteholders, promptly after becoming aware of the occurrence of such Purchase Termination Event, may or, if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding or in the case of a Purchase Termination Event under items (iii), (iv) or (v) above, shall serve a Purchase Termination Notice on the Issuer and the Originator.

If a Purchase Termination Notice is served, the Issuer shall be precluded from purchasing any further Subsequent Portfolio from the Originator.

Upon the Representative of the Noteholders serving a Purchase Termination Notice, the Revolving Period shall forthwith terminate and the Amortisation Period commence, provided that no redemption of the Notes shall occur prior to the expiry of eighteen months and one day from the Issue Date.

Conditions for the purchase of the Subsequent Portfolios

During the Revolving Period, in order to mitigate the risk of any negative effect that the purchase of the Receivables comprised in a Subsequent Portfolio might have on the credit quality of the Portfolio, Subsequent Portfolios may only be purchased by the Issuer if, on the relevant Offer Date, all of the following Subsequent Portfolio Conditions are satisfied:

in respect of each Pool:

- (a) the Pool Default Ratio and the Pool Delinquency Ratio for the Receivables comprised in the Portfolio before the purchase of each Subsequent Portfolio has not exceed, respectively, during and at the end of the immediately preceding Quarterly Collection Period, the following ratios:

<i>Pool</i>	<i>Pool Default Ratio</i>	<i>Pool Delinquency Ratio</i>
Pool 1	1.75%	11.55%
Pool 2	1.9%	8.0%
Pool 3	2.25%	8.0%

- (b) with reference to the Receivables comprised in the relevant Subsequent Portfolio and arising from Floating Rate Lease Agreements, the minimum weighted average spread (in respect of the Outstanding Principal) over the relevant Index Rate shall be at least equal to 2.63 per cent for Pool 1, 1.64 per cent for Pool 2 and 1.30 per cent for Pool 3;
- (c) with reference to the Receivables comprised in the relevant Subsequent Portfolio and arising from Fixed Rate Lease Agreements, the difference between the weighted average rate (in respect of the Outstanding Principal) and the fixed interest rate provided under the terms of the Swap Agreement shall be at least equal to 2.63 per cent for Pool 1, 1.64 per cent for Pool 2 and 1.30 per cent for Pool 3;

in respect of the Portfolio following the purchase of the relevant Subsequent Portfolio:

- (a) the aggregate Outstanding Principal of all the Receivables in respect of each single Lessee shall not exceed 1 per cent of the Collateral Portfolio Outstanding Principal;
- (b) the aggregate Outstanding Principal of the Receivables comprised in the Portfolio and due from each of the ten Lessees with the highest debt amounts (in aggregate, if more than one Receivable is due from any such Lessee) does not exceed 9 per cent of the Collateral Portfolio Outstanding Principal;
- (c) the aggregate Outstanding Principal of the Receivables comprised in the Portfolio and due from the Lessees domiciled in Southern Italy does not exceed 11 per cent of the Collateral Portfolio Outstanding Principal;

- (d) the weighted average seasoning of the Receivables comprised in the Collateral Portfolio shall be, in respect of Pool 3, at least equal to 15 (fifteen) months;
- (e) the Weighted Average Internal Margin for the Portfolio shall be at least equal to 2.14%;
- (f) with reference to each Pool, the aggregate Outstanding Principal of the Receivables comprised in the Portfolio:
 - (i) shall not be lower, in respect of Pool 1, than 7 per cent of the Collateral Portfolio Outstanding Principal; and
 - (ii) shall be comprised, in respect of Pool 3, between 66 per cent and 90 per cent of the Collateral Portfolio Outstanding Principal; and
- (g) the aggregate Outstanding Principal of the Receivables comprised in the Collateral Portfolio and arising from Fixed Rate Lease Agreements does not exceed 10 per cent of the Collateral Portfolio Outstanding Principal.

Servicing of the Portfolio

On 14 June 2005, the Servicer and the Issuer entered into the Servicing Agreement, pursuant to which the Servicer has agreed to collect the Receivables and to administer and service the Portfolio on behalf of the Issuer in compliance with the Securitisation Law.

The Servicer has undertaken to prepare and submit to the Issuer, on a monthly and a quarterly basis, reports in the form set out in the Servicing Agreement, containing information as to the Collections made in respect of the Portfolio during the preceding Quarterly Collection Period. The Quarterly Servicer's Reports will provide key information relating to the amortisation of the Portfolio and the Servicer's activity during the relevant Quarterly Collection Period, including without limitation: a description of the Portfolio, information relating to any Defaulted Receivables and the Collections during the preceding Quarterly Collection Period and a performance analysis.

See for further details "*Description of the Transaction Documents - The Servicing Agreement*".

Warranties and indemnities

In the Warranty and Indemnity Agreement entered into on 14 June 2005 between the Issuer and the Originator, the Originator has made certain representation and warranties to the Issuer in relation to, *inter alia*, the Receivables and has agreed to indemnify the Issuer in respect of certain liabilities incurred by the Issuer as a result of the breach of such representation and warranties.

See for further details "*Description of the Transaction Documents - The Warranty and Indemnity Agreement*".

5. **CREDIT STRUCTURE**

Intercreditor Agreement

Under the terms of the Intercreditor Agreement entered into on or about the Issue Date between the Issuer and the Other Issuer Creditors, the Representative of the Noteholders has agreed to ensure that the Issuer Available Funds are applied in or towards satisfaction of all the Issuer's payment obligations towards the Noteholders, the Other Issuer Creditors and third party creditors in respect of costs and expenses incurred in the context of the Securitisation, in accordance with the terms of the Priorities of Payments.

The obligations owed by the Issuer to each of the Noteholders and, in general, to each of the Other Issuer Creditors will be limited recourse obligations of the Issuer. The Noteholders and the Other Issuer Creditors will have a claim against the Issuer only to the extent of the Issuer Available Funds, in each case subject to and as provided in the Conditions, the Intercreditor Agreement and the other Transaction Documents.

See for further details "*Description of the Transaction Documents - The Intercreditor Agreement*".

Cash Allocation, Management and Payment Agreement

Under the terms of the Cash Allocation, Management and Payment Agreement entered into on or about the Issue Date between the Issuer, the Originator, the Servicer, the Calculation Agent, the Account Bank, the Custodian Bank, the Principal Paying Agent, the Luxembourg Paying Agent and the Representative of the Noteholders, the Account Bank, the Calculation Agent, the Principal Paying Agent and the Luxembourg Paying Agent have agreed to provide the Issuer with certain calculation, notification and reporting services together with account handling services in relation to moneys and securities

from time to time standing to the credit of the Collection Account, the Payments Account, the Cash Reserve Account, the Adjustment Reserve Account or the Securities Account and the Expenses Account and with certain agency services.

The Calculation Agent has agreed to prepare: (i) on or prior to each Calculation Date, the Payments Report containing details of amounts to be paid by the Issuer on the Interest Payment Date following such Calculation Date in accordance with the Priority of Payments, and (ii) not later than the second Business Day following each Interest Payment Date, the Investors Report. On each Interest Payment Date, the Principal Paying Agent shall apply amounts transferred to it out of the Payments Account in making payments to the Noteholders in accordance with the Priority of Payments, as set out in the Payments Report.

See for further details "*Description of the Transaction Documents - The Cash Allocation, Management and Payment Agreement*".

Mandate Agreement

Under the terms of the Mandate Agreement entered into on or about the Issue Date between the Issuer and the Representative of the Noteholders, the Representative of the Noteholders will be authorised, subject to a Trigger Notice being served upon the Issuer following the occurrence of a Trigger Event or upon failure by the Issuer to exercise its rights under the Transaction Documents, to exercise, in the name and on behalf of the Issuer, all the Issuer's non-monetary rights arising out of certain Transaction Documents to which the Issuer is a party.

See for further details "*Description of the Transaction Documents - The Mandate Agreement*".

Swap Agreement

In order to hedge its interest rate exposure in relation to the Rated Notes, the Issuer has entered into the Swap Agreement with the Swap Counterparty in the form of an International Swaps and Derivatives Association, Inc. ("**ISDA**") 1992 Master Agreement (Multicurrency – Cross Border) dated on or about the Issue Date and related swap confirmations.

See for further details "*Description of the Transaction Documents - The Swap Agreement*".

Corporate Services Agreement

Under the terms of the Corporate Services Agreement entered into on 31 January 2003 between the Issuer and the Corporate Servicer, as amended and supplemented on or about the Issue Date through the Agreement for the Extension of the Corporate Services, the Corporate Servicer has agreed to provide certain corporate administrative services to the Issuer.

See for further details "*Description of the Transaction Documents - The Corporate Services Agreement*".

Letter of Undertaking

Under the terms of the Letter of Undertaking entered into on 31 January 2003 between the Issuer, the Originator and the Representative of the Noteholders, as amended and supplemented on or about the Issue Date through the Agreement for the Extension of the Letter of Undertaking, the Originator has undertaken to indemnify the Issuer from certain regulatory and tax costs and other costs and liabilities which may be incurred by the Issuer. In addition, the Originator has undertaken to ensure that the Issuer is not subject to liquidation as a result of its failure to fulfil its obligation to maintain a minimum quota capital. The Originator has therefore agreed to ensure that the Issuer is not wound-up by reason of the reduction of the Issuer's capital below the required minimum as provided by Italian law or regulation from time to time in force.

See for further details "*Description of the Transaction Documents - The Letter of Undertaking*".

Deed of Pledge

Under the terms of the Deed of Pledge executed on or about the Issue Date by the Issuer and the Representative of the Noteholders, the Issuer has granted to the Representative of the Noteholders (acting for itself and for the benefit of the Noteholders and the Other Issuer Creditors) a pledge over certain monetary rights to which the Issuer is entitled from time to time pursuant to certain Transaction Documents to which the Issuer is a party. In addition, in the Deed of Pledge the Issuer has undertaken to pledge to the Representative of the Noteholders any Eligible Investments made and deposited on the Securities Account.

See for further details "*Description of the Transaction Documents - The Deed of Pledge*".

Deed of Charge

Under the terms of the Deed of Charge executed on or about the Issue Date by the Issuer and the Representative

of the Noteholders, the Issuer has charged in favour of the Representative of the Noteholders (as trustee for the Noteholders and the Other Issuer Creditors) all the Issuer's rights, benefits and interests arising from the Swap Agreement.

See for further details "*Description of the Transaction Documents - The Deed of Charge*".

The Subordinated Loan Agreement

On or about the Issue Date the Issuer and the Subordinated Loan Provider entered into the Subordinated Loan Agreement, pursuant to which the Subordinated Loan Provider has disbursed to the Issuer the Subordinated Loan to establish part of the Cash Reserve on the Issue Date.

See for further details "*The Transaction Documents - the Subordinated Loan Agreement*".

The Cash Reserve

All the proceeds of the Subordinated Loan under the terms of the Subordinated Loan Agreement and part of the proceeds of the issue of the Class D Notes shall be deposited by the Issuer on the Issue Date on the Cash Reserve Account and to form a Cash Reserve.

The Cash Reserve Available Amount will be used on each Interest Payment Date, together with the Interest Available Funds, net of the Cash Reserve Available Amount, for making the payments under items from *First* to *Eighth* of the Interest Priority of Payments, to the extent that the Interest Available Funds (excluding the Cash Reserve Available Amount) are not sufficient to make such payments in full on such Interest Payment Date.

On each Interest Payment Date prior to the delivery of a Trigger Notice and if the Cash Reserve has been used, the Cash Reserve Account will be replenished up to the Required Cash Reserve Amount in accordance with the Interest Priority of Payments.

On any Interest Payment Date prior to the delivery of a Trigger Notice, the Cash Reserve Excess Amount, if any, will be applied to repay to the Subordinated Loan Provider principal due under the Subordinated Loan Agreement, in accordance with the Principal Priority of Payments.

The Principal Deficiency

The Principal Deficiency Ledger is a ledger established

Ledger

by the Issuer in order to record any principal deficiency on the Portfolio.

On each Calculation Date, the Calculation Agent will, subject to receipt of the relevant information due from the Servicer, record:

- (a) as a debit entry in the Principal Deficiency Ledger, an amount equal to the sum of the following items:
 - (1) the Principal Amount Outstanding of the Rated Notes as at the immediately preceding Interest Payment Date; minus
 - (2) the Collateral Portfolio Outstanding Principal (net of any Adjustment Purchase Price and of any amounts on account of purchase price for increased instalments, in accordance with clause 14.1.3 of the Receivables Purchase Agreement, payable to the Originator on the immediately following Interest Payment Date) as at the end of the immediately preceding Quarterly Collection Period; minus
 - (3) any Unpaid Principal Deficiency Ledger; minus
 - (4) the Principal Collections during the immediately preceding Quarterly Collection Period; and
- (b) as a credit entry to bring the balance of the Principal Deficiency Ledger up to zero:
 - (i) prior to the occurrence of a Class D Trigger Event, the amount to be transferred on the following Interest Payment Date to the Principal Available Funds in accordance with the Rated Notes Conditions;
 - (ii) after the occurrence of a Class D Trigger Event, the amount to be transferred on the following Interest Payment Date to the Principal Available Funds in accordance with the Rated Notes Conditions;
 - (iii) after the occurrence of a Class C Trigger

Event, the amount to be transferred on the following Interest Payment Date to the Principal Available Funds in accordance with the Rated Notes Conditions; and

- (iv) after the occurrence of a Class B Trigger Event, the amount to be transferred on the following Interest Payment Date to the Principal Available Funds in accordance with the Rated Notes Conditions.

6. THE ACCOUNTS

Collection Account

Pursuant to the Servicing Agreement, the Servicer shall credit to the Collection Account established in the name of the Issuer with the Account Bank (i) all the scheduled Collections in respect of each Monthly Collection Period on the date scheduled for the payment of such amounts and (ii) all the unscheduled Collections in respect of each Monthly Collection Period on the Business Day following which such unscheduled Collections amount in aggregate euro 1,000,000 or, if earlier, on the immediately following Settlement Date. The Collection Account will be maintained with the Account Bank for as long as the Account Bank is an Eligible Institution.

Payments Account

All amounts due on each Interest Payment Date under the Payments Report or the Trigger Event Report will, two Business Days prior to each Interest Payment Date, be paid by the Account Bank into the Payments Account established in the name of the Issuer with the Account Bank. The Payments Account will be maintained with the Account Bank for as long as the Account Bank is an Eligible Institution.

Cash Reserve Account

The Issuer has established with the Account Bank the Cash Reserve Account for the deposit of the Cash Reserve. The Cash Reserve is intended at all times to be an amount equal to the lower of: (i) 2.5 per cent of the Principal Amount Outstanding of the Rated Notes as at the Issue Date, (ii) 5.0 per cent of the Principal Amount Outstanding of the Senior Notes as at the immediately preceding Interest Payment Date, provided, however, that the Cash Reserve shall at all times be at least equal to euro 12,622,000. The Cash Reserve Account will be maintained with the Account Bank for as long as the

Account Bank is an Eligible Institution.

Adjustment Reserve Account

The Issuer has established with the Account Bank the Adjustment Reserve Account for the deposit, on each Interest Payment Date, of the Net Adjustment Reserve Amount (if any) in accordance with the Priorities of Payments. The Adjustment Reserve Account will be maintained with the Account Bank for as long as the Account Bank is an Eligible Institution.

Securities Account

The Issuer has established with the Custodian Bank the Securities Account for the deposit of the bonds, debentures or other kinds of notes or financial instruments comprising Eligible Investments, purchased with the monies standing to the credit of the Collection Account, the Payments Account, the Cash Reserve Account and the Adjustment Reserve Account. The Securities Account will be maintained with the Custodian Bank for as long as the Custodian Bank is an Eligible Institution.

For so long as BNP Paribas Securities Services, Milan branch in its capacity as Custodian Bank does not qualify as an Eligible Institution, it will nonetheless be deemed as an Eligible Institution if: (i) the rating of BNP Paribas' unsecured, unsubordinated and unguaranteed short term debt obligations is equal to or above "A-1+" from S&P (or "A-1" if the aggregate Eligible Investments on the Securities Account represent 20% minus euro 1,000,000 or less of the Principal Amount Outstanding of the Rated Notes) or "P-1" from Moody's and the rating of its unsecured, unsubordinated and unguaranteed long term debt obligations is equal to or above "A1" from Moody's; (ii) BNP Paribas qualifies as an Eligible Institution and holds a 100% interest in BNP Paribas Securities Services; and (iii) the corporate legal name of BNP Paribas Securities Services, Milan branch comprises the words "BNP Paribas".

Expenses Account

The Issuer has established the Expenses Account with Banca Antoniana Popolare Veneta S.p.A., Conegliano branch, into which, on the Issue Date, the Retention Amount will be credited. During each Interest Period, the Retention Amount will be used by the Issuer to pay any Expenses. To the extent that the amount standing to the credit of the Expenses Account on any Interest Payment Date is lower than the Retention Amount, the Issuer shall credit available amounts in accordance with the relevant Priority of Payments to the Expenses Account to bring the

balance of such account up to (but not in excess of) the Retention Amount.

SPECIAL CONSIDERATIONS

The following is a summary of certain aspects of the issue of the Notes of which prospective noteholders should be aware. It is not intended to be exhaustive and prospective noteholders should also read the detailed information set out elsewhere in this Offering Circular.

Securitisation Law

The Securitisation Law was enacted in Italy in April 1999. As at the date of this Offering Circular, no interpretation of the application of the Securitisation Law has been issued by any Italian court or governmental or regulatory authority, except for (i) regulations issued by the Bank of Italy concerning, *inter alia*, the accounting treatment of securitisation transactions by special purpose companies incorporated under the Securitisation Law, such as the Issuer, and the duties of the companies which carry out collection and recovery activities in the context of a securitisation transaction, and (ii) the Decree of the Italian Ministry of Treasury dated 4 April 2001 on the terms for the registration of the financial intermediaries in the register held by the Bank of Italy pursuant to article 107 of the Consolidated Banking Act. Consequently, it is possible that such or different authorities may issue further regulations relating to the Securitisation Law or the interpretation thereof, the impact of which cannot be predicted by the Issuer as at the date of this Offering Circular.

Suitability

Structured securities, such as the Notes, are sophisticated financial instruments, which can involve a significant degree of risk. Prospective investors in any Class of the Rated Notes should ensure that they understand the nature of such Notes and the extent of their exposure to the relevant risk. Prospective investors should also ensure that they have sufficient knowledge, experience and access to professional advice to make their own legal, tax, accounting and financial evaluation of the merits and risks of investment in any Class of Rated Notes and that they consider the suitability of such Notes as an investment in light of their own circumstances and financial condition.

Source of payments to the Noteholders

The Notes will be limited recourse obligations solely of the Issuer. In particular, the Notes will not be obligations or responsibilities of or guaranteed by any of the Originator, the Subordinated Loan Provider, the Servicer, the Representative of the Noteholders, the Calculation Agent, the Account Bank, the Principal Paying Agent, the Luxembourg Paying Agent, the Swap Counterparty, the Corporate Servicer, the Listing Agent, the Sole Arranger, the Joint Lead Managers, the Joint Bookrunners or the Quotaholders. None of any such persons, other than the Issuer, will accept any liability whatsoever in respect of any failure by the Issuer to make any payment of any amount due under the Notes.

Save for the assets held by the Issuer in connection with the Previous Securitisation, which would be unavailable to the Other Issuer Creditors, the Issuer will not as at the Issue Date have any significant assets other than the Portfolio and its rights under the Transaction Documents to which it is a party. Consequently, upon the occurrence of a Trigger Event or at the Final Maturity Date, the funds available to the Issuer may be insufficient to pay interest or Remuneration on the Notes or to repay the Notes in full.

Issuer's ability to meet its obligations under the Notes

The ability of the Issuer to meet its obligations in respect of the Notes will be dependent on (i) the receipt by the Issuer of collections made on its behalf by the Servicer from the Portfolio, (ii) any payments made by the Swap Counterparty under the Swap Agreement, and (iii) any other amounts received by the Issuer pursuant to the provisions of the other Transaction Documents to which it is a party.

There is no assurance that, during the Revolving Period, the Originator will continue to make offers to sell Subsequent Portfolios of Receivables to the Issuer: under the terms of the Receivables Purchase Agreement, the Originator has no obligation to make such offers nor has the Issuer any obligations to accept them. The ability of the Originator to continue to sell Receivables to the Issuer is dependent on, *inter alia*, the satisfaction of the Subsequent Portfolio Conditions set forth above.

Limited recourse nature of the Notes

There is no assurance that, over the life of the Notes or at the redemption date of any Class of Notes (whether on the Final Maturity Date, upon redemption by acceleration of maturity following the service of a Trigger Notice, or otherwise), there will be sufficient funds to enable the Issuer to pay interest or Remuneration on the Notes, or to repay the Notes in full.

The Notes will be limited recourse obligations of the Issuer. If there are not sufficient funds available to the Issuer to pay in full all principal, interest, Remuneration and other amounts due in respect of the Notes, then the Noteholders will have no further claims against the Issuer in respect of any such unpaid amounts. Following the service of a Trigger Notice, the only remedy available to the Noteholders and the Other Issuer Creditors is the exercise by the Representative of Noteholders of the Issuer's Rights.

No independent investigation in relation to the Receivables

None of the Issuer, the Sole Arranger or the Joint Lead Managers nor any other party to the Transaction Documents (other than the Originator) has undertaken or will undertake any investigation, searches or other actions to verify the details of the Receivables sold by the Originator to the Issuer, nor has any of such persons undertaken, nor will any of them undertake, any investigations, searches or other actions to establish the creditworthiness of any Lessees.

The Issuer will rely instead on the representations and warranties given by the Originator in the Warranty and Indemnity Agreement. The only remedies of the Issuer in respect of the occurrence of a breach of a representation and warranty which materially and adversely affects the value of a Receivables will be the requirement that the Originator indemnifies the Issuer for the damages deriving therefrom in respect of the relevant Receivables pursuant to the Warranty and Indemnity Agreement (see *'Description of the Warranty and Indemnity Agreement'*, below). There can be no assurance that the Originator will have the financial resources to honour such obligations.

Commingling risk

The Issuer is subject to the risk that, in the event of insolvency of the Servicer, the Collections held by the Servicer are frozen. Such risk is mitigated through (i) the opening by the Servicer of an euro denominated current account dedicated to the Collections, and (ii) the transfer, prior to the services of a Trigger Notice, of any Collections held by the Servicer on such dedicated account in excess of euro 1,000,000 to the Collection Account on the Business Day following receipt thereof.

Claw back of the sales of the Receivables

Assignments executed under the Securitisation Law are subject to revocation on bankruptcy under article 67 of the Bankruptcy Law but only in the event that the adjudication of bankruptcy of the Originator is made within three months of the securitisation transaction (or of the purchase of the relevant portfolio) or, in cases where paragraph 1 of article 67 applies (e.g. if the transaction is deemed to be undervalue), within six months of the securitisation transaction (or of the purchase of the relevant portfolio).

Liquidity and credit risk

The Issuer is subject to a liquidity risk in case of delay between the Scheduled Instalment Dates and the actual receipt of payments from the Lessees. This risk is addressed in respect of the Rated Notes through the hedging support provided to the Issuer in respect of interest payments on the Rated Notes by the Swap Counterparty under the Swap Agreement.

The Issuer is subject to the risk of failure by the Servicer to collect or to recover sufficient funds in respect of the Portfolio in order to enable the Issuer to discharge all amounts payable under the Notes when due.

The Issuer is also subject to the risk of default in payment by the Lessees and of the failure to realise or to recover sufficient funds in respect of the Lease Agreements in order to discharge all amounts due from such Lessees under the Lease Agreements. This risk is mitigated by the availability of the Cash Reserve, and (i) with respect to the Class A Notes, by the credit support provided by the Class B Notes, the Class C Notes and the Class D Notes and by the provisions relating to the occurrence of a Class B Trigger Event, a Class C Trigger Event or a Class D Trigger Event, (ii) with respect to the Class B Notes, by the credit support provided to by the Class C Notes and the Class D Notes, and (iii) with respect to the Class C Notes, by the credit support provided by the Class D Notes.

There can, however, be no assurance that the level of collections and the recoveries received from the Portfolio will be adequate to ensure timely and full receipt of amounts due under the Notes.

Yield and payment considerations

The amount and timing of the receipt of Collections on the Receivables and the courses of action to be taken by the Servicer with respect to the servicing, administration, collection, operation and restructuring of and other recoveries on the Receivables, as well as other events outside the control of the Servicer and the Issuer, will affect the performance of the Portfolio and the weighted average life of the Rated Notes. The weighted average life of such Notes may

be affected by the timing and amount of receipts in respect of the Receivables, which will be influenced by the courses of action to be followed by the Servicer with respect to the Receivables and decisions to alter such courses of action from time to time, as well as by economic, geographic, social and other factors including, *inter alia*, the availability of alternative financing and local, regional and national economic conditions. Settlement or sales of Receivables earlier or later or for different amounts than anticipated may significantly affect the weighted average life of the Rated Notes. The stream of principal payments received by a Noteholder may not be uniform or consistent. No assurance can be given as to the yield to maturity which will be experienced by a purchaser of any Notes. The yield to maturity may be adversely affected by higher or lower rates of delinquency and default on the Receivables and of early exercise of the purchase option. The rate of delinquency, default and early exercise of the purchase option cannot be predicted and each such rate is influenced by a wide variety of economic, social and other factors. See for further details "*Expected Weighted Average Life of the Rated Notes*" below.

Prepayments

The Lease Agreements do not authorise the Lessees to terminate the agreement before the expiration date set out therein. Locafit, however, may in certain cases, and subject to the terms of the Servicing Agreement, authorise a Lessee, upon a specific and reasonable request thereof, to exercise the purchase option for the Asset before the terms provided for under the relevant Lease Agreement, provided that such early exercise of the purchase option does not result in any financial consequences adverse to the Issuer.

Credit risk on the Originator and the other parties to the Transaction Documents

The ability of the Issuer to make payments in respect of the Notes will depend to a significant extent upon the due performance by the Originator and the other parties to the Transaction Documents of their respective various obligations under the Transaction Documents to which they are a party. In particular, without limiting the generality of the foregoing, the timely payment of amounts due on the Notes will depend on the ability of the Servicer to service the Portfolio and to recover the amounts relating to Defaulted Receivables (if any) and the continued availability of hedging under the Swap Agreement. Prospective Noteholders should note that the Swap Agreement may be terminated by the Swap Counterparty, if a Trigger Event occurs. The performance of such parties of their respective obligations under the relevant Transaction Documents is dependent on the solvency of each relevant party.

It is not certain that a suitable alternative Servicer could be found to service the Portfolio if the Servicer becomes insolvent or its appointment under the Servicing Agreement is otherwise terminated. If such an alternative Servicer was to be found it is not certain whether it would service the Portfolio on the same terms as those provided for in the Servicing Agreement.

The performance of the Italian economy has a significant impact on the Originator since its activities are principally concentrated in the Republic of Italy. A severe or extended downturn in the Republic of Italy's economy would adversely affect the results of operations of the Originator and the financial condition of both the Lessees and the Originator which could in turn affect the ability of the latter to perform its obligations under the Transaction Documents to which it is a party.

Interest rate risk

The Issuer expects to meet its floating rate payment obligations under the Rated Notes primarily from payments received from collections and recoveries made in respect of the Receivables. However the interest component in respect of such payments may have no correlation to the Euribor from time to time applicable in respect of the Rated Notes.

In order to mitigate this interest rate risk and avoid the occurrence of a mismatch between such payments and the floating rate payment obligations of the Issuer under the Notes, the Issuer entered into a Swap Agreement with the Swap Counterparty in relation to the Portfolio. Furthermore, in respect of the fixed rate Receivables which may be transferred as part of any Subsequent Portfolio, the Issuer may enter into one or more Additional Swap Agreements with the Swap Counterparty in relation to each Subsequent Portfolio, which will be effective on or before the transfer date of the relevant Subsequent Portfolio (while the Issuer's interest rate risk exposure in respect of the floating rate Receivables which may be transferred as part of any Subsequent Portfolio will be hedged pursuant to the Swap Agreement entered into on or before the Issue Date).

The Swap Agreement will be entered into with the Swap Counterparty, which shall at all times be (or its credit support provider shall at all times be) an Eligible Swap Counterparty.

Pursuant to the Deed of Charge, the Issuer has charged in favour of the Representative of the Noteholders as trustee for the Noteholders and the Other Issuer Creditors all right, title and interest in and to the Swap Agreement and all proceeds thereof (see for further details "*Description of the Transaction Documents - The Deed of Charge*", below).

In the event of early termination of the Swap Agreement, including any termination upon failure by the Swap Counterparty to perform its obligation, there is no assurance that the Issuer will be able to meet its obligations under the Rated Notes in full or even in part.

If the Swap Counterparty or the Issuer terminates the Swap Agreement no assurance can be given that replacement interest rate hedging agreements will continue to provide the Issuer with the same level of protection as the Swap Agreement. See for further details "*Description of the Transaction Documents - The Swap Agreement*".

Rights of set-off and other rights of the Lessees

Under general principles of Italian law, the Lessees are entitled to exercise rights of set-off in respect of amounts due under any Lease Agreement against any amounts payable by the Originator to the relevant Lessee.

As a general view, it is maintained that publication of the notice in the Official Gazette and the registration of such notice with the relevant Companies Register (see for further details "*Selected Aspects of Italian Law – The Assignment*") crystallises all the set-off rights. Accordingly, while the Lessees retain their rights to set-off amounts due to them from the Originator as at the date of publication of the notice, Lessees will not be entitled to set-off, against the sold Receivables, amounts due to them from the Originator following that date. An exception to this principle is set out under article 125, paragraph 3, of the Banking Act should the Lease Agreements be qualified as consumer loan agreements. Under the terms of the Warranty and Indemnity Agreement, the Originator has represented and warranted that the

Lease Agreements are not subject to the rules applicable to consumer loans. Under the terms of the Warranty and Indemnity Agreement, the Originator has agreed to indemnify the Issuer in respect of any reduction in amounts received by the Issuer in respect of the relevant Receivable as a result of the exercise by any Lessee of a right of set-off.

Usury Law

Italian Law No. 108 of 7 March 1996 (the "**Usury Law**") introduced legislation preventing lenders from applying interest rates equal to or higher than rates (the "**Usury Rates**") set every three months on the basis of a Decree issued by the Italian Treasury (the last such Decree having been issued on 31 March 2005). In addition, even where the applicable Usury Rates are not exceeded, interest and other advantages and/or remuneration may be held to be usurious if: (i) they are disproportionate to the amount lent (taking into account the specific situations of the transaction and the average rate usually applied for similar transactions) and (ii) the person who paid or agreed to pay was in financial and economic difficulties. The provision of usurious interest, advantages or remuneration has the same consequences as non-compliance with the Usury Rates.

In certain judgements issued during 2000, the Italian Supreme Court (*Corte di Cassazione*) ruled that the Usury Law applied both to loans (including financial leases) advanced prior to and after the entry into force of the Usury Law. Moreover, according to a certain interpretation of the Usury Law (which was generally considered, in the Italian legal community, to have been accepted in the above mentioned rulings of the *Corte di Cassazione*), if at any point in time the rate of interest payable on a loan - or a lease contract - (including a loan entered into before the entry into force of the Usury Law or a loan which, when entered into, was in compliance with the Usury Law) exceeded the then applicable Usury Rate, the contractual provision providing for the borrower's obligation to pay interest on the relevant loan would become null and void in its entirety.

The Italian Government has intervened in this situation with Law Decree No. 394 of 29 December 2000 (the "**Usury Law Decree**"), converted into Law No. 24 by the Italian Parliament on 28 February 2001, which provides, *inter alia*, that interest is to be deemed usurious only if the interest rate agreed by the parties exceeds the Usury Rate applicable at the time the relevant agreement is reached. The Usury Law Decree also provides that, as an extraordinary measure due to the exceptional fall in interest rates in the years 1998 and 1999, interest rates due on instalments payable after 2 January 2001 on loans already entered into on the date on which the Usury Law Decree came into force (such date being 31 December 2000) are to be substituted with a lower interest rate fixed in accordance with parameters fixed by the Usury Law Decree.

The validity of the Usury Law Decree has been challenged before the Italian Constitutional Court by certain consumers' associations claiming that the Usury Law Decree does not comply with the principles set out in the Italian Constitution. By decision No. 29 of 14 February 2002, the Italian Constitutional Court stated, *inter alia*, that the Usury Law Decree complies with the principles set out in the Italian Constitution except for those provisions of the Usury Law Decree which provide that the interest rates due on instalments payable after 2 January 2001 on loans are to be substituted with lower interest rates fixed in accordance with the Usury Law Decree. By such decision the Italian Constitutional Court has established that the lower interest

rates fixed in accordance with the Usury Law Decree are to be substituted on instalments payable from the date on which such Decree came into force (31 December 2000) and not on instalments payable after 2 January 2001.

The Originator has represented and warranted to the Issuer in the Warranty and Indemnity Agreement that the provisions of the Lease Agreements comply with the Italian usury provisions.

Compounding of Interest (*Anatocismo*)

Pursuant to article 1283 of the Italian civil code, in respect of a monetary claim or receivable, accrued interest may be capitalised after a period of not less than six months or from the date when any legal proceedings are commenced in respect of that monetary claim or receivable. Article 1283 of the Italian civil code allows derogation from this provision in the event that there are recognised customary practices ("*usi*") to the contrary. Banks and other financial institutions in the Republic of Italy have traditionally capitalised accrued interest on a three monthly basis on the grounds that such practice could be characterised as a customary practice ("*uso normativo*"). However, a number of recent judgements from Italian courts (including the judgements from the Italian Supreme Court (*Corte di Cassazione*) No. 2374/99 and No. 2593/2003) have held that such practices may not be defined as customary practices ("*uso normativo*").

In this respect, it should be noted that article 25, paragraph 3, of Legislative Decree No. 342 of 4 August 1999 ("**Law No. 342**") enacted by the Italian Government under a delegation granted pursuant to Law No. 142 of 19 February 1992 (the "**Legge Delega**") had considered the capitalisation of accrued interest (*anatocismo*) made by banks prior to the date on which it came into force (19 October 1999) to be valid. Law No. 342 has been challenged, however, before the Italian Constitutional Court on grounds it falls outside the scope of the legislative powers delegated under the Legge Delega. On these grounds, by decision No. 425 dated 9 October 2000 issued by the Italian Constitutional Court, article 25, paragraph 3, of Law No. 342 has been declared as unconstitutional.

Notwithstanding the Italian Constitutional Court's judgement, the capitalisation of accrued interest is still possible upon the terms established by a resolution of the Interministerial Committee of Credit and Saving (C.I.C.R.) issued on 22 February 2000.

However, a recent decision of the *Sezioni Unite* of the Italian Supreme Court (Cass. Sez. Un., 4.11.2004, No. 21095) has confirmed the interpretation according to which the capitalisation of accrued interest on a three monthly basis is not to be considered as a customary practice and has moreover expressly stated that such capitalisation is not valid even if made before the above described rulings of the Supreme Court which first stated the relevant principle in 1999.

Consequently if Lessees were to challenge this practice, it is possible that such interpretation of the Italian civil code would be upheld before other courts in the Republic of Italy and that the returns generated from the relevant Lease Agreements may be prejudiced.

The Originator has consequently undertaken in the Warranty and Indemnity Agreement in respect of the Portfolio sold by it to indemnify the Issuer in respect of any losses, costs and

expenses that may be incurred by the Issuer in connection with any challenge in respect of interest on interest accrued but unpaid.

Servicing of the Portfolio

The Portfolio will be serviced by the Servicer pursuant to the Servicing Agreement starting from the transfer date. Previously, the Portfolio was serviced by Locafit as owner of the same. The net cash flows from the Portfolio may be affected by decisions made, actions taken and the collection procedures adopted pursuant to the provisions of the Servicing Agreement by the Servicer.

The Servicer has undertaken to prepare and submit to the Issuer, on a monthly and a quarterly basis, reports in the form set out in the Servicing Agreement, containing information as to the Collections made in respect of the Portfolio during, respectively, the current Monthly Collection Period and the preceding Quarterly Collection Period.

Subordination

Save as provided in the Conditions, the Class A Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Class B Notes, the Class C Notes and the Class D Notes. The Class B Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Class C Notes and the Class D Notes and subordinated to the Class A Notes. The Class C Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Class D Notes and subordinated to the Class A Notes and the Class B Notes. The Class D Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but subordinated to the Class A Notes, the Class B Notes and the Class C Notes.

As long as any Class A Note is outstanding, unless notice has been given to the Issuer declaring the Class A Notes due and payable, the Class B Notes, the Class C Notes and the Class D Notes shall not be capable of being declared due and payable and the Class A Noteholders shall be entitled to determine the remedies to be exercised. Remedies pursued by the Class A Noteholders could be adverse to the interests of the Class B Noteholders, the Class C Noteholders and the Class D Noteholders. Once the Class A Notes have been repaid in full, as long as any Class B Note is outstanding, unless notice has been given to the Issuer declaring the Class B Notes due and payable, the Class C Notes and the Class D Notes shall not be capable of being declared due and payable and the Class B Noteholders shall be entitled to determine the remedies to be exercised. Remedies pursued by the Class B Noteholders could be adverse to the interest of the Class C Noteholders and Class D Noteholders. Once the Class B Notes have been repaid in full, as long as any Class C Note is outstanding, unless notice has been given to the Issuer declaring the Class C Notes due and payable, the Class D Notes shall not be capable of being declared due and payable and the Class C Noteholders shall be entitled to determine the remedies to be exercised. Remedies pursued by the Class C Noteholders could be adverse to the interests of the Class D Noteholders.

Noteholders should have particular regard to the factors identified in the sections headed "*Credit Structure*" and "*Priority of Payments*" above in determining the likelihood or extent of any

shortfall of funds available to the Issuer to meet payments of interest and Remuneration and or repayment of principal due under the Notes.

Claims of unsecured creditors of the Issuer

By operation of Italian law, the right, title and interest of the Issuer in and to the Portfolio will be segregated from all other assets of the Issuer (including, for the avoidance of doubt, any other portfolio purchased by the Issuer pursuant to the Securitisation Law) and amounts deriving therefrom will be available on a winding up of the Issuer only to satisfy the obligations of the Issuer to the Noteholders and to the Other Issuer Creditors or to any other creditors of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation. Amounts deriving from the Portfolio will not be available to any other creditors of the Issuer. However, under Italian law, any other creditor of the Issuer would be able to commence insolvency or winding up proceedings against the Issuer in respect of any unpaid debt. Under the Conditions, the Issuer has undertaken to the Noteholders, *inter alia*, not to engage in any activity whatsoever which is not incidental to or necessary in connection with the Previous Securitisation, any further securitisation or with any of the activities in which the Transaction Documents provide and envisage that the Issuer will engage.

Limited rights

The protection and exercise of the Noteholders' rights against the Issuer and the security under the Notes is one of the duties of the Representative of the Noteholders. The Conditions limit the ability of each individual Noteholder to commence proceedings against the Issuer by conferring on the holders of the Most Senior Class of Notes the power to determine whether any Noteholder may commence any such individual actions.

The Representative of the Noteholders

The Conditions and the Intercreditor Agreement contain provisions requiring the Representative of the Noteholders to have regard to the interests of the holders of each Class of Notes as regards all powers, authorities, duties and discretion of the Representative of the Noteholders as if they formed a single class (except where expressly provided otherwise) but requiring the Representative of the Noteholders, in the event of a conflict between the interests of the holders of different Classes of Notes, to have regard only to the interests of the holders of the Most Senior Class of Notes then outstanding.

Effect on Lease Agreements of insolvency of Lessees

The Bankruptcy Law does not regulate the impact of insolvency of a lessee in financial leasing agreements, such as the Lease Agreements. However, articles 72 to 80 of the Bankruptcy Law contain provisions regarding the effect of the declaration of insolvency on ongoing relationships, i.e., on relationships arising from contracts which were entered into by the lessee before the insolvency and which are still being performed at the time of declaration of insolvency. The effects of insolvency on the Lease Agreements must therefore be determined on the basis of case law and academic literature, applying the principles which have already been established for ongoing relationships.

Effect on Lease Agreements of insolvency of the Originator

Article 7 of Law Decree number 354 of 24 December 2003, converted into law, without amendments, with Law number 45 of 26 February 2004, provides that the adjudication in bankruptcy proceedings of companies authorized to carry out financial activity in the form of financial leases (such as the Originator) is not a cause of termination of the financial lease agreements, including the *traslativo* leases, and does not allow the liquidator in bankruptcy to decide for the termination of the leases. However, law number 80 of 14 May 2005 contains a delegation of powers to the Italian Government for the issuance, within 180 days, of legislation regarding the application of the Italian bankruptcy law in respect of financial leases among other things. Although there is not certainty as regards the provision which will be issued following implementation of the legislative delegation by the Italian Government, the following must be noted. The original law decree which has been converted into law by law number 80 of 14 May 2005 did not contain any provisions regarding the application of the bankruptcy law in respect of financial leases. Such provisions were instead contained in the draft law (*disegno di legge*) submitted by the Italian Government to the Parliament of the Republic of Italy in March 2005, regarding measures to be taken for the economic, social and territorial development in the Republic of Italy, and confirmed the current regime under the above mentioned Law number 45 of 26 February 2004. In order to accelerate the process of approval of the new provisions, a number of provisions which were initially contained in the draft law (including those regarding financial leases) have been resumed in law number 80 of 14 May 2005 in the form of a legislative delegation to the Italian Government.

The Italian Government is therefore delegated to issue provisions on the bankruptcy regime of financial leases in case of insolvency of the lessor, a subject on which it has already expressed its position (confirming the current regime) in the mentioned draft law. However, prospective Noteholders should consider that the Italian Government may, in exercising the delegated powers, issue provisions which may modify the current regime and there can be no assurance that any such change will not adversely impact the structure of the transaction and the treatment of the Notes.

Under the Terms of the Warranty and Indemnity Agreement, the Originator has represented to the Issuer that the Lease Agreements fall within the category of financial lease agreements and *traslativo* leases.

Right to future receivables

Under the terms of the Receivables Purchase Agreement, the Originator shall transfer to the Issuer any amounts received under the Insurance Policies in respect of the Receivables and any penalty payments and indemnities on reimbursement of costs and expenses or any proceeds arising out of the sale on a new exploitation of a Leased Asset. In the event that the Originator is or becomes insolvent, the court will treat the Issuer's claims to such amounts as "future" receivables. The Issuer's claims to any future receivables that have not yet arisen at the time of the Originator's admission to the relevant insolvency proceedings, including any payments received under the Insurance Policies and purported to be assigned to the Issuer pursuant to the Receivables Purchase Agreement, would not be effective and enforceable against the insolvency receiver of the Originator.

Previous Securitisations and further securitisations

On February 2003 the Issuer has carried out the Previous Securitisation through the issuance of the Previous Notes, collateralised by the Previous Portfolio.

The Issuer may purchase and securitise further portfolios of monetary claims in addition to the Previous Portfolio and the Portfolio. It is a condition precedent to any such securitisation that the Rating Agencies confirm that the then current ratings of the Previous Notes with a rating and the Rated Notes will not be adversely affected by such securitisation.

Under the terms of article 3 of the Securitisation Law, the assets relating to each securitisation transaction will, by operation of law, be segregated for all purposes from all other assets of the company that purchases the assets. On a winding up of such a company such assets will only be available to holders of the notes issued to finance the acquisition of the relevant assets and to certain creditors claiming payment of debts incurred by the company in connection with the securitisation of the relevant assets. In addition, the assets relating to a particular transaction will not be available to the holders of notes issued to finance any other securitisation transaction or to general creditors of the issuer company.

Terms of the Lease Agreements

Although the Originator has represented, in the Warranty and Indemnity Agreement that the Lease Agreements conform to the Originator's standard forms of lease agreements as from time to time adopted, there can be no guarantee that the Lease Agreements do not contain any terms or conditions that adversely affect in any manner the value of the Receivables or the enforceability of the Lease Agreements.

Noteholder directions and resolutions in respect of early redemption of the Notes

In some circumstances, the Notes may become subject to early redemption. Early redemption of the Notes in some cases may be dependent upon receipt by the Representative of the Noteholders of a direction from, or resolution of, a specified proportion of the Noteholders. If the economic interest of a Noteholder represents a relatively small proportion of the majority and its individual vote is contrary to the majority vote, its direction or vote may be of no practical effect and, if a determination is made by the requisite majority of the Noteholders to redeem the Notes, the minority Noteholders may face early redemption of the Notes against their will.

Expected maturity dates of the Notes

In accordance with the mandatory redemption provisions applicable to the Notes, if there are sufficient Principal Available Funds, full redemption of the Rated Notes is expected to be achieved, respectively, on the Interest Payment Date falling in June 2014 for the Class A Notes, in March 2016 for the Class B Notes and in December 2022 for the Class C Notes. There can be no assurance, however, that redemption in full, or at all, will be achieved on such Interest Payment Dates. See for further details "*Expected average life of the Rated Notes*".

In particular, the redemption in full of the Rated Notes may be achieved prior to such dates due to a number of circumstances in which the Lease Agreements may be terminated (by prepayment, early termination or otherwise) prior to their scheduled redemption date and, in

addition, as a result of the circumstances in which the Originator has the option to buy back the Receivables.

Although there are certain payment obligations on the Originator in these events, however, there can be no assurance that the monies received therefrom in all of these circumstances would be sufficient to ensure that the Issuer has the necessary funds to meet its payment obligations in respect of the Notes in whole or in part.

Market for the Notes

Although application has been made for the Rated Notes to be listed on the Luxembourg Stock Exchange, there is currently no market for the Rated Notes. The Notes have not been registered under the Securities Act and will be subject to significant restrictions on resale in the United States. There can be no assurance that a secondary market for any of the Notes will develop or, if a secondary market does develop, that it will provide the holders of the Notes with liquidity of investments or that it will continue for the life of such Notes. Consequently, any purchaser of Notes must be prepared to hold such Notes until the Final Maturity Date or final redemption or cancellation of such Notes.

Political and economic developments in the Republic of Italy and in the European Union

The financial condition, results of operations and prospects of the Republic of Italy and companies incorporated in the Republic of Italy may be adversely affected by events outside their control, namely European law generally, any conflicts in the region or taxation and other political, economic or social developments in or affecting the Republic of Italy generally.

Tax Treatment of the Issuer

Taxable income of the Issuer is determined without any special rights in accordance with Italian Presidential Decree number 917 of 22 December 1986. Pursuant to the regulations issued by the Bank of Italy on 29 March 2000 (*schemi di bilancio delle società per la cartolarizzazione dei crediti*), the assets and liabilities and the costs and revenues of the Issuer in relation to the securitisation of the Receivables will be treated as off-balance sheet assets and liabilities, costs and revenues (except for overhead and general expenses and any amount that the Issuer may apply out of the Issuer Available Funds for the payment of such overhead and general expenses). Based on the general rules applicable to the calculation of the net taxable income of a company, such taxable income should be calculated on the basis of accounting, i.e. on-balance sheet earnings, subject to such adjustments as are specifically provided for by applicable income tax rules and regulations. On this basis, no taxable income should accrue to the Issuer in the context of the Securitisation.

On 24 October 2002, the Revenue Agency – Regional Direction of Lombardy, released a private ruling with reference to some aspects of the Italian taxation of a securitisation vehicle. According to the private ruling, the Agency claimed that the net result of a securitisation transaction is taxable as Issuer's taxable income "to the extent that the relevant securitisation transaction is structured in such a way that a net income is available to the vehicle after having discharged all its obligations". Moreover, the Revenue Agency (the "**Agency**"), with Circular number 8/E of 6 February 2003, has taken the position that only amounts, if any, available to securitisation vehicles after fully discharging their obligations towards the noteholders and any

other creditors of the securitisation vehicles in respect of any costs, fees and expenses in relation to securitisation transactions should be imputed for tax purposes to the securitisation vehicles. Consequently, according to the quoted position of the Agency, the Issuer should not have any taxable income if no amounts are available to the Issuer after discharging all its obligations deriving from and connected to the Securitisation.

It is however possible that the Italian Ministry of Economy and Finance or another competent authority may issue regulations, circular letters or generally binding rules relating to the Securitisation Law which might alter or affect, or that any competent authority or court may take a different view with respect to, the tax position of the Issuer, as described above.

Interest accrued on the accounts opened by the Issuer in the Republic of Italy with any Italian resident bank or any Italian branch of a non-Italian bank (including the Collection Account, the Payments Account, the Cash Reserve Account, the Adjustment Reserve Account and the Expenses Account) will be subject to withholding tax on account of Italian tax which, as at the date of this Offering Circular, is levied at the rate of 27 per cent (according to the Agency's private ruling number 222/E of 5 December 2003).

Withholding tax under the Rated Notes

Payments of interest under the Rated Notes may or may not be subject to withholding or deduction for or on account of Italian tax. For example, as at the date of this Offering Circular, according to Law Decree number 239 of 1 April 1996 (as amended by Law Decree number 350 of 25 September 2001 and Law Decree number 269 of 30 September 2003), any non-Italian resident beneficial owner of a payment of interest or other proceeds relating to the Rated Notes who (i) is either not resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information, or (ii) even if resident in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information, does not timely comply with the requirements set forth in Decree 239 and the relevant application rules in order to benefit from the exemption from substitute tax, will receive amounts payable on the Rated Notes net of Italian substitute tax (see for further details also the section entitled "*Taxation*" below).

At the date of this Offering Circular such substitute tax is levied at the rate of 12.5 per cent, or such lower rate as may be applicable under the relevant double taxation treaty.

In the event that substitute tax is imposed in respect of payments to Rated Noteholders of amounts due, respectively, pursuant to the Rated Notes, neither the Issuer nor any other person will be obliged to gross-up or otherwise compensate the Noteholders for the lesser amounts the Noteholders will receive as a result of the imposition of substitute tax.

In the event that any Rated Notes are redeemed in whole or in part prior to the date which is eighteen months after the Issue Date, the Issuer will be obliged to pay an additional amount in Italy equal to 20 per cent of all interest and other proceeds accrued on such principal amount early repaid up to the relevant repayment date, according to Law Decree number 323 of 20 June 1996. See for further details also the section entitled "*Taxation*" below.

European Withholding Tax Directive

On 3 June 2003, the EU Council of Economic and Finance Ministers ("ECOFIN") adopted a new directive regarding the taxation of savings income. The directive is scheduled to be applied by Member States from 1 July 2005, provided that certain non-EU countries adopt similar measures from the same date. Under the directive each Member State will be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State; however, Austria, Belgium and Luxembourg may instead apply a withholding system for a transitional period in relation to such payments deducting tax at rates rising over time to 35 per cent. The transitional period is to commence on the date from which the directive is to be applied by Member States and to terminate at the end of the first fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Italy has implemented the directive through Legislative Decree number 84 of 18 April 2005 ("**Decree 84/2005**"). Under Decree 84/2005, subject to a number of conditions being met, in the case of Interest (including Interest accrued on the Notes at the time of their disposal) paid as of 1 July 2005 to individuals that qualify as beneficial owners of the Interest and are resident for tax purposes in another Member State, the paying agent shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owners. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner. In certain circumstances the same reporting requirements must be complied with also in respect of Interest paid to an entity established in another Member State, other than legal persons (with the exception of certain Finnish and Swedish entities), entities whose profits are included in business income taxable under general arrangements for business taxation and, in certain circumstance, UCITS recognised in accordance with Directive 85/611/EEC.

Change of law

The structure of the transaction and, *inter alia*, the issue of the Notes and the ratings assigned to the Rated Notes are based on Italian law, tax and administrative practice in effect at the date hereof, having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given that Italian law, tax or administrative practice will not change after the Issue Date or that such change will not adversely impact the structure of the transaction and the treatment of the Notes.

Projections, forecast and estimates

Estimates of the expected maturity and expected average lives of the Notes included herein, together with any projections, forecasts and estimates set out in this Offering Circular, are forward looking statements. Projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the projections will not materialise or will vary significantly from actual results. Accordingly, the projections are only estimates. Actual results may vary from projections and the variation may be material.

Forward-looking statements

Certain statements contained in this Offering Circular, including any statement preceded by, followed by or which includes the words "intend(s)", "aim(s)", "expect(s)", "will", "may", "believe(s)", "should", "anticipate(s)" or similar expressions, and any other statements which are not historical facts, are intended to identify such forward-looking statements and subjective assessments. Such statements are subject to risks and uncertainties that could cause the actual results to differ materially from those expressed or implied by such forward-looking statements. The reader is cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Offering Circular and are based on assumptions that may prove to be inaccurate. No-one undertakes any obligation to update or revise any forward-looking statements contained herein to reflect events or circumstances occurring after the date of this Offering Circular.

The Issuer believes that the risks described above are the principal risks inherent in the transaction for holders of the Rated Notes but the inability of the Issuer to pay interest or repay principal on the Rated Notes may occur for other reasons and the Issuer does not represent that the above statements of the risks of holding the Rated Notes are exhaustive. While the various structural elements described in this Offering Circular are intended to lessen some of these risks for holders of the Rated Notes, there can be no assurance that these measures will be sufficient or effective to ensure payment to the holders of the Rated Notes of any Class of interest or principal on such Notes on a timely basis or at all.

THE PORTFOLIO

Pursuant to the Receivables Purchase Agreement, the Issuer has purchased the Initial Portfolio and may purchase during the Revolving Period, on a quarterly basis, Subsequent Portfolios using the Issuer Available Funds subject to the terms of the Priority of Payments. The Issuer has purchased the Initial Portfolio from the Originator on 14 June 2005.

The Receivables comprised in the Initial Portfolio arise out of the Lease Agreements and are classified, depending on the nature of the relevant underlying Asset, as belonging to the three Pools as follows: (i) Pool 1 includes Receivables originating from Lease Agreements the underlying Assets of which are Motor Vehicles, (ii) Pool 2 includes Receivables originating from Lease Agreements the underlying Assets of which are Equipment, and (iii) Pool 3 includes Receivables originating from Lease Agreements the underlying Assets of which are Real Estate Assets.

All Receivables comprised in the Initial Portfolio or in any Subsequent Portfolio (which Receivables, for the avoidance of doubt, do not include the Residual Value), purchased or to be purchased by the Issuer from the Originator, have been or will be selected on the basis of the Criteria listed in Annexes 1, 2 and 3 to the Receivables Purchase Agreement (see "*The Criteria*", below).

As at the Valuation Date, the aggregate of the Outstanding Principal of all Receivables comprised in the Initial Portfolio amounted to euro 1,005,898,866.16 and the composition of the Initial Portfolio with reference to the three Pools was the following: Pool 1, 8.46 per cent; Pool 2, 26.52 per cent; and Pool 3, 65.02 per cent.

The information relating to the Initial Portfolio contained in this Offering Circular is, unless otherwise specified, a description of the Initial Portfolio as at the Valuation Date.

The Criteria

The Receivables that can be sold by the Originator to the Issuer from time to time under the Receivables Purchase Agreement derive from Lease Agreements. The Receivables comprising the Initial Portfolio have been and the Receivables comprising each Subsequent Portfolio will be selected on the basis of:

- (i) the Common Criteria listed in Annex 1 to the Receivables Purchase Agreement, which shall apply to all the Receivables;
- (ii) the Specific Criteria listed in Annex 2 to the Receivables Purchase Agreement, which shall apply to the Receivables comprised in the Initial Portfolio; and
- (iii) certain further objective Specific Criteria selected, from time to time, amongst the ones listed in Annex 3 to the Receivables Purchase Agreement, which may supplement the Common Criteria for the purpose of identifying the Receivables comprised in each Subsequent Portfolio.

Pursuant to the Receivables Purchase Agreement, further objective Additional Criteria may be agreed between the Issuer and the Originator from time to time to supplement the Specific

Criteria. The Criteria pursuant to which the Initial Portfolio and each Subsequent Portfolio have been and will be selected will be published in the Official Gazette from time to time.

1. **Common Criteria**

- (i) Receivables in relation to which Instalments are due in advance on a monthly basis.
- (ii) Receivables in relation to which at least four of the Instalments have been paid (the amount advanced by the Lessee on the date of execution of the relevant Lease Agreement counts as an Instalment).
- (iii) Receivables in relation to which the aggregate of the Instalments falling due from the relevant Effective Date (included) is not higher than euro 9,550,000.00 in respect of Lease Agreements having at object Real Estate Assets.
- (iv) Receivables in relation to which the last Instalment due by the Lessee falls not later than 31 December 2023.
- (v) Receivables arising out of Lease Agreements having at object registered mobile assets other than ships and aircrafts (Pool 1), equipment (Pool 2) and real estate assets (Pool 3).
- (vi) Receivables that have not been already purchased by Vela Lease S.r.l. in the context of the Previous Securitisation.
- (vii) Receivables in relation to which the only lessor is Locafit.
- (viii) Receivables in relation to which there are no delinquent Instalments or overdue Adjustments.
- (ix) Receivables in relation to which there has been no interruption of the invoicing of Instalments following a default by the relevant Lessee, nor direct contacts taken from Locafit or persons mandated thereby aimed at recovering overdue amounts.
- (x) Receivables in relation to which the Instalments are payable in euro, with a fixed rate or a floating rate based on Euribor or similar index which has been conveyed into Euribor.
- (xi) Receivables in relation to which the leased assets are located and the relevant Lessees are resident in the Republic of Italy.
- (xii) Receivables in relation to which Instalments are paid by direct debit (RID).
- (xiii) Receivables in relation to which the relevant lessees are not public administrations or similar entities, physical persons, productive undertakings (Sae Code 430) operating in the telecommunication sector (Rae Code 790), enterprises belonging to the BNL Banking Group or employees of LOCAFIT - Locazione Macchinari Industriali S.p.A., or, in relation to all Lease Agreements having at object equipment, the relevant Lease Agreements have not been

entered into by persons exercising their activities in: the sector of secondary elaboration of metals (Rae Code 313), or the sector of production of textile fiber, spinning products and similar products (Rae Code 431), or the sector of production of textile material (Rae Code 432) if the Lessee is resident in Tuscany and the aggregate amount of the Instalments falling due from the relevant date of effectiveness of the relevant Lease Agreement is higher than euro 110,000.00.

- (xiv) If the Lease Agreements out of which the Receivables arise are assisted by financial subsidies of any nature, the Receivables are assisted by subsidies provided for under one of the following Italian laws: Law 240/1991, Law 488/1992, Law 598/1994, Law 341/1995, Provincial Law of the Province of Trento 4/2000.
- (xv) Receivables arising out of Lease Agreements whose effective date falls after 1 January 1995.
- (xvi) Receivables in relation to which, on the Valuation Date, the aggregate of the value of all the assets leased to the same Lessee, by reference to the Lease Agreements in force as at the Valuation Date, is not higher than euro 500,000.00 in respect of Lease Agreements relating to registered mobile assets other than ships and aircrafts.
- (xvii) Receivables in relation to which the Asset has been delivered by Locafit to the relevant Lessee.
- (xviii) Receivables arising out of Lease Agreements in relation to which the construction of the relevant real estate assets has been fully completed.

2. **Specific Criteria in relation to the Initial Portfolio**

- (a) Receivables in relation to which, on 1 July 2005, there is an Instalment falling next due which is payable by direct debit (RID).
- (b) Receivables in relation to which the last Instalment due by the Lessee falls not earlier than 30 June 2006 and not later than 1 December 2019.
- (c) Receivables in relation to which the contract code is not comprised in any of the following ranges (the first and the last number of each range included): from 46,000 to 47,000; from 250,000 to 260,000; from 702,000 to 740,000; from 65,125 to 62,722 or from 805,197 to 805,199.
- (d) In relation to the Receivables arising out of Lease Agreements having at object equipment and which have the aggregate of the Instalments falling due after 1 July 2005 (included) higher than euro 500,000.00, the ratio between the aggregate of the Instalments falling due from 1 July 2005 and the original cost of the relevant asset is not higher than 40%.

- (e) Receivables in relation to which the client code is not comprised in any of the following ranges (the first and the last number of each range included): from 98,844 to 99,606 or from 373,817 to 373,826.
- (f) Receivables in relation to which the Instalments falling next due have not been, in whole or in part, invoiced in advance.

3. Specific Criteria in relation to Subsequent Portfolios

- (a) Receivables in relation to which, on [•], there is an Instalment falling next due which is payable by direct debit (RID).
- (b) Receivables in relation to which the last Instalment due by the Lessee falls not later than [•].
- (c) Receivables in relation to which the contract code is not comprised in any of the following ranges (the first and the last number of each range included): [•].
- (d) In relation to the Receivables arising out of Lease Agreements having at object equipment and which have the aggregate of the Instalments falling due after [•] (included) higher than euro [•], the ratio between the aggregate of the Instalments falling due from [•] and the original cost of the relevant asset is not higher than [•].
- (e) Receivables in relation to which the client code is different from [•].
- (f) Receivables in relation to which the Instalments falling next due have not been, in whole or in part, invoiced in advance.

Portfolio Summary

The Lease Agreements included in the Initial Portfolio have the characteristics illustrated in the following tables:

Table 1: Breakdown by Pool

(amounts in euro)

<i>Pool</i>	CONTRACTS		OUTSTANDING PRINCIPAL*	
	<i>number</i>	<i>%</i>	<i>amount</i>	<i>%</i>
Pool 1	3,272	35.92%	85,067,486.16	8.46%
Pool 2	4,885	53.62%	266,748,084.83	26.52%
Pool 3	953	10.46%	654,083,295.17	65.02%
Total	9,110	100%	1,005,898,866.16	100%

(*) Note: Outstanding Principal is net of Residual Value

Table 2: Breakdown by type of interest rate

(amounts in euro)

CONTRACTS			OUTSTANDING PRINCIPAL*	
<i>Type of interest rate</i>	<i>number</i>	<i>%</i>	<i>amount</i>	<i>%</i>
Fixed	3,000	32,93%	80,913,211.39	8,04%
Floating	6,110	67,07%	924,985,654.77	91,96%
Total	9,110	100%	1,005,898,866.16	100%

(*) Note: Outstanding Principal is net of Residual Value

Table 3: Breakdown by Outstanding Principal

(amounts in euro)

CONTRACTS			OUTSTANDING PRINCIPAL*	
<i>Outstanding Principal (x1000 euro)</i>	<i>number</i>	<i>%</i>	<i>amount</i>	<i>%</i>
000-026	4,530	49.73%	62,915,156.68	6.25%
026-052	1,814	19.91%	67,188,502.77	6.68%
052-103	1,285	14.11%	92,757,498.58	9.22%
103-258	791	8.68%	124,921,715.56	12.42%
258-516	339	3.72%	121,751,146.30	12.10%
516-1549	235	2.58%	209,687,203.01	20.85%
over 1549	116	1.27%	326,677,643.26	32.48%
Total	9,110	100.00%	1,005,898,866.16	100.00%

(*) Note: Outstanding Principal is net of Residual Value

Table 3 - P1: Breakdown by Outstanding Principal – Pool 1*(amounts in euro)*

CONTRACTS			OUTSTANDING PRINCIPAL*	
<i>Outstanding Principal (x1000 euro)</i>	<i>number</i>	<i>%</i>	<i>amount</i>	<i>%</i>
000-026	2,250	68.77%	31,069,842.98	36.52%
026-052	616	18.83%	22,372,702.78	26.30%
052-103	356	10.88%	24,983,936.63	29.37%
103-258	48	1.47%	6,004,687.80	7.06%
258-516	2	0.06%	636,315.97	0.75%
Total	3,272	100.00%	85,067,486.16	100.00%

() Note: Outstanding Principal is net of Residual Value***Table 3 - P2: Breakdown by Outstanding Principal – Pool 2***(amounts in euro)*

CONTRACTS			OUTSTANDING PRINCIPAL*	
<i>Outstanding Principal (x1000 euro)</i>	<i>number</i>	<i>%</i>	<i>amount</i>	<i>%</i>
000-026	2,272	46.51%	31,679,159.74	11.88%
026-052	1,158	23.71%	43,205,902.59	16.20%
052-103	806	16.50%	58,297,786.10	21.85%
103-258	487	9.97%	76,525,972.79	28.69%
258-516	157	3.21%	52,500,119.13	19.68%
516-1549	5	0.10%	4,539,144.48	1.70%
Total	4,885	100.00%	266,748,084.83	100.00%

() Note: Outstanding Principal is net of Residual Value*

Table 3 - P3: Breakdown by Outstanding Principal – Pool 3*(amounts in euro)*

<i>Outstanding Principal (x1000 euro)</i>	CONTRACTS		OUTSTANDING PRINCIPAL*	
	<i>number</i>	<i>%</i>	<i>amount</i>	<i>%</i>
000-026	8	0.84%	166,153.96	0.03%
026-052	40	4.20%	1,609,897.40	0.25%
052-103	123	12.91%	9,475,775.85	1.45%
103-258	256	26.86%	42,391,054.97	6.48%
258-516	180	18.89%	68,614,711.20	10.49%
516-1549	230	24.13%	205,148,058.53	31.36%
over 1549	116	12.17%	326,677,643.26	49.94%
Total	953	100.00%	654,083,295.17	100.00%

() Note: Outstanding Principal is net of Residual Value***Table 4: Breakdown by residual life***(amounts in euro)*

RESIDUAL LIFE (in months)	NUMBER OF CONTRACTS	% OF CONTRACTS	OUTSTANDING PRINCIPAL*	% OF OUTSTANDING PRINCIPAL
00-12	75	0.82%	1,510,337.01	0.15%
12-24	2,307	25.32%	53,317,469.85	5.30%
25-30	1,350	14.82%	51,075,852.58	5.08%
31-36	1,152	12.65%	47,998,850.34	4.77%
37-48	2,029	22.27%	122,502,739.49	12.18%
49-60	1,269	13.93%	103,413,793.87	10.28%
61-96	477	5.24%	278,648,540.81	27.70%
over 96	451	4.95%	347,431,282.21	34.54%
Total	9,110	100%	1,005,898,866.16	100%

() Note: Outstanding Principal is net of Residual Value*

Table 5: Breakdown by seasoning*(amounts in euro)*

SEASONING (in months)	NUMBER OF CONTRACTS	% OF CONTRACTS	OUTSTANDIN G PRINCIPAL*	% OF OUTSTANDIN G PRINCIPAL
00-12	4,420	48.52%	407,588,809.96	40.52%
12-24	3,098	34.01%	351,508,643.00	34.94%
25-30	899	9.87%	101,158,502.04	10.06%
31-36	443	4.86%	71,654,732.52	7.12%
37-48	143	1.57%	32,310,296.46	3.21%
49-60	42	0.46%	15,036,221.92	1.49%
61-96	60	0.66%	25,137,859.52	2.50%
over 96	5	0.05%	1,503,800.74	0.15%
Total	9,110	100%	1,005,898,866.16	100%

() Note: Outstanding Principal is net of Residual Value***Table 6: Breakdown by geographical area***(amounts in euro)*

GEOGRAPHICA L AREA	NUMBER OF CONTRACT S	% OF CONTRACT S	OUTSTANDIN G PRINCIPAL*	% OF OUTSTANDIN G PRINCIPAL
Val d'Aosta	6	0.07%	222,261.24	0.02%
Piemonte	667	7.32%	83,974,047.70	8.35%
Liguria	575	6.31%	49,624,992.98	4.93%
Lombardia	1,432	15.72%	159,841,279.57	15.89%
Trentino Alto Adige	119	1.31%	16,732,861.90	1.66%
Veneto	1,231	13.51%	192,337,978.59	19.12%
Friuli Venezia Giulia	146	1.60%	13,887,838.26	1.38%
Emilia Romagna	635	6.97%	80,392,798.60	7.99%
North Regions	4,811	52.81%	597,014,058.84	59.35%
Toscana	1,729	18.98%	163,696,948.94	16.27%
Umbria	194	2.13%	10,806,372.74	1.07%
Marche	360	3.95%	43,318,433.76	4.31%
Lazio	767	8.42%	81,552,239.89	8.11%
Abruzzo	90	0.99%	6,772,831.60	0.67%
Molise	21	0.23%	892,176.92	0.09%
Centre Regions	3,161	34.70%	307,039,003.85	30.52%

Campania	284	3.12%	52,504,398.29	5.22%
Puglia	301	3.30%	18,977,267.74	1.89%
Basilicata	28	0.31%	1,021,294.71	0.10%
Calabria	83	0.91%	3,575,729.32	0.36%
Sicilia	320	3.51%	12,432,969.55	1.24%
Sardegna	122	1.34%	13,334,143.86	1.33%
South Regions	1,138	12.49%	101,845,803.47	10.12%
Total	9,110	100%	1,005,898,866.16	100%

(*) Note: Outstanding Principal is net of Residual Value

Table 7: Breakdown by interest rate – total fixed

(amounts in euro)

INTEREST RATE CLASS (in %)	NUMBER OF CONTRACTS	% OF CONTRACTS	OUTSTANDING PRINCIPAL*	% OF OUTSTANDING PRINCIPAL
1) 0-4	3	0.10%	375,634	0.46%
2) 4-5	42	1.40%	3,969,725.05	4.91%
3) 5-6	500	16.67%	20,193,881.43	24.96%
4) 6-7	1,194	39.80%	32,240,111.50	39.85%
5) 7-8	783	26.10%	16,537,186.82	20.44%
6) 8-9	290	9.67%	5,260,874.72	6.50%
7) 9-10	145	4.83%	1,895,820.80	2.34%
8) over 10	43	1.43%	439,977.54	0.54%
Total	3,000	100%	80,913,211.39	100%

(*) Note: Outstanding Principal is net of Residual Value

Table 8: Breakdown by spread – total floating

(amounts in euro)

SPREAD CLASS (in %)	NUMBER OF CONTRACTS	% OF CONTRACTS	OUTSTANDING PRINCIPAL*	% OF OUTSTANDING PRINCIPAL
1) 0-0.5	1	0.02%	163,336.86	0.02%
2) 0.5-1.2	274	4.48%	194,200,425.85	20.99%
3) 1.2-2	1,784	29.20%	545,983,278.76	59.03%
4) 2-2.8	1,741	28.49%	117,302,680.19	12.68%
5) 2.8-3.5	1,174	19.21%	39,956,629.79	4.32%
6) 3.5-4.2	539	8.82%	14,340,366.87	1.55%

7) 4.2-5	357	5.84%	8,752,567.36	0.95%
8) over 5	240	3.93%	4,286,369.09	0.46%
Total	6,110	100%	924,985,654.77	100%

(*) Note: Outstanding Principal is net of Residual Value

Table 9: Breakdown by industry

(amounts in euro)

INDUSTRY	NUMBER OF CONTRACTS	% OF CONTRACTS	OUTSTANDING PRINCIPAL*	% OF OUTSTANDING PRINCIPAL
01 - Other sales and distribution services	2,191	24.05%	289,734,659.06	28.80%
02 - Non Industrial	33	0.36%	10,569,158.98	1.05%
03 - Wholesale and retail trade	1,340	14.71%	145,491,866.46	14.46%
04 - Building and construction industry	1,657	18.19%	108,317,383.42	10.77%
05 - Transportation services	783	8.59%	54,827,589.20	5.45%
06 - Food, beverages, tobacco	351	3.85%	36,501,671.34	3.63%
07 - Electronics, electrical goods, EDP	275	3.02%	26,016,934.76	2.59%
08 - Hotels and public services	129	1.42%	24,157,797.23	2.40%
09 - Chemicals	94	1.03%	15,421,943.89	1.53%
10 - Miscellaneous industrial products	289	3.17%	27,374,641.40	2.72%
11 - Textiles, footwear, clothing	427	4.69%	46,530,825.53	4.63%
12 - Metal goods excluding machinery and transport	334	3.67%	46,947,525.06	4.67%
13 - Communications	4	0.04%	57,452.41	0.01%
14 - Industrial and agricultural machinery	316	3.47%	51,231,154.47	5.09%
15 - Mining, minerals	203	2.23%	31,452,715.70	3.13%
16 - Transport	102	1.12%	22,220,124.72	2.21%
17 - Rubber, plastics	166	1.82%	21,501,234.89	2.14%
18 - Metals	62	0.68%	8,180,819.07	0.81%
19 - Agriculture, forestry, fisheries	145	1.59%	10,405,343.64	1.03%
20 - Paper, printing, publishing	187	2.05%	20,774,412.25	2.07%
21 - Oil and gas	22	0.24%	8,183,612.68	0.81%
Total	9,110	100%	1,005,898,866.16	100%

(*) Note: Outstanding Principal is net of Residual Value

Table 10: Breakdown by top 20 clients

(amounts in euro)

ORDER	NUMBER OF CONTRACTS PER CLIENT	OUTSTANDING PRINCIPAL*	% OF OUTSTANDING PRINCIPAL	CUMULATIVE % OF OUTSTANDING PRINCIPAL
1	4	8,372,428.67	0.83%	0.83%
2	1	8,334,026.83	0.83%	1.66%
3	1	8,208,878.06	0.82%	2.48%
4	2	6,947,966.43	0.69%	3.17%
5	7	6,833,896.32	0.68%	3.85%
6	1	6,735,143.97	0.67%	4.52%
7	2	6,616,856.37	0.66%	5.17%
8	1	6,411,066.21	0.64%	5.81%
9	1	5,798,085.98	0.58%	6.39%
10	2	5,597,353.40	0.56%	6.94%
11	1	5,480,709.73	0.54%	7.49%
12	2	5,244,038.32	0.52%	8.01%
13	1	5,026,771.98	0.50%	8.51%
14	1	4,665,069.15	0.46%	8.97%
15	4	4,664,651.72	0.46%	9.44%
16	1	4,577,161.57	0.46%	9.89%
17	1	4,570,271.62	0.45%	10.35%
18	1	4,556,278.43	0.45%	10.80%
19	2	4,498,039.89	0.45%	11.25%
20	2	4,429,474.12	0.44%	11.69%
Total	38	117,568,168.77	11.69%	

(*) Note: Outstanding Principal is net of Residual Value

Conditions for the purchase of Subsequent Portfolios

During the Revolving Period, in order to mitigate the risk of any negative effect that the purchase of the Receivables comprised in a Subsequent Portfolio might have on the credit quality of the Portfolio, Subsequent Portfolios may only be purchased by the Issuer if, on the relevant Offer Date, all of the following Subsequent Portfolio Conditions are satisfied:

- (1) *in respect of each Pool:*
 - (a) the Pool Default Ratio and the Pool Delinquency Ratio for the Receivables comprised in the Portfolio before the purchase of each Subsequent Portfolio has

not exceed, respectively, during and at the end of the immediately preceding Quarterly Collection Period, the following ratios:

<i>Pool</i>	<i>Pool Delinquency Ratio</i>	<i>Pool Default Ratio</i>
Pool 1	11.55%	1.75%
Pool 2	8.0%	1.9%
Pool 3	8.0%	2.25%

- (b) with reference to the Receivables comprised in the relevant Subsequent Portfolio and arising from Floating Rate Lease Agreements, the minimum weighted average spread (in respect of the Outstanding Principal) over the relevant Index Rate shall be at least equal to 2.63 per cent for Pool 1, 1.64 per cent for Pool 2 and 1.30 per cent for Pool 3;
 - (c) with reference to the Receivables comprised in the relevant Subsequent Portfolio and arising from Fixed Rate Lease Agreements, the difference between the weighted average rate (in respect of the Outstanding Principal) and the fixed interest rate provided under the terms of the Swap Agreement shall be at least equal to 2.63 per cent for Pool 1, 1.64 per cent for Pool 2 and 1.30 per cent for Pool 3;
- (2) *in respect of the Portfolio following the purchase of the relevant Subsequent Portfolio:*
- (a) the aggregate Outstanding Principal of all the Receivables in respect of each single Lessee shall not exceed 1 per cent of the Collateral Portfolio Outstanding Principal;
 - (b) the aggregate Outstanding Principal of the Receivables comprised in the Portfolio and due from each of the ten Lessees with the highest debt amounts (in aggregate, if more than one Receivable is due from any such Lessee) does not exceed 9 per cent of the Collateral Portfolio Outstanding Principal;
 - (c) the aggregate Outstanding Principal of the Receivables comprised in the Portfolio and due from the Lessees domiciled in Southern Italy does not exceed 11 per cent of the Collateral Portfolio Outstanding Principal;
 - (d) the Weighted Average Seasoning of the Receivables comprised in the Collateral Portfolio shall be, in respect of Pool 3, at least equal to 15 (fifteen) months;
 - (e) the Weighted Average Internal Margin for the Portfolio shall be at least equal to 2.14%;
 - (f) with reference to each Pool, the aggregate Outstanding Principal of the Receivables comprised in the Portfolio:
 - (i) shall not be lower, in respect of Pool 1, than 7 per cent of the Collateral Portfolio Outstanding Principal; and
 - (ii) shall be comprised, in respect of Pool 3, between 66 per cent and 90 per cent of the Collateral Portfolio Outstanding Principal; and

- (g) the aggregate Outstanding Principal of the Receivables comprised in the Collateral Portfolio and arising from Fixed Rate Lease Agreements does not exceed 10 per cent of the Collateral Portfolio Outstanding Principal.

THE ORIGINATOR

Historic Overview

LOCAFIT - Locazione Macchinari Industriali S.p.A. - ("Locafit") was one of the first companies to undertake leasing business in the Italian market. It was established in 1969 by Locafrance (which controlled Locafit with a 55% stake), Efibanca (25%), Banca Nazionale del Lavoro Holding (10%) and Société Financière Européenne Luxembourg (10%). It was subsequently acquired by the BNL Banking Group which already held interests in Locatrice Italiana S.p.A., the first leasing company founded in Italy (1963).

In 1979 Locafit incorporated Locatrice Italiana S.p.A. through a merger.

In the 90s Locafit became a subholding of the BNL Banking Group and started to incorporate BNL's leasing companies (Locafit Centro, Leasing Artigiano S.p.A., Federconsorzi Leasing, Sud Leasing), providing leasing services in different sectors (financial leasing, transport, real estate, export leasing, etc).

In 1992, following the exit of Efibanca S.p.A. from the shareholding structure, BNL became sole shareholder of Locafit.

In the last quarter of 2002, Locafit carried out its first securitisation transaction under the name of "Vela Lease". The transaction began on the 16th of October 2002 with the sale of a portfolio of performing loans totalling euro 1,247 million and ended with the issue of asset backed securities on the 4th of February 2003.

As at the 31st of March 2005, Locafit's share capital was euro 110,000,000.00, comprising 110,000,000 shares with a nominal value of euro 1.00 each.

Leasing Market in Italy

After five consecutive years of growth, the leasing industry suffered a 15% year-on-year decrease in 2003, compared to the expansion recorded in 1999 (+27%), 2000 (+20.5%), 2001 (+32.0%) and in 2002 (+37.8%). This deceleration was mainly due to the ending of tax incentives in 2003 granted under the Tremonti-Bis Act which encouraged several companies to bring forward their financing to the end of 2002. According to Assilea (the trade association of Italian leasing companies) the Italian leasing market gradually recovered throughout 2004: in particular, the total value of new leasing contracts executed in 2004 (+18.3% with respect to 2003) totalling over euro 38 billion. The total value of new contracts originated during the first months of 2005 confirm this positive trend in all sectors (especially the real estate leasing market).

Locafit's market position

According to Assilea, as of December 2004, Locafit ranks 6th in the Italian market by value of new contracts originated (euro 1,746 million), with a 4.60% market share.

The real estate sector, representing 57.9% of the total value of the contracts executed by Locafit, shows a growth of 22.5% with respect to the previous year, confirming its leadership in the real

estate market. In 2004, there was a significant growth in the equipment sector of 27.3% as well as a 3.6% growth in the transport sector.

Contracts Executed by Locafit: Breakdown by Segment

SEGMENT	28/2/2005		2004		2003	
	Value in Mn	MKT Share	Value in Mn	MKT Share	Value in Mn	MKT Share
Real Estate	64,006	2.9%	1,011,200	6.0%	825,350	5.9%
Equipment	57,097	4.6%	531,990	4.8%	417,782	4.4%
Car and Trucks	22,394	1.7%	143,817	1.7%	138,842	1.9%
TOTAL	143,497	3.4%	1,687,007	5.3%	1,381,974	5.0%

From a geographic perspective, Locafit's activity covers the whole of the domestic territory, predominantly in the Northern and Central regions of Italy, where there is a 89% concentration of the Italian leasing market (in terms of volumes originated). Locafit's network consists of 12 branches, 6 agencies and 40 sale points. It distributes its products through:

- (i) a direct channel: Locafit's own network;
- (ii) a banking channel: BNL's network;
- (iii) indirect channels: minor banks, brokers, associations, with which Locafit has entered distribution agreements.

Characteristics of Locafit's standard form of Lease Agreement

Locafit has a standard form of Lease Agreement, which contains the following:

- (i) standard terms and conditions (only in exceptional situations, will Locafit agree to modify its standard terms and conditions);
- (ii) a description of the asset to be leased;
- (iii) the term of the rental period;
- (iv) details regarding the rental payment (in most cases rental payments are due in monthly instalments and are made by direct debit from the customer's bank account);
- (v) the value of the purchase option; and
- (vi) any other terms and conditions on which the parties agree.

At the beginning of a Lease Agreement, the asset is registered in Locafit's balance sheet as a tangible fixed asset at the original cost.

According to the terms of the Lease Agreement, the Lessee is required to monitor the condition of the capital equipment, vehicle or machine. All Lease Agreements require the Lessee to maintain the asset in good working order and condition and to bear all costs of managing and maintaining the asset (inclusive of payment of taxes and insurance against fire and theft). The insurance coverage obtained by the Lessee varies according to the specific type of asset

covered, but in all cases the policy must expressly be in favour of Locafit. Such insurance coverage does not apply to ships and aircraft, the terms and conditions of which are decided on a case by case basis.

At the end of the lease-term, the Lessee has the option to purchase the asset for the residual price, or return the asset to Locafit. The majority of Locafit's customers choose to purchase the asset for the residual price.

If a customer breaches its payment obligations under a Lease Agreement, Locafit is entitled, *inter alia*, to recover the asset and sell or re-lease it to a third party.

Shareholders

As 31 March 2005, the sole shareholders of Locafit is BNL.

Board of Directors, Board of Statutory Auditors and Senior Management

The table below shows the members of Locafit 's Board of Directors in charge in 2004 and:

Name	Position
Ademaro Lanzara	Chairman of the Board
Niccolò Pandolfini	Vice-Chairman of the Board
Luigi Menegatti	Managing Director
Euclide Furia	Director
Marco Giovacchini	Director
Alessandro Maida	Director

The table below shows the members of the Board of Statutory Auditors in charge in 2003, 2004 and in 2005:

Name	Position
Tommaso Di Tanno	Chairman of the Board
Sergio Scibetta	Auditor
Michele Carpaneda	Auditor
Stefano Grossi	Auditor
Andrea Urbani	Auditor

Employees

As of 31 March 2005 Locafit employed 240 people. At that date, the work force included 6 executives and 122 middle managers, with the remainder being clerical staff.

CREDIT AND COLLECTION POLICY

Main factors involved in the assessment process

In the case of each applicant, the analysis of the transaction should be aimed at ascertaining the main risk factors in relation to:

- (i) the persons involved in the transaction;
- (ii) the industry and the geographic area in which the customer operates;
- (iii) the asset to be leased;
- (iv) the supplier of the asset.

Assessment of the principal parties involved in the transaction

a) *Customer*

The factors listed hereunder are analysed with the use of automated systems:

- (i) *Presence of the name in Locafit's files and trend of any previous relationships*: The system used for the purpose of compiling the proposals allows to consult Locafit's historical files; this system also shows any unpaid items for the customer.
- (ii) *Status in the BNL Banking Group's risk database ("Centrale Rischi di Gruppo")*: Should the applicant already be a customer of any company belonging to the BNL Banking Group, the information relative to that relationship is kept on file in the Group's database.
- (iii) *Status within the Interbank Risk Service of Bank of Italy ("Centrale Rischi Banca d'Italia")*: Every leasing proposal must be matched with the "return flow" from this system, if available; otherwise, the proposal must be matched with the "preliminary information from the Interbank Risk Service" with specific comments in relation to such information to be made by the person evaluating the proposal. By querying the Interbank Risk Service, it is possible to verify any outstanding accounts which the customer may have with respect to the banking system.
- (iv) *Status in the Assilea risk database ("Centrale Rischi Assilea")*: This system houses information on leasing contracts which is submitted by leasing companies who are members of the association, Assilea.

In order to complete the assessment process, inquiries are also made with respect to Protest Status and with respect to the customer's position within the private databases, CERVED and EQUIFAX (the latter is also known as "Galassia").

Additionally, the customer is asked to provide the following legal documents:

- 1) certificate of registration in the Chamber of Commerce for Industry, Agriculture and Handcraft;
- 2) articles of incorporation;
- 3) by-laws;

- 4) financial statements for the past three years (including the reports on operating performance, the notes to the financial statements, and the reports of the statutory auditors) and, in the case of limited partnerships, the tax return relative to the partnership for the past three years;
- 5) consolidated financial statements for the past three years (should the customer be part of a corporate group).

Locafit currently has an automated system for the preparation of leasing proposals. This system, which is known as SIC (*Sistema Informativo Commerciale*), allows, *inter alia*, the reclassification of customer financial statements.

After an in-depth analysis of the documentation supplied, the person evaluating the proposal prepares comments on the various financial statement accounts.

Additional inquiries are contemplated with respect to: the industry in which the customer operates; any news deemed significant; and the organizational and managerial capacities of Locafit representatives.

b) *Supplier*

The person evaluating the proposal needs to check the following data in the case of any supplier:

- (i) presence of the name in Locafit's files;
- (ii) existing or past business activity: namely, the number of transactions in which the supplier has been involved and the trend of the transactions;
- (iii) any presence of the supplier as a "customer" and a resulting review of the trend of such transactions;
- (iv) Protest Status.

Given decades of experience in the leasing business, Locafit believes that a careful analysis of the supplier is an essential part of the process of evaluating the proposed transaction: assets cannot be purchased from suppliers in a state of insolvency, while relationships with suppliers offering limited commercial networks and customer assistance are avoided.

With its significant experience in the business, Locafit has also been able to draw up a black list of "unreliable" suppliers which is automatically used by the system.

Valuation of the assets

The leasing proposal must contain a description of the asset to be leased, with specific reference to the asset's technical, commercial and economic features.

The relationship between the asset to be leased and Locafit activity is to be checked too. The proposal needs also to highlight the reasons why the customer has opted for the investment. In particular, the person evaluating the proposal will need to verify:

- (i) the *possibility of shifting* the asset to a production environment which is different from the environment proposed by the customer;
- (ii) the *recoverability* of the asset (inclusive of the costs of disassembly and transport costs), also taking into account the impact of any sublease or commodatum arrangements;
- (iii) the *maintenance of the value* of the asset for the purpose of assessing whether or not the asset itself would be a sufficient guarantee in the event of the customer's inability to pay out the lease.

a) *Personal assets*

Should the assessment of the application result in the need for more information or should the proposed transaction be considered complex, the board of directors or the person designated to approve the transaction may commission appraisers to carry out specific indepth analysis for the purpose of ascertaining the collateral value of the asset.

In the event of the purchase of used assets, the valuation process contemplates the involvement of an external party.

b) *Real estate*

In the case of real estate, Locafit uses an external network of technical appraisers which is commissioned for the appraisal of the assets. The appraisals focus on the fungibility of the asset: in particular, the technical assessment and the valuation of the asset must evidence that the price of the asset is consistent with its intrinsic value.

Internal assessment of creditworthiness

The internal assessment of creditworthiness is effected by the board of directors or by management personnel depending on whether the contract has been sourced through a bank or has been secured directly by Locafit.

I. *Direct business*

A credit approval process is initiated for every leasing application sourced from a commercial outlet, agency or branch. As indicated above, this process begins with a review of the customer's cumulative credit exposure, as indicated by the risk databases maintained by Locafit, the Bank of Italy and Assilea. Inquiries are also made in the case of any Protest Status indicated for the customer.

The credit approval process involves the phases indicated hereunder.

Phase 1: Collection of data relative to the leasing proposals

This phase includes the input of all data required by the automated system for the processing of leasing proposals and the collection of the legal documentation which must be attached to the credit application.

The leasing proposal is input in the system. Thereafter, the person evaluating the proposal must also enter the final result. The system allows the Locafit network to review the outcome of

previous applications (which can be viewed by inputting the reference data for the potential customer).

Phase 2: Determination of the person in charge of the transaction approval

Once the leasing proposal has been applied, a determination is made as to who will approve the transaction. This involves a calculation of the overall risk with respect to the customer, regardless of the type of asset involved.

Overall risk includes:

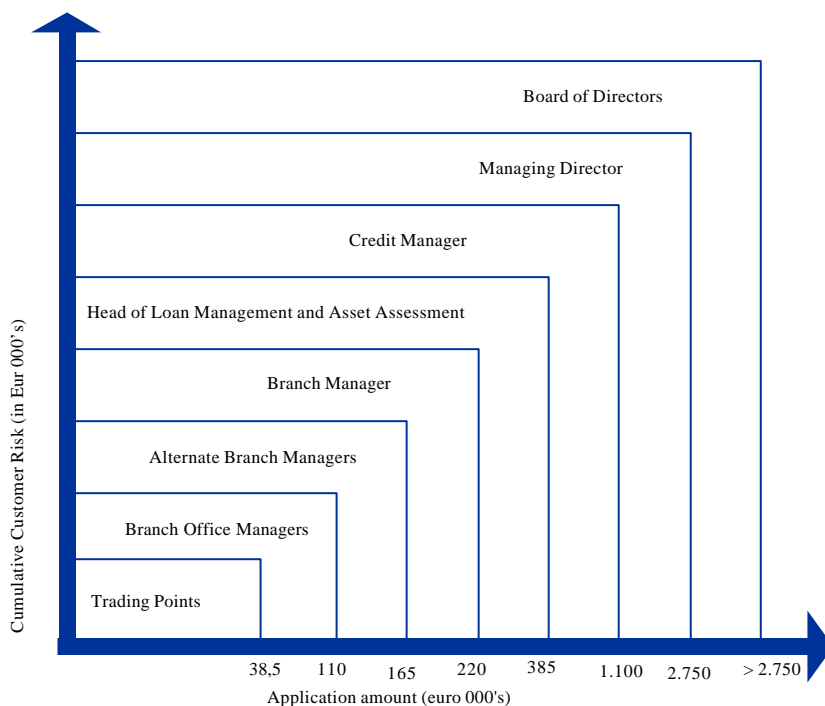
- (i) existing risk (the outstanding value of all transactions in effect with the same customer);
- (ii) the risk for the requested transaction (the investment for the requested transaction);
- (iii) the related risk (the outstanding value of all transactions in effect with persons related to the applicant).

The amount of the proposed transaction (net of value-added tax) and the amount of the advance (actual risk of the transaction then being defined) also need to be considered in determining who will approve the transaction. In addition, the following amounts are also taken into consideration:

- (i) the risk in relation to 'direct relationships' outstanding (equal to the residual principal);
- (ii) the risk in relation to 'direct relationships' for transactions approved but not yet generating income (equal to the value of the asset, net of the advance and of value-added tax);
- (iii) the risk in relation to 'relationships with related persons' outstanding (equal to the residual principal);
- (iv) the risk in relation to 'relationships with related persons' for transactions approved but not yet generating income (equal to the value of the asset, net of the advance and of value-added tax).

Taking into account the aforementioned amounts, it is possible to determine the **cumulative risk with respect to the customer.**

As indicated in the graph below, the authority for the approval of the transaction varies in relation to the actual risk relative to the customer, and implicitly, in relation to the amount involved in the application for credit under review.



The approval authority is exclusively vested in the board of directors and/or management personnel.

In any event, should Locafit already have any credit exposure with respect to the applicant or a company related to the applicant, the responsibility for the approval is moved to the appropriate higher level body of approval.

Phase 3: Approval

In the event of a positive outcome in the credit approval process and should the transaction be approved by the board of directors or by the manager with the authority therefore, the back-office staff proceeds with the compilation of all data relative to the transaction, including the data regarding the type of asset.

At the time of approval, the board of directors or the manager (depending on who approves the transaction) may decide to modify the proposal and any such modifications will need to be accepted by the customer.

The details of the approval are then communicated by the marketing office:

- (i) to the customer;
- (ii) to the person who referred the transaction, if the proposal was submitted by an indirect distribution channel.

Should the transaction be rejected, a summary of the reasons for the rejection must be filed with the application.

In the event of approval, the status of the proposal within the application processing system is changed into "Approved".

Phase 4: Signing and Execution of the Contract

If the transaction were to be approved on the basis of the bid provided or were the customer to have indicated their acceptance of any changes, the contract is to be printed out and presented to the customer for the customer's signature.

Upon the signing of the contract, the customer will be responsible for paying Locafit the amount of the advance as established beforehand.

Phase 5: Sending of the purchase order to the supplier

The purchase order sent to the supplier upon the execution of the contract will also include any ancillary conditions to the purchase.

Phase 6: Record of the delivery

The record of the delivery of the asset must be signed by the supplier and by the user of the asset, once the customer has checked that the asset delivered conforms to the order specifications.

Phase 7: Payment to the supplier

Locafit pays the amount due to the supplier only upon its receipt of the record of the delivery which has been countersigned as indicated above.

II. Business sourced through BNL

The leasing transactions deriving from BNL's network can be originated through two distinct procedures:

1. Ordinary Procedure: by which BNL is allowed to partially approve leasing proposals up to eur 275,000: the investments are limited to specific assets and Locafit remains responsible for the contracts procedures.

In the case of transactions with a value between euro 137,500 and euro 275,000, the BNL branch employee submits the proposal with his general recommendation to the bank's area manager, whilst the contract is made available by the Locafit branch responsible.

Any applications for transactions with a value of more than euro 275,000 are referred to the Locafit branch responsible.

2. Web-Leasing BNL Procedure, by which BNL directly manages the entire approval process through its intermediary.

The authority for approval through this Web-Leasing BNL procedure is limited to vehicle leases and leases for capital goods, with an initial investment up to euro 125,000. Therefore, business through this channel excludes the lease of assets which do not possess sufficient characteristics of fungibility (e.g. computers, software, furnishings, industrial dies, HVAC systems, etc. as well as used assets).

The bank employee is guided through the "**Web-Leasing BNL**" program by a series of standard formats which assist in the completion of the proposal.

Similarly to the preparation of a leasing application sourced through the Locafit network, the "Web-Leasing BNL" program allows the bank employees to use the following databases in order to determine the creditworthiness of the applicant:

- (i) Locafit database (in order to verify any risk outstanding in respect to the applicant);
- (ii) the Interbank Risk Service of the Bank of Italy;
- (iii) the BNL Banking Group's database (in order to verify any risk outstanding with respect to other companies of the Group);
- (iv) BNL database (in order to verify any risk outstanding with respect to BNL).

III. Business sourced through indirect channels

Locafit has entered into numerous commercial agreements with banks, brokers and other parties who use the software package known as "**Locafit On Line**".

This package may be used for proposals only, with the approvals being handled directly by Locafit.

Accordingly, the approval process for such transactions is the same as the one outlined in the previous paragraph for direct business.

Means for effecting lease payments

The payments of approximately 90% of the invoices are made via automated direct debits through the banking system (RID). Alternatively, the payments are made through permanent bank transfer instructions by the Lessee.

The invoices for the lease payments always have as value date the first business day of each calendar month for all contracts in Locafit's portfolio, and the payments are made at the same date.

Prepayments

A prepayment option is not provided by the lease contract, although it is an option which Locafit may grant on a case-by-case basis.

As a rule, once the decision of allowing for prepayment has been evaluated, Locafit will require the payment of an amount for the purchase of the asset; this amount is equal to the sum of the remaining lease payments due, discounted by using interest rates which lower than the contractual ones. A prepayment penalty is also due.

RECOVERY POLICY

The recovery process: management of watchlist credits

Since 1996, Locafit has managed its recovery efforts with an internal program designed to produce the rapid and efficient recovery of watchlist credits. This program allows the prompt reporting of unpaid amounts, the control over the recovery process, and the management of the

recovery formalities: it facilitates the timely identification of balances that can be immediately recovered and of accounts for which a workout process will be needed.

The recovery process involves the following areas of Locafit:

- (i) **Credit Management** (in particular, the Legal & Workout Office) for the management, supervision and coordination of the recovery activity;
- (ii) **Branches, Agencies and Commercial Outlets** for the broad-based management of the customer relationships and the timely activation of the steps to recover the credit.

The identification of unpaid amounts occurs by examining the customer's account. This control is made by using automated analytical tools which allow to identify past-due credits that warrant further analysis or a recovery effort.

Monitoring and recovery efforts prior to legal action

Locafit classifies each credit by assigning them an anagraphic or contractual *solvency code*. The type of the code depends on whether the solvency status is to be indicated at the customer level or at the level of each individual contract.

The recovery process, which begins at "Level 2" (Reporting of the past-due amount), consists of four separate phases over a specific time period as indicated hereunder:

Level 2: Reporting of past-due amount

Level 3: Formal solicitation

Level 4: Commission of recovery proceedings

Level 5: Advance notice of termination

a) Phase I (LEVEL 2): Reporting of past-due amount

For those contracts paid by means of direct debit through the banking system, the reporting of any unpaid sums to Locafit's accounting office generally takes place about 10-15 days following the failed payment. In the case of contracts paid by a permanent bank transfer order, the reporting generally requires about 30 days.

Within 30 days of the due date of the lease payment, the system provides an indication of the unpaid amounts and the extent of the delay.

With the end-of-month processing, the contracts with only one unpaid direct debit instalments or one unpaid permanent bank transfer order are transferred to the credit watchlist program and are assigned a code which identifies them as "**watchlist credits**". Subsequently the contracts become part of **Level 2**.

The program prints out a report listing all past-due amounts with a breakdown by geographic area. The report highlights any positions newly classified as watchlist credits.

The new risk positions are then managed by the relevant branch which has the closest geographic location to the watchlist customer. At the same time, the ongoing monitoring by the head office continues.

The past-due amount is immediately and automatically communicated to the network unit charged with managing the commercial relationships with the customer and the required amount (including penalties) is notified within 2 days to the customer

The network staff will check any amount reported, print out a detailed list thereof, and, upon a review of the account statement, will proceed with a check to determine if the non-payment was caused by a technical problem. If deemed appropriate, the network staff will also contact the paying bank.

The network staff will also contact the customer by telephone. In the case of contracts executed through the BNL network, the sector specialist will be in charge of the relationship. The network staff, while giving notice to the head office of Locafit, will attempt to settle the situation, or should the payment not be made, will arrange for the commencement of the credit recovery procedure.

In any event, Locafit's head office will always check to ensure that the network units have received the reporting of the past-due amounts, and if necessary, will request feedback from the network staff.

The aforementioned activity must take place **in a time period of no more than 20 days**. Once such time period has elapsed, the position is **automatically** transferred to the subsequent risk level.

b) Phase II (LEVEL 3): Formal solicitation

The position is classified at **'Level 3'** at the end of the maximum period of 20 days from the Level 2 classification.

The program managing the changeover automatically prints out a formal solicitation.

The network unit involved gets **immediate notice** in this phase, too. In addition, if the customer is also a BNL customer, a notice of the situation is also provided to the BNL branch involved.

The letter of solicitation also includes an account statement showing the past-due amount, the interest accrued in arrears and the delinquency management costs.

As detailed hereinabove regarding the reporting of payment delays, the network staff needs to check for any amounts reported and prints a detailed list. Subject to a review of the account statement, the network staff will contact the customer and/or the BNL sector specialist, seek out a solution, submit (for the relative approval by the head office) solutions which may lie outside of the network staff's competence or, if the negotiations have a negative outcome, propose the continuation of the recovery effort.

The aforementioned activity must take place **in a maximum time period of 40 days**. Once such time period has elapsed, the position is automatically transferred to the subsequent risk level.

c) Phase III (LEVEL 4): Commission of recovery proceedings

Accounts that are past-due accounts may be managed internally or may be referred to outside collection agencies. In the latter instance, Locafit regularly uses three collection agencies. For cases handled internally, Locafit has a recovery staff of five employees.

The collection agency is chosen on the basis of various criteria, with one of the main criteria being geographical proximity to the past-due customer.

The commissioning of a collection agency occurs through the transmittal of a customer form which includes: the details of the contract which is past-due, the overall credit exposure to the customer, the past-due interest, the type of leased asset the expiration date of the contract, the execution date of the contract, the name of the customer's bank which is responsible for effecting the payment of the invoice, the supplier of the asset, accounting details and the maximum amount (in percentage terms) which the collection agency can spend for the recovery.

The mandate for the recovery given to an external collection agency has a **maximum term of 60 days**. Should no amount be recovered during this period, the collection agency is not entitled to any compensation. In the event of a recovery, Locafit pays to the collection agency a fee in proportion to the amount recovered.

Should a defaulted account not be referred to an external collection agency, the recovery effort is handled internally by Locafit by personnel that have had no previous contacts with the customer: this change in the personnel managing the recovery procedure is aimed at emphasizing to the customer the deterioration of their position. During this phase, efforts are mainly directed toward the recovery of the specific credit.

The responsibilities of the employee assigned to the recovery of the credit include: looking for possible solutions, when appropriate making contact with the customer, guarantors and the bank involved, and even evaluating and analysing the possible proposals made by the customer.

The system for the management of watchlist credits includes spaces dedicated to comments and notations which can be used for tracking the work carried out and the progress of the recovery activity.

When it becomes evident, on the basis of the contacts made, that it shall be impossible to collect the unpaid amount, the employee assigned to the recovery will propose the termination of the contract.

The employee assigned to the recovery must complete his activity **in a time period of 40 days**. Once such time period has elapsed, the position is automatically transferred to the subsequent risk level.

d) Phase IV (LEVEL 5): Advance notice of termination

Should the internal staff deem impossible to recover the credit, a notice of the termination of the contract is given to the customer either by telephone or by telegram.

In any event, should **30 days** elapse without any indications of the customer's willingness to pay the amounts due, the position is transferred to the litigation office to begin legal proceedings.

The contract is then transferred from the "watchlist credit" program to the workout ("*contenzioso*") area.

Notwithstanding the program set forth above, should there be evidence of serious deterioration of the customer's general economic situation at any point during the recovery process, the customer's position will be transferred directly to the workout area.

Workout

With the changeover to *contenzioso* status, the account is transferred to a sector specialist in the litigation department of the Legal Office.

Should the customer be involved in insolvency proceedings, the account is directly transferred to the litigation area which will immediately initiate all activities set forth for the management of such cases.

At this point, the process contemplates:

- (i) **Termination of the contract:** should the contract still be in effect and thus, if the billing of the lease payments has continued.
- (ii) **Official notice of default:** should the contract have already expired but the asset not been returned, the official notice of default allows for the commencement of a civil lawsuit, without prejudice to the possibility of subsequently proceeding against the customer for penal action.
- (iii) **Warning (*diffida*):** should the contract have already expired but the asset not been returned, the warning provides notice of the commencement of penal action (which must be initiated within three months).

With the termination of the contract formalized through the sending of a registered letter, the status of the account goes from "Lease Agreement" to "Terminated Contract", the billing of the lease payments is discontinued, and the litigation management system provides a letter of termination which bears, *inter alia*, a date which is the same date as the date of the last changeover of the status of the account. This letter includes the name and address of the customer, the balance of the credit and the bank account statement evidencing the amounts not paid.

During the litigation phase, the recovery objective is not only the specific credit, but the entire exposure to the borrower.

The most common actions for this purpose are:

- (i) the extra-judicial recovery of the entire credit, the amicable restitution of the asset, the reinstatement of the contract and possible settlements with the intervention of third parties (guarantors or other interested third parties);
- (ii) the court recovery with the intervention of external legal counsel (payment and delivery injunctions, injunctions against bills of exchange, the attachment of real estate, bankruptcy petitions).

During this phase, the termination of the contract or the declaration of default are communicated, if applicable, by letter to the guarantors (letter of enforcement), to the supplier (if the supplier has a commitment to repurchase the asset) and to the transferor (in the event of transfer). The branches and the internal auditing office are also notified.

The sale of the assets recovered is coordinated by the Assets & Property Management Office. The administration of any real estate is the responsibility of the Litigation Office which operates in collaboration with the Assets & Property Management Office.

THE ISSUER

Introduction

The Issuer was incorporated in the Republic of Italy pursuant to the Securitisation Law on 23 November 2001 as a limited liability company under the name "Aristarco Finance S.r.l." and changed its name to "Vela Lease S.r.l." by an extraordinary resolution of the meeting of the Quotaholders held on 10 October 2002. The registered office of the Issuer is in Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy, the fiscal code and enrolment number with the companies register of Treviso is 03678280268. The Issuer is also enrolled under number 33758 in the *elenco generale* held by the *Ufficio Italiano dei Cambi* and in the *elenco speciale* held by the Bank of Italy pursuant to, respectively, articles 106 and 107 of the Consolidated Banking Act. Since the date of its incorporation the Issuer has not engaged in any business other than the Previous Securitisation and the purchase of the Receivables, no dividends have been declared or paid and no indebtedness, other than the Issuer's costs and expenses of incorporation, has been incurred by the Issuer. The Issuer has no employees and no subsidiaries.

The authorised and issued quota capital of the Issuer is €10,000, fully paid up and deposited on the euro denominated account opened by the Issuer with Banca Antoniana Popolare Veneta S.p.A., Conegliano branch with number 10715K. The current quotaholders of the Issuer are as follows:

<i>Quotaholder</i>	<i>Quota</i>
Finanziaria Internazionale Securitisation Group S.p.A.	€8,000 (80% of the quota capital)
Finanziaria Internazionale Holding S.p.A.	€1,100 (11% of the quota capital)
LOCAFIT - Locazione Macchinari Industriali S.p.A.	€900 (9% of the quota capital)

Pursuant to the Quotaholders' Agreement, the Quotaholders have agreed, *inter alia*, not to amend the by-laws (*statuto*) of the Issuer and not to pledge, charge or dispose of the quotas (save as set out below) of the Issuer without the prior written consent of the Representative of the Noteholders. The Quotaholders' Agreement is governed by, and will be construed in accordance with, Italian law.

Issuer's Principal Activities

The principal corporate object of the Issuer as set out in article 2 of its by-laws (*statuto*) and in compliance with the Securitisation Law is to perform securitisation transactions (*operazioni di cartolarizzazione*).

The Issuer was established as a multi-purpose vehicle and accordingly it may carry out further securitisation transactions in addition to the Previous Securitisation and the Securitisation, subject to the provisions set forth in Condition 4 (*Covenants*).

Condition 4 (*Covenants*) provides that, so long as any of the Notes remain outstanding, the Issuer shall not, without the prior consent of the Representative of the Noteholders and as provided in the Quotaholders' Agreement and the Conditions, incur any other indebtedness for borrowed moneys (except in relation to any further securitisation carried out in accordance with the Transaction Documents) engage in any business (other than acquiring and holding the assets on which the Notes are secured, issuing the Notes and entering into the Transaction Documents

to which it is a party), pay any dividends, repay or otherwise return any quota capital, have any subsidiaries, employees or premises, consolidate or merge with any other person or convey or transfer its property or assets to any person (otherwise than as contemplated in the Conditions or in the Intercreditor Agreement) or increase its capital.

The Issuer will covenant in the Intercreditor Agreement to observe, *inter alia*, the restrictions detailed in Condition 4 (*Covenants*).

Director

The current directors of the Issuer are:

Mr. Andrea Perin	<i>Chairman of the Board of Directors</i>
Mr. Luigi Bussi	<i>Director</i>
Mr. Carmelo Larosa	<i>Director</i>

Capitalisation and indebtedness statement

The capitalisation of the Issuer as at the date of this Offering Circular, adjusted for the issue of the Notes, is as follows:

Quota capital	euro
Issued, authorised and fully paid up capital	10,000

Loan Capital	euro
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Previous Securitisation - principal amount outstanding

Series 2003-1-A1 Asset Backed Floating Rate Notes due December 2015	147,578,340.00
Series 2003-1-A2 Asset Backed Floating Rate Notes due December 2015	605,500,000.00
Series 2003-1-B Asset Backed Floating Rate Notes due December 2015	64,000,000.00
Series 2003-1-C Asset Backed Floating Rate Notes due December 2015	23,000,000.00
Series 2003-1-D Asset Backed Floating Rate Notes due December 2015	13,350,000.00

Securitisation

Series 2 Class A Asset Backed Floating Rate Notes due December 2028	920,350,000.00
Series 2 Class B Asset Backed Floating Rate Notes due December 2028	60,350,000.00
Series 2 Class C Asset Backed Floating Rate Notes due December 2028	25,150,000.00
Series 2 Class D Asset Backed Variable Return Notes due December 2028	12,622,000.00

Subordinated Loan	12,573,116.16
Total loan capital	euro 1,884,473,456.16
Total capitalisation and indebtedness	euro 1,884,483,456.16

Subject to the above, as at the date of this Offering Circular, the Issuer has no borrowings or indebtedness in respect of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

Financial statements and auditors' report

The following is the text of a report received by the Quotaholders of the Issuer from Dott. Lino de Luca, auditor to the Issuer. The Issuer's accounting reference date is 31 December in each year.

"Vela Lease S.r.l. (The "**Issuer**")
Via Vittorio Alfieri, 1
31015 Conegliano (TV)
Italy

To the kind attention of the Board of Directors

30 June 2005

Dear Sirs,

I am reporting in connection with the listing and sale of euro 920,350,000 Series 2 Class A Asset Backed Floating Rate Notes due December 2028, euro 60,350,000 Series 2 Class B Asset Backed Floating Rate Notes due December 2028, euro 25,150,000 Series 2 Class C Asset Backed Floating Rate Notes due December 2028, euro 12,622,000 Series 2 Class D Asset Backed Variable Return Notes due December 2028, issued by Vela Lease S.r.l. (the "**Issuer**"), referred to in the offering circular to be dated 30 June 2005 (the "**Offering Circular**").

The financial information set out below is based on the statutory financial statements of the Issuer for the period from 1 January 2003 to 31 December 2003 (audited by Reconta Ernst & Young) and from 1 January 2004 to 31 December 2004 (audited by Reconta Ernst & Young) (the "**Financial Information**").

The Financial Information is the responsibility of the Board of Directors of the Issuer who approved its issue. The Issuer (and any other persons referred to in the Offering Circular as accepting responsibility for the same or any part thereof) is responsible for the contents of the Offering Circular in which this report is included.

It is my responsibility to verify that the financial information set out in my report are corresponding to the Financial Information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the Financial

Information underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

In my opinion the financial information set out below gives, for the purposes of the Offering Circular a true and fair view of the state of affairs of the Issuer as at the date stated.

Statement of Current Assets, Capital and Reserves

	31 December 2004	31 December 2003
	<i>euro</i>	<i>euro</i>
Assets		
Cash and due from banks	38,257	37,659
Start Up Costs	1,304	1,956
Other assets	30	157
Total	39,591	39,772
Liabilities and capital		
Suppliers	12,288	67
Other liabilities	17,303	29,705
Capital	10,000	10,000
Losses of the year	0	0
Profit of the year	0	0
Total	39,591	39,772
The Purchase Price of the Portfolio	1,005,898,866.16	

Notes to the statement:

1. **Basis of Preparation**

The statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

2. **Incorporation and Trading Activity**

The Issuer was incorporated on 23 November 2001 with the sole object to perform one or more securitisation transactions.

In February 2003 the Issuer carried out a securitisation transaction pursuant to Italian Law No. 130 of 30 April 1999 (the "**Previous Securitisation**"). The Previous Securitisation involved the purchase, on a revolving base, by the Issuer from LOCAFIT - Locazione Macchinari Industriali S.p.A. of a portfolio of lease receivables originated by the latter during its ordinary course of business. LOCAFIT - Locazione Macchinari Industriali S.p.A. is the servicer of this Previous Securitisation. The Issuer financed the purchase of the first portfolio through the issuance of euro 537,000,000 Series 2003-1-A1 Asset Backed Floating Rate Notes due 2015, euro 605,500,000 Series 2003-1-A2

Asset Backed Floating Rate Notes due 2015, euro 64,000,000 Series 2003-1-B Asset Backed Floating Rate Notes due 2015, euro 23,000,000 Series 2003-1-C Asset Backed Floating Rate Notes due 2015, euro 13,350,000 Series 2003-1-D Asset Backed Floating Rate Notes due 2015. The purchase of the subsequent portfolios of receivables under the Previous Securitisation has been funded through the collections made in respect of the lease receivables already purchased. All administrative and start-up expenses that the Issuer has incurred up to the end of 2004 have been charged to the portfolio of the above mentioned transaction.

The Issuer has no employees.

3. **Capital**

The called up and paid up capital of the Issuer is euro 10,000 divided into three quotas of a nominal value of euro 8,000, 1,100 and 900 respectively, held by Finanziaria Internazionale Securitisation Group S.p.A., Finanziaria Internazionale Holding S.p.A. and LOCAFIT - Locazione Macchinari Industriali S.p.A..

4. **Commitments**

The Issuer has entered into agreements that relate to the above mentioned transaction including the purchase of the Portfolio, and that relate to the Previous Securitisation.

5. **The Portfolio**

The Portfolio was purchased by the Issuer from LOCAFIT - Locazione Macchinari Industriali S.p.A. on 14 June 2005 with effect from 02 June 2005 and it comprises lease receivables arising out of lease contracts between Locafit, as lessor, and certain obligors for the leasing of certain equipment or machinery or real estate property or motor cars, trucks and other motor-vehicles.

The Portfolio is not included within the Statement of the "Current Assets and Capital and Reserves" stated above in accordance with Italian Law No. 130 of 30 April 1999 which provides that securitisation transactions shall be recorded as off-balance sheet.

6. **Collections on Portfolio**

The collections and recovery on the Portfolio from 02 June 2005 (included) to 30 June 2005 (included) and other events are not reflected in the financial statements, the amount collected and recovered has been and will be transferred to the Issuer's account on or before the Issue Date in accordance with the Servicing Agreement.

Yours faithfully,

30 June 2005

Dott. Lino De Luca
(Public Certified Accountant)"

THE SWAP COUNTERPARTY

Calyon S.A. is a *société anonyme* with a capital of euro 3,119,771,484, duly incorporated under the laws of France and duly authorised as a credit institution (*établissement de crédit*) by the French Credit Institutions and Investment Companies Committee (*Comité des Etablissements de Crédit et des Entreprises d'Investissement*) and subject to the regulations of the French Banking and Financial Regulatory Committee (*Comité de la Réglementation Bancaire et Financière*). The head office of Calyon S.A. is located at 9, quai du Président Paul Doumer, 92920 Paris La Défense Cedex. It is registered with the Trade and Companies Registry of Nanterre under number SIREN 304 187 701.

Calyon S.A. is a major player in the financial markets. With 18,000 staff in more than 60 countries, Calyon specialises in capital markets, investment banking and financing.

As at the date of this Offering Circular, the long-term, unsecured and unsubordinated debt obligations of Calyon S.A. are rated "AA" by Fitch Ratings Limited, "Aa2" by Moody's and "AA-" by S&P, and the short-term, unsecured and unsubordinated debt obligations of Calyon S.A. are rated "F1+" by Fitch Ratings Limited, "P-1" by Moody's and "A-1+" by S&P.

USE OF PROCEEDS

The total gross proceeds of the issue of the Notes are expected to be €1,018,472,000.

The net proceeds from the issue of the Notes, being approximately €1,018,333,947.50, will be applied by the Issuer to pay to Locafit the Purchase Price for the Initial Portfolio in accordance with the Receivables Purchase Agreement and to fund part of the Cash Reserve.

DESCRIPTION OF THE TRANSACTION DOCUMENTS

The description of the Transaction Documents set out below is a summary of certain features of those agreements and is qualified by reference to the detailed provisions of the Transaction Documents. Prospective Noteholders may inspect a copy of the Transaction Documents upon request at the specified office of each of the Representative of the Noteholders and the Luxembourg Paying Agent.

1. THE RECEIVABLES PURCHASE AGREEMENT

On 14 June 2005, the Originator and the Issuer entered into the Receivables Purchase Agreement, pursuant to which the Originator has assigned and transferred to the Issuer, and may assign and transfer to the Issuer, without recourse (*pro soluto*) from time to time and in accordance with the provisions of the Receivables Purchase Agreement, all of its rights, title and interest in and to, respectively the Initial Portfolio and the Subsequent Portfolios. Sales of Subsequent Portfolios may take place on a quarterly basis during the Revolving Period, subject to the terms and conditions of the Receivables Purchase Agreement.

Purchase Price

The Purchase Price for each Portfolio payable pursuant to the Receivables Purchase Agreement shall be equal to the aggregate of the Individual Purchase Prices of the Receivables comprised in each Portfolio plus any Billed Residual Amount. The Individual Purchase Price for each Receivable shall be equal to the aggregate amount of all Principal Instalments due from the relevant Effective Date under the relevant Lease Agreements, plus the Accrued Interest.

Under the Receivables Purchase Agreement, the Purchase Price (net of the Billed Residual Amounts) in respect of the Initial Portfolio and any Subsequent Portfolio can only be paid by the Issuer to the Originator after (i) the notice of sale of the relevant portfolio has been published in the Official Gazette of the Republic of Italy; and (ii) application has been made for the registration of the notice in the relevant Companies' Registrar. Until the actions referred to in items (i) and (ii) above have been completed, the Issuer shall deposit an amount equal to the Purchase Price for the relevant Portfolio in the Payments Account and will transfer such amount to the Originator only the Business Day following the completion of the actions referred to in items (i) and (ii) above.

Conditions for purchase of Subsequent Portfolios

The Issuer shall purchase Subsequent Portfolios during the Revolving Period provided that each Subsequent Portfolio meets the Subsequent Portfolio Conditions set out in the Receivables Purchase Agreement and described in the section entitled *Transaction Summary - Transfer of the Portfolio*.

In the event that a Purchase Termination Event occurs, pursuant to the provisions of the Intercreditor Agreement, the Representative of the Noteholders may (or, if so directed by an Extraordinary Resolution or in the case of a Purchase Termination Event regarding the occurrence of an Insolvency Event in respect of the Originator, an Unpaid Principal

Deficiency Ledger or a breach of ratios, shall) serve a Purchase Termination Notice on the Issuer and the Originator. After the service of a Purchase Termination Notice, the Issuer shall be precluded from purchasing any further Subsequent Portfolio from the Originator.

The Receivables Purchase Agreement is governed by and shall be construed in accordance with Italian law.

2. **THE SERVICING AGREEMENT**

On 14 June 2005, the Originator and the Issuer entered into the Servicing Agreement, pursuant to which the Issuer has appointed Locafit as Servicer of the Receivables. The Servicer shall be responsible for servicing, collecting and administering the Receivables and the related Lease Agreements. The Servicer will apply to the Receivables the same procedures it uses for its own assets in its credit and collection policies.

Administration of payments

Under the Servicing Agreement, the Servicer shall credit to the Collection Account (i) all the scheduled Collections in respect of each Monthly Collection Period on the date scheduled for the payment of such amounts and (ii) all the unscheduled Collections in respect of each Monthly Collection Period on the Business Day following which such unscheduled Collections amount in aggregate euro 1,000,000 or, if earlier, on the immediately following Settlement Date.

Undertakings

Under the Servicing Agreement, the Servicer will undertake, inter alia, that it will (i) provide a monthly detailed report with respect to the Collections of each Monthly, (ii) provide a quarterly detailed report with respect to each Quarterly Collection Period on the Receivables, Collections, delinquencies, defaults and cash-flows, (iii) provide quarterly electronic files containing information on the Receivables contained in the report described under (ii) above, and (iv) not amend or otherwise modify the Credit and Collection Policy or its corporate activity so to prejudice in any way the Issuer's rights to the Receivables except as required by law or otherwise expressly permitted thereunder.

The Servicing Fee

In return for the services provided by the Servicer, the Issuer will pay to the Servicer the following fees (the "**Servicing Fee**"): (i) in relation to the management and collection of performing Receivables, an amount equal to 0.045% (plus VAT, if any) of the aggregate Collections received during the preceding Quarterly Collection Period; and (ii) in relation to the recovery and enforcement activities carried out in any Quarterly Collection Period, an amount equal to 0.005% (plus VAT, if any) calculated in respect of the amounts recovered under any Defaulted Receivables during the preceding Quarterly Collection Period.

Back-up Servicer

Under the provisions of the Servicing Agreement, if: 90% of the then existing voting rights in the ordinary shareholders' meeting of Locafit ceases to be exercisable by one or

more entities whose rating is above the "investment grade" level (i.e. "Baa3" from Moody's); or a person without a rating or whose rating is below the "investment grade" level (i.e. "Baa3" from Moody's) exercises the control, within the meaning of article 2359 of the Italian civil code, on Locafit, then the Representative of the Noteholders shall direct the Issuer to appoint a Back-up Servicer selected by the former. The Representative of the Noteholders may select as Back-up Servicer any person: who meets the requirements of the Securitisation Law and the Bank of Italy as to Servicers; whose appointment would not, in the judgement of the Rating Agencies, be prejudicial to the then current rating of the Rated Notes; who has at least 3 (three) years' experience (whether acquired directly or through subsidiaries) in the management and administration of financial leases in Italy; who has available and is able to use, for the administration of financial leases, a software compatible with the one then used by the Servicer; who is able to ensure, directly or indirectly, an efficient and professional maintenance of an "*archivio unico informatico*" as provided by Italian money-laundering legislation and, if the Issuer is subject to such obligations, for the production of the information required by the Bank of Italy; and who has adequate assets to regularly and efficiently carry out its activities.

Servicer Termination Events

The occurrence and the continuation of any of the following events shall be a "**Servicer Termination Event**" under the Servicing Agreement:

- (i) failure on the part of the Servicer to deposit or pay any amount required to be paid or deposited, which failure continues unremedied for 5 (five) Business Days after the due date thereof and cannot be attributed to force majeure;
- (ii) failure on the part of the Servicer to (i) observe or perform any other term, condition, covenant or agreement provided for under the Servicing Agreement and the other Transaction Documents to which it is a party, and the continuation of such failure for a period of 5 (five) Business Days following receipt by the Servicer of written notice from the Issuer stating that such default is, in its opinion, materially prejudicial to the interests of the Noteholders; (ii) cause an auditor's comfort letter on the Quarterly Servicer's Report of each month of June to be delivered to the Issuer, the Representative of the Noteholders, and the Calculation Agent;
- (iii) an Insolvency event occurs with respect to the Servicer; and
- (iv) it becomes unlawful for the Servicer to perform or comply with any of its obligations under the Servicing Agreement or the other Transaction Documents to which it is a party.

The Servicing Agreement is governed by and shall be construed in accordance with Italian law.

3. **THE WARRANTY AND INDEMNITY AGREEMENT**

On 14 June 2005, the Issuer and the Originator entered into the Warranty and Indemnity Agreement, pursuant to which the Originator has given certain representations and

warranties in favour of the Issuer in relation to the Receivables comprised in the Portfolio and certain other matters and has agreed to indemnify the Issuer in respect of certain liabilities of the Issuer that may be incurred in connection with the purchase and ownership of the Relevant Receivables.

Representations and warranties as to matters affecting the Originator

The Warranty and Indemnity Agreement contains representations and warranties given by the Originator as to matters of law and fact affecting the Originator including, without limitation, that the Originator validly exists as a juridical person, has the corporate authority and power to enter into the Transaction Documents to which it is party and assumes the obligations contemplated therein and has all the necessary authorisations therefor.

In relation to the Receivables

The Warranty and Indemnity Agreement sets out standard representations and warranties in respect of the Receivables including, *inter alia*, that, as of the date of execution of the Warranty and Indemnity Agreement, the Receivables comprised in the Initial Portfolio (i) are valid, existent and in compliance with the Criteria and (ii) relate to Lease Agreements which have been entered into, executed and performed by the Originator in compliance with all applicable laws, rules and regulations (including the Usury Law).

The Originator has undertaken to repeat the representations described above with respect to the Initial Portfolio, on the Issue Date, and with respect to each Subsequent Portfolio, on each Valuation Date and on each Interest Payment Date.

Pursuant to the Warranty and Indemnity Agreement, the Originator has agreed to indemnify and hold harmless the Issuer, its officers or agents or any of its permitted assigns from and against any and all damages, losses, claims, costs and expenses awarded against, or incurred by such parties which arise out of or result from, *inter alia*, (a) any representations and/or warranties made by the Originator under the Warranty and Indemnity Agreement, being false, incomplete or incorrect; (b) the failure by the Originator to comply with any of its obligations under the Transaction Documents; (c) any amount of any Receivable not being collected as a result of the proper and legal exercise of any right of set-off against the Originator by the relevant Lessee and/or insolvency receiver of any the Originator; (d) the failure of the terms and conditions of any Lease Agreement on the Valuation Date to comply with the provision of article 1283 of the Italian Civil Code; or (e) the failure to comply with the provisions of the Usury Law in respect of any interest accrued under the Lease Agreements up to the Valuation Date.

In addition, under the Warranty and Indemnity Agreement, the Originator has agreed to indemnify and hold harmless the Issuer against any damages, losses, claims, costs and expenses occurring as a consequence of the early termination of any Lease Agreement by the relevant Lessee and has therefore agreed to transfer to the Issuer any amounts received from the sale of the relevant Asset.

The Warranty and Indemnity Agreement is governed by and shall be construed in accordance with Italian law.

4. THE CASH ALLOCATION, MANAGEMENT AND PAYMENT AGREEMENT

On or about the Issue Date, the Issuer the Luxembourg Paying Agent, the Principal Paying Agent, the Computation Agent, the Cash Manager, the Custodian Bank and the Account Bank entered into the Cash Allocation, Management and Payment Agreement.

Under the terms of the Cash Allocation, Management and Payment Agreement:

- (i) the Account Bank has agreed to establish and maintain in the name of the Issuer the Payments Account, the Collection Account, the Adjustment Reserve Account and the Cash Reserve Account and to provide the Issuer with certain reporting services together with account handling services in relation to monies from time to time standing to the credit of such Accounts;
- (ii) the Custodian Bank has agreed to establish and maintain in the name of the Issuer the Securities Account and to provide the Issuer with certain account handling services in relation to the bonds, debentures or other kinds of notes and financial instruments standing to the credit of the Securities Account;
- (iii) the Computation Agent has agreed to provide the Issuer with certain reporting services together with certain cash management services in relation to monies standing to the credit of the Accounts;
- (iv) the Cash Manager has agreed to provide the Issuer with certain cash management services in relation to the funds standing to the credit of the Accounts held with the Account Bank;
- (v) the Principal Paying Agent has agreed to provide the Issuer with certain payment services together with certain calculation services in relation to the Notes; and
- (vi) the Luxembourg Paying Agent has agreed to provide the Issuer with certain agency services in relation to the Notes.

The Accounts held with the Account Bank and the Custodian Bank will be opened in the name of the Issuer and shall be operated respectively by the Account Bank and the Custodian Bank, and the amounts and securities standing to the credit thereof shall be debited and credited in accordance with the provisions of the Cash Allocation, Management and Payment Agreement.

The Cash Allocation, Management and Payment Agreement is governed by and shall be construed in accordance with Italian law.

5. THE INTERCREDITOR AGREEMENT

On or about the Issue Date, the Issuer and the Other Issuer Creditors entered into the Intercreditor Agreement. Under the Intercreditor Agreement provision is made as to the application of the proceeds from collections in respect of the Portfolio and as to the

circumstances in which the Representative of the Noteholders will be entitled to exercise certain rights in relation to the Portfolio.

In the Intercreditor Agreement the Other Issuer Creditors have agreed, *inter alia*, to the order of priority of payments to be made out of the Issuer Available Funds. The obligations owed by the Issuer to the Noteholders and, in general to the Other Issuer Creditors are limited recourse obligations of the Issuer. The Noteholders have a claim against the Issuer only to the extent of the Issuer Available Funds in each case subject to and as provided in the Intercreditor Agreement and the other Transaction Documents.

Under the terms of the Intercreditor Agreement, the Issuer has undertaken, upon the occurrence of a Trigger Event, to comply with all directions of the Representative of the Noteholders, acting pursuant to the Conditions, in relation to the management and administration of the Portfolio.

The Intercreditor Agreement is governed by and shall be construed in accordance with Italian law.

6. THE DEED OF PLEDGE

On or about the Issue Date, the Issuer, the Representative of the Noteholders and the Custodian Bank entered into the Deed of Pledge under which, without prejudice and in addition to any security, guarantees and other rights provided by the Securitisation Law securing the discharge of the Issuer's obligations towards the Noteholders, the Issuer has pledged in favour of the Noteholders and the Other Issuer Creditors all monetary claims and rights and all the amounts (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Issuer is or will be entitled to from time to time pursuant to the Italian law governed Transaction Documents, with the exclusion of the Receivables and conditional on the service of a Trigger Notice. The Issuer has also undertaken to pledge any Eligible Investments.

The Deed of Pledge is governed by and shall be construed in accordance with Italian law.

7. THE DEED OF CHARGE

On or about the Issue Date, the Issuer and the Representative of the Noteholders entered into the Deed of of Charge under which, without prejudice and in addition to any security, guarantees and other rights provided by the Securitisation Law and the Deed of Pledge securing the discharge of the Issuer's obligations to the Noteholders and the Other Issuer Creditors, the Issuer has charged in favour of the Representative of the Noteholders as trustee for the Noteholders and the Other Issuer Creditors, certain rights to which the Issuer is or will be entitled to from time to time pursuant to the Swap Agreement.

The Deed of Charge is governed by and shall be construed in accordance with English law.

8. THE MANDATE AGREEMENT

On or about the Issue Date, the Issuer and the Representative of the Noteholders entered into the Mandate Agreement under which, subject to a Trigger Notice being served upon

the Issuer or upon failure by the Issuer to exercise its rights under the Transaction Documents, the Representative of the Noteholders, acting in such capacity, shall be authorised to exercise, in the name and on behalf of the Issuer, all the Issuer's non-monetary rights arising out of the Transaction Documents to which the Issuer is a party.

The Mandate Agreement is governed by and shall be construed in accordance with Italian law.

9. **THE SWAP AGREEMENT**

On or about the Issue Date, the Issuer and the Swap Counterparty entered into the Swap Agreement, pursuant to which the Swap Counterparty will provide protection to the Issuer mitigating certain interest rate risks borne by the Issuer in respect of its obligations under the Notes. The Swap Agreement will terminate on date of full redemption of the Rated Notes unless terminated earlier in accordance with the relevant terms.

If the rating of the Swap Counterparty falls below certain ratings thresholds, the Swap Counterparty will be required to (a) arrange for a replacement counterparty with an appropriate rating to enter into a substantially identical Swap Agreement, or (b) arrange for an appropriately rated entity to become jointly and severally liable for, or to guarantee, the obligations of the the Swap Counterparty under the Swap Agreement, or (c) execute and deliver collateral to the Issuer.

The Swap Agreement is governed by and shall be construed in accordance with English law.

10. **THE CORPORATE SERVICES AGREEMENT**

On 31 January 2003, the Issuer and the Corporate Servicer executed the Corporate Services Agreement in the context of the Previous Securitisation. On or about the Issue Date, the Issuer and the Corporate Servicer entered into the Agreement for the Extension of the Corporate Services in order to amend and extend the undertakings of the Corporate Servicer under the Corporate Services Agreement to the Securitisation.

Under the Corporate Services Agreement, as amended and extended, the Corporate Servicer has agreed to provide certain corporate administration and management services to the Issuer, including the safekeeping of documentation pertaining to meetings of the Issuer's quotaholders and directors, maintaining the quotaholders' register, preparing VAT and other tax and accounting records, preparing the Issuer's annual balance sheet, administering all matters relating to the taxation of the Issuer.

The Corporate Services Agreement, as amended and supplemented in accordance with the provisions of the Agreement for the Extension of Corporate Services, is governed by and shall be construed in accordance with Italian law.

11. **THE QUOTAHOLDERS' AGREEMENT**

On 31 January 2003, the Issuer and the Quotaholders executed the Quotaholders' Agreement in the context of the Previous Securitisation. On or about the Issue Date the Issuer and the Quotaholders entered into the Agreement for the Extension of the

Quotaholders' Agreement in order to amend and extend the undertakings of the Quotaholders under the Quotaholders' Agreement to the Securitisation.

Under the Quotaholders' Agreement, the Quotaholders have undertaken, *inter alia*, not to resolve the voluntary liquidation of the Issuer and not to make any decision concerning the activity and the management of the Issuer without the approval of the Representative of the Noteholders. Finanziaria Internazionale Holding S.p.A. and Finanziaria Internazionale Securitisation Group S.p.A. have granted to Locafit a call option right for the purchase of their quotas in the Issuer, exercisable for six months after the full redemption of any asset backed notes (including the Notes) issued by the Issuer in the context of any securitisation transaction, and Locafit granted to Finanziaria Internazionale Holding S.p.A. and Finanziaria Internazionale Securitisation Group S.p.A. a put option right for the sale of their quotas in the Issuer, exercisable in the same time period.

The Quotaholders' Agreement, as amended and supplemented by the Agreement for the Extension of the Quotaholders' Agreement, is governed by and shall be construed in accordance with Italian law.

12. **THE LETTER OF UNDERTAKING**

On 31 January 2003, the Issuer, the Originator and the Representative of the Noteholders executed the Letter of Undertaking in the context of the Previous Securitisation. On or about the Issue Date the Issuer, the Originator and the Representative of the Noteholders entered into the Agreement for the Extension of the Letter of Undertaking in order to amend and extend the undertakings of the Originator under the Letter of Undertaking to the Securitisation.

Under the Letter of Undertaking, as amended and extended, the Originator has undertaken to indemnify the Issuer from, or make available to the Issuer the moneys required to pay, certain regulatory and tax costs and other costs and liabilities incurred by the Issuer. In addition, the Originator has undertaken to ensure that the Issuer is not subject to insolvency proceedings as a result of its failure to fulfil its obligations to maintain a minimum quota capital.

The Letter of Undertaking, as amended and supplemented by the Agreement for the Extension of the Letter of Undertaking, is governed by and shall be construed in accordance with Italian law.

13. **THE SUBORDINATED LOAN AGREEMENT**

On or about the Issue Date, the Issuer and the Subordinated Loan Provider entered into the Subordinated Loan Agreement, pursuant to which the Subordinated Loan Provider shall provide the Issuer with a Subordinated Loan, the proceeds of which shall be deposited on the Cash Reserve Account and will constitute the Cash Reserve for the benefit of the Noteholders and the Other Issuer Creditors, in accordance with the Priority of Payments.

The Subordinated Loan will be repaid by the Issuer in accordance with the provisions of the Subordinated Loan Agreement and in accordance with the Priority of Payments.

The Subordinated Loan Agreement is governed by and shall be construed in accordance with Italian law.

14. **THE FIRST DEMAND GUARANTEE**

On or about the Issue Date, BNP Paribas, Italian branch has issued the First Demand Guarantee in favour of the Issuer guaranteeing the payment obligations of the BNP Paribas Securities Services, Milan branch in relation to the account opened by the Servicer with BNP Paribas Securities Services, Milan branch on which the Servicer will deposit the Collections in accordance with the provision of the Servicing Agreement until the balance of such account exceeds euro 1,000,000. The guarantee granted by BNP Paribas, Italian branch under the First Demand Guarantee has been issued for an amount of up to euro 1,000,000.

The First Demand Guarantee is governed by and shall be construed in accordance with Italian law.

THE ACCOUNTS

The Issuer has opened and, subject to the terms of the Transaction Documents, shall at all times maintain the following accounts:

- (i) the "**Collection Account**", a euro denominated account with number 3634571, opened with the Account Bank for the deposit by the Servicer of the Collections received or recovered from the Lessees in accordance with the provisions of the Servicing Agreement;
- (ii) the "**Payments Account**", a euro denominated account with number 3634651, opened with the Account Bank for the deposit by the Account Bank of any amounts received under any Transaction Documents (other than the Collections but including all the proceeds deriving from the sale, if any, of the Portfolio) and any amounts to be transferred from the Collection Account, the Cash Reserve Account and the Adjustment Reserve Account, to the Payments Account in accordance with the Payments Report or the Trigger Event Report;
- (iii) the "**Cash Reserve Account**", a euro denominated account with number 3634731, opened with the Account Bank for the deposit of the Cash Reserve;
- (iv) the "**Adjustment Reserve Account**", a euro denominated account with number 3634811, opened with the Account Bank for the deposit of the Net Adjustment Reserve Amount;
- (v) the "**Securities Account**", a euro denominated account with number 761700, opened with the Custodian Bank for the deposit of the bonds, debentures or other kinds of notes or financial instruments comprising Eligible Investments purchased with the monies standing to the credit of the Collection Account, the Payments Account, the Cash Reserve Account and the Adjustment Reserve Account; and
- (vi) the "**Expenses Account**", a euro denominated account with number 11488E, opened with Banca Antoniana Popolare Veneta S.p.A. for the deposit of the Retention Amount and out of which the Expenses will be paid during each Interest Period.

Both the Account Bank and the Custodian Bank will be required at all times to be an Eligible Institution. Should any of the Account Bank or the Custodian Bank no longer be an Eligible Institution, the Collection Account, the Payments Account, the Cash Reserve Account, the Adjustment Reserve Account or the Securities Account, as the case may be, will be transferred to an Eligible Institution within 30 Business Days (or, for as long as the Custodian Bank is BNP Paribas Securities Services, Milan branch, 3 Business Days in the case of it ceasing to be an Eligible Institution by reason of the occurrence of the event described under item (ii) below) from the date on which the Account Bank or the Custodian Bank, as the case may be, ceased to be an Eligible Institution.

For so long as BNP Paribas Securities Services, Milan branch in its capacity as Custodian Bank does not qualify as an Eligible Institution, it will nonetheless be deemed as an Eligible Institution if: (i) the rating of BNP Paribas' unsecured, unsubordinated and unguaranteed short term debt obligations is equal to or above "A-1+" from S&P (or "A-1" if the aggregate Eligible

Investments on the Securities Account represent 20% minus 1,000,000 or less of the Principal Amount Outstanding of the Rated Notes) or "P-1" from Moody's and the rating of its unsecured, unsubordinated and unguaranteed long term debt obligations is equal to or above "A1" from Moody's; (ii) BNP Paribas qualifies as an Eligible Institution and holds a 100% interest in BNP Paribas Securities Services; and (iii) the corporate legal name of BNP Paribas Securities Services, Milan branch comprises the words "BNP Paribas".

EXPECTED AVERAGE LIFE OF THE RATED NOTES

Weighted average life refers to the average amount of time that will elapse from the date of issuance of a security to the date of distribution to the investor of amounts distributed in net reduction of principal of such security. The weighted average life of the Rated Notes will be influenced by, *inter alia*, the actual rate of collection of the Receivables.

Calculations as to the weighted average life and the expected maturity of the Rated Notes can be made on the basis of certain assumptions, including the rate at which the Receivables are repaid, the amount of the Defaulted Receivables and whether the Issuer exercises its option for an early redemption of the Notes.

The following table shows the weighted average life and the expected maturity of the Rated Notes and has been prepared based on the characteristics of the Receivables included in the Initial Portfolio, on historical performance and on the following additional assumptions:

- (i) no Trigger Event occurs in respect to the Notes;
- (ii) repayment of principal under the Senior Notes occurs from the Interest Payment Date falling in September 2008;
- (iii) the right of optional redemption under Condition 7.2 (*Redemption, Purchase and Cancellation - Optional Redemption*) is not exercised;
- (iv) no event under Condition 7.3 (*Redemption for tax reasons*) occurs;
- (v) during the Revolving Period the Issuer purchases Subsequent Portfolios for an amount substantially equal to the relevant Target Amounts.

The actual characteristics and performance of the Receivables are likely to differ from the assumptions used in constructing the table set forth below, which is hypothetical in nature and is provided only to give a general sense of how the principal cash-flows might behave. Any difference between such assumptions and the actual characteristics and performance of the Receivables will cause the weighted average life and the expected maturity of the Rated Notes to differ (which difference could be material) from the corresponding information in the following table.

<i>Rated Notes</i>	<i>Weighted Average Life</i>
Class A Notes	5.14 years
Class B Notes	9.69 years
Class C Notes	11.82 years

TERMS AND CONDITIONS OF THE RATED NOTES

The following is the text of the terms and conditions of the Rated Notes. In these Rated Notes Conditions, references to the "holder" of a Rated Note and to the "Rated Noteholders" are to the ultimate owners of the Rated Notes, dematerialised and evidenced by book entries with Monte Titoli in accordance with the provisions of (i) article 28 of Decree 213 and (ii) Resolution number 11768 of 23 December 1998 of CONSOB, as subsequently amended and supplemented from time to time. The Rated Noteholders are deemed to have notice of and are bound by, and shall have the benefit of, inter alia, the terms of the Rules of the Organisation of the Noteholders, attached as an Exhibit to, and forming part of, these Rated Notes Conditions.

The €20,350,000 Series 2 Class A Asset Backed Floating Rate Notes due December 2028, the €60,350,000 Series 2 Class B Asset Backed Floating Rate Notes due December 2028, the €25,150,000 Series 2 Class C Asset Backed Floating Rate Notes due December 2028 and the €12,622,000 Series 2 Class D Asset Backed Variable Return Notes due December 2028 have been issued by the Issuer on the Issue Date pursuant to the Securitisation Law, to finance the purchase of the Receivables arising out of the Lease Agreements executed between Locafit, as lessor, and the Lessees.

Any reference below to a "**Class**" of Notes or a "**Class**" of Noteholders shall be a reference to the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes, as the case may be, or to the respective ultimate owners thereof.

The principal source of payment of interest and Remuneration and of repayment of principal on the Notes will be collections and other amounts received in respect of the Portfolio purchased and to be purchased by the Issuer from Locafit pursuant to the terms of the Receivables Purchase Agreement.

In the Senior Notes Subscription Agreement, the Joint Lead Managers have agreed to subscribe for the Senior Notes and pay the Issuer the Issue Price for the Senior Notes on the Issue Date, subject to the conditions set out therein. Under the terms of the Senior Notes Subscription Agreement, the Joint Lead Managers have appointed the Representative of the Noteholders to perform the activities described in the Senior Notes Subscription Agreement, in these Rated Notes Conditions, in the Intercreditor Agreement, in the Rules of the Organisation of the Noteholders and in the other Transaction Documents, and the Representative of the Noteholders has accepted such appointment, for the period commencing on the Issue Date and ending (subject to early termination of its appointment) on the date on which all of the Senior Notes have been cancelled or redeemed in accordance with these Rated Notes Conditions.

In the Mezzanine and Class D Notes Subscription Agreement, Locafit has agreed to subscribe for the Mezzanine Notes and the Class D Notes and pay the Issuer the Issue Price for the Mezzanine Notes and the Class D Notes on the Issue Date, subject to the conditions set out therein. Under the terms of the Mezzanine and Class D Notes Subscription Agreement, Locafit has appointed the Representative of the Noteholders to perform the activities described in the Mezzanine and Class D Notes Subscription Agreement, in these Rated Notes Conditions, in the Class D Notes Conditions, in the Intercreditor Agreement, in the Rules of the Organisation of the Noteholders and in the other Transaction Documents, and the Representative of the Noteholders has accepted such appointment, for the period commencing on the Issue Date and

ending (subject to early termination of its appointment) on the date on which all of the Mezzanine and Class D Notes have been cancelled or redeemed in accordance with, respectively, the Rated Notes Conditions and the Class D Notes Conditions.

In the Servicing Agreement, the Issuer has appointed Locafit to service and administer the Receivables on its behalf.

In the Swap Agreement, the Swap Counterparty has agreed to hedge the potential interest rate exposure of the Issuer in relation to its floating rate interest obligations under the Rated Notes.

In the Cash Allocation, Management and Payment Agreement, each of the Account Bank, the Custodian Bank, the Cash Manager, the Calculation Agent, the Principal Paying Agent and the Luxembourg Paying Agent has agreed to provide the Issuer with certain payment, calculation and/or reporting services in respect of the Notes. The Cash Allocation, Management and Payment Agreement also contains provisions for, *inter alia*, the payment of interest and Remuneration and the repayment of principal in respect of the Notes.

In the Intercreditor Agreement, provision is made as to the application of the proceeds from collections in respect of the Receivables and as to the circumstances in which the Representative of the Noteholders will be entitled to exercise certain rights in relation to the Receivables. The Representative of the Noteholders shall have the exclusive right under the Intercreditor Agreement to make demands, give notices, to exercise or refrain from exercising any rights and to take or refrain from taking any action in accordance with the Intercreditor Agreement.

Under the provisions of the Mandate Agreement, the Representative of the Noteholders shall, subject to a Trigger Notice being served on the Issuer or upon failure by the Issuer to exercise its rights under the Transaction Documents, be authorised to exercise, in the name and on behalf of the Issuer, all the Issuer's non-monetary rights arising out of the Transaction Documents to which it is a party.

In the Corporate Services Agreement, as amended and supplemented in accordance with the provisions of the Agreement for the Extension of Corporate Services, the Corporate Servicer has agreed to provide the Issuer with certain corporate administrative services.

In the Deed of Pledge, the Issuer has pledged in favour of the Noteholders and the Other Issuer Creditors all monetary claims and all amounts payable from time to time (including payment for claims, indemnities, damages, penalties, credits and guaranties) to which it is entitled pursuant to or in relation to certain Italian law regulated Transaction Documents to which the Issuer is a party.

In the Deed of Charge, the Issuer has charged in favour of the Representative of the Noteholders, as trustee for the Noteholders and for the Other Issuer Creditors, all monetary claims and all amounts payable from time to time (including payment for claims, indemnities, damages, penalties, credits and guaranties) to which it is entitled pursuant to or in relation to the Swap Agreement.

In the Monte Titoli Mandate Agreement, Monte Titoli has agreed to provide the Issuer with certain depository and administration services in relation to the Notes.

In the Quotaholders' Agreement, as amended and supplemented by the Agreement for the Extension of the Quotaholders' Agreement, the Quotaholders have agreed, *inter alia*, not to amend the by-laws of the Issuer and not to pledge, charge or dispose of the quotas of the Issuer without the prior written consent of the Representative of the Noteholders.

In the Letter of Undertaking, as amended and supplemented by the Agreement for the Extension of the Letter of Undertaking, the Originator has agreed, *inter alia*, to indemnify the Issuer from certain regulatory and tax costs and other costs and liabilities which may be incurred by the Issuer.

Under the Subordinated Loan Agreement, the Subordinated Loan Provider has disbursed to the Issuer the Subordinated Loan to establish part of the Cash Reserve on the Issue Date.

Under the First Demand Guarantee, the Account Bank has issued a guarantee in favour of the Issuer in respect of the payment obligations of the Custodian Bank for an amount of up to euro 1,000,000.

In the Master Definitions Agreement, the definitions of certain terms used in the Transaction Documents have been agreed.

These Rated Notes Conditions include summaries of, and are subject to, the detailed provisions of the Transaction Documents. Copies of the Transaction Documents (other than the Subscription Agreements) are available for inspection during normal business hours at the registered office for the time being of the Representative of the Noteholders, being, as at the Issue Date, Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy, and at the specified office of the Luxembourg Paying Agent, being, as at the Issue Date, 23, Avenue de la Porte Neuve, L-2085 Luxembourg, Grand Duchy of Luxembourg.

The Rated Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents applicable to them.

Each Rated Noteholder, by reason of holding the Class A Notes, the Class B Notes or the Class C Notes, as the case may be:

- (a) recognises the Representative of the Noteholders as its representative and agrees to be bound by the terms of the Transaction Documents signed by the Representative of the Noteholders as if such Rated Noteholder was a signatory thereto, and
- (b) acknowledges and accepts that the Joint Lead Managers shall not be liable in respect of any loss, liability, claim, expenses or damage suffered or incurred by any of the Rated Noteholders as a result of the performance by Securitisation Services S.p.A. of its duties as Representative of the Noteholders provided for by the Transaction Documents.

1. **INTERPRETATION**

In these Rated Notes Conditions the following expressions shall, except where the context otherwise requires and save where defined therein, have the following meanings:

"**Account**" means any of the Collection Account, the Payments Account, the Cash Reserve Account, the Adjustment Reserve Account and the Securities Account and "**Accounts**" means two or more of them.

"Account Bank" means BNP Paribas, Italian branch, or any other person for the time being acting as Account Bank pursuant to the Cash Allocation, Management and Payment Agreement.

"Accrued Interest" means, as of any relevant date, the accrued portion of the interest part of the next Instalment due under the Lease Agreements.

"Adjustment" means the sums due to or owed by each Lessee, as the case may be, as a result of the adjustment of the Index Rate applicable from time to time to the Instalments pursuant to the terms of the Lease Agreements.

"Adjustment Purchase Price" means, in relation to any Receivables to be deemed transferred to the Issuer pursuant to the Receivables Purchase Agreement but for which no purchase price was agreed upon transfer or in relation to any receivables erroneously deemed transferred to the Issuer pursuant to the Receivables Purchase Agreement and for which a purchase price has been agreed upon transfer, an amount calculated in accordance with Clause 4.2 of the Receivables Purchase Agreement.

"Adjustment Reserve Account" means the euro denominated account established in the name of the Issuer with the Account Bank with number 3634811, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payment Agreement.

"Agreement for the Extension of the Corporate Services" means the agreement entered into on or about the Issue Date between the Issuer and the Corporate Servicer, in order to extend the provisions of the Corporate Services Agreement also to the Securitisation.

"Agreement for the Extension of the Letter of Undertaking" means the agreement entered into on or about the Issue Date between the Issuer, the Originator and the Representative of the Noteholders, in order to extend the provisions of the Letter of Undertaking also to the Securitisation.

"Agreement for the Extension of the Quotaholders' Agreement" means the agreement entered into on or about the Issue Date between the Issuer, the Quotaholders and the Representative of the Noteholders, in order to extend the provisions of the Quotaholders' Agreement also to the Securitisation.

"Amortisation Period" means the period commencing on the date on which the Revolving Period ends and ending on the earlier of (i) the Final Maturity Date and (ii) the date on which the Notes are redeemed in full, provided that, for the avoidance of doubt, if the Revolving Period has terminated by reason of a Trigger Notice having been delivered, there shall be no Amortisation Period.

"Billed Residual Amount" means the aggregate amount of any VAT in respect of the Instalments, the *premia* paid by the Lessees under the Insurance Policies and other expenses relating to the Collections.

"Billed Residual Collected Amount" means the Billed Residual Amount accrued and paid by each Lessee during the relevant Quarterly Collection Period.

"Billed Residual Uncollected Amount" means the Billed Residual Amount accrued but not paid by each Lessee during the relevant Quarterly Collection Period.

"BNL" means Banca Nazionale del Lavoro S.p.A., a bank operating in Italy as a joint stock company, having its registered office at Via Vittorio Veneto 119, 00187 Rome, Italy, fiscal code and enrolment with the companies register of Rome number 00651990582, enrolled under number 1005 in the register of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act.

"BNL Banking Group" means, together, the banks and other companies belonging from time to time to BNL banking group, enrolled with the register of banking groups held by the bank of Italy pursuant to article 64 of the Consolidated Banking Act.

"Business Day" means any day on which the Trans-European Automated Real Time Gross Transfer System (or any successor thereto) is open.

"Calculation Agent" means Securitisation Services, or any other person for the time being acting as Calculation Agent pursuant to the Cash Allocation, Management and Payment Agreement.

"Calculation Date" means the date falling three Business Days before each Interest Payment Date.

"Calyon Corporate and Investment Bank" means Calyon S.A.

"Cash Allocation, Management and Payment Agreement" means the cash allocation, management and payment agreement entered into on or about the Issue Date between the Issuer, the Servicer, the Originator, the Representative of the Noteholders, the Account Bank, the Custodian Bank, the Cash Manager, the Swap Counterparty, the Corporate Servicer, the Calculation Agent, the Principal Paying Agent and the Luxembourg Paying Agent, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Cash Manager" means BNP Paribas, Italian branch, or any other person for the time being acting as Cash Manager pursuant to the Cash Allocation, Management and Payment Agreement.

"Cash Reserve" means a reserve created with the proceeds of the Subordinated Loan and the Class D Notes to be applied in accordance with the provisions of the Cash Allocation, Management and Payment Agreement.

"Cash Reserve Account" means the euro denominated account established in the name of the Issuer with the Account Bank with number 3634731, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payment Agreement.

"Cash Reserve Amount" means, at any time, the aggregate of the balance of the amounts standing to the credit of the Cash Reserve Account and equal to an amount up to the Required Cash Reserve Amount.

"Cash Reserve Available Amount" means, in respect of any Interest Payment Date, the amount of Cash Reserve Amount to be drawn from the Cash Reserve Account equal to the difference, if negative, between the Interest Available Funds (net of any Cash Reserve Available Amount) available to pay item *Eighth* of the Interest Priority of Payments and the amounts due under item *Eighth* of the Interest Priority of Payments on such Interest Payment Date.

"Cash Reserve Excess Amount" means, on any Interest Payment Date, an amount equal to the difference, if positive, between (i) the Cash Reserve Amount (net of any Cash Reserve Available Amount) on such Interest Payment Date; and (ii) the Required Cash Reserve Amount on such Interest Payment Date.

"Cash Reserve Initial Amount" means €25,146,250.00, equal to 2.5 per cent of the Principal Amount Outstanding of the Rated Notes as at the Issue Date.

"Class" means each class of Notes issued by the Issuer on the Issue Date.

"Class A Notes" means the €20,350,000 Series 2 Class A Asset Backed Floating Rate Notes due December 2028 issued by the Issuer on the Issue Date.

"Class B Notes" means the €60,350,000 Series 2 Class B Asset Backed Floating Rate Notes due December 2028 issued by the Issuer on the Issue Date.

"Class B Trigger Event" means the event occurring when the Cumulative Net Default Amortisation Period Ratio exceeds 12 per cent on any Calculation Date.

"Class C Notes" means the €25,150,000 Series 2 Class C Asset Backed Floating Rate Notes due December 2028 issued by the Issuer on the Issue Date.

"Class C Trigger Event" means the event occurring when the Cumulative Net Default Amortisation Period Ratio exceeds 8 per cent on any Calculation Date.

"Class D Notes" means the €12,622,000 Series 2 Class D Asset Backed Variable Return Notes due December 2028 issued by the Issuer on the Issue Date.

"Class D Notes Conditions" means the terms and conditions of the Class D Notes.

"Class D Trigger Event" means the event occurring when the Cumulative Net Default Ratio exceeds 4.5 per cent on any Calculation Date.

"Clean Up Option Date" means the Interest Payment Date on which the aggregate Outstanding Principal of the Portfolio is equal to or less than 10 per cent of the aggregate Outstanding Principal of the Initial Portfolio as at its Effective Date.

"Clearstream" means Clearstream Banking, société anonyme.

"Collateral Portfolio" means, on any given date, the aggregate of all outstanding Receivables which are not Defaulted Receivables as of such date.

"Collateral Portfolio Outstanding Principal" means at any date the sum of the Outstanding Principal of all Receivables comprised in the Collateral Portfolio.

"Collection Account" means the euro denominated account established in the name of the Issuer with the Account Bank with number 3634571, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payment Agreement.

"Collections" means all amounts received by the Servicer or any other person in respect of the Instalments due under the Receivables and any other amounts whatsoever received by the Servicer or any other person in respect of the Receivables.

"Conditions" means, together, the Rated Notes Conditions and the Class D Notes Conditions and **"Condition"** means a clause of either of them.

"CONSOB" means *Commissione Nazionale per le Società e la Borsa*.

"Consolidated Banking Act" means Italian Legislative Decree number 385 of 1 September 1993, as amended and supplemented from time to time.

"Corporate Servicer" means Securitisation Services S.p.A., or any other person for the time being acting as Corporate Servicer pursuant to the Corporate Services Agreement.

"Corporate Services Agreement" means the corporate services agreement executed on 31 January 2003 in the context of the Previous Securitisation between the Issuer and the Corporate Servicer.

"Cumulative Net Default Amortisation Period Ratio" means, on the last day of any Quarterly Collection Period, the ratio between:

- (a) an amount equal to the difference, if positive, between (i) the sum of the Outstanding Principal as at the default date of all the Receivables which have been classified as Defaulted Receivables from the beginning of the Quarterly Collection Period immediately preceding the beginning of the Amortisation Period up to such day; and (ii) the sum of all the Recovery Amounts in respect of Defaulted Receivables from the beginning of the Quarterly Collection Period immediately preceding the beginning of the Amortisation Period up to such day; and
- (b) the Outstanding Principal of the Collateral Portfolio as at the beginning of the Quarterly Collection Period immediately preceding the beginning of the Amortisation Period.

"Cumulative Net Default Ratio" means, on the last day of any Quarterly Collection Period, the ratio between:

- (a) an amount equal to the difference, if positive, between (i) the sum of the Outstanding Principal as at the default date of all the Receivables which have been classified as Defaulted Receivables from the Effective Date of the Initial Portfolio up to such day; and (ii) the sum of all the Recovery Amounts in respect of such Defaulted Receivables from the Effective Date up to such day; and

- (b) the Outstanding Principal as at the Effective Date of the Initial Portfolio plus the Outstanding Principal as at the relevant Effective Date of the Subsequent Portfolios.

"Custodian Bank" means BNP Paribas Securities Services, Milan branch, or any other person for the time being acting as Custodian Bank pursuant to the Cash Allocation, Management and Payment Agreement.

"Decree 213" means Legislative Decree number 213 of 24 June 1998, as amended and supplemented from time to time.

"Decree 239" means Legislative Decree number 239 of 1 April 1996, as amended and supplemented from time to time.

"Decree 239 Deduction" means any withholding or deduction for or on account of *"imposta sostitutiva"* under Decree 239.

"Deed of Charge" means the English law deed of charge entered into on or about the Issue Date between the Issuer and the Representative of the Noteholders (acting as trustee for the Rated Noteholders and for the Other Issuer Creditors), as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Deed of Pledge" means the Italian law deed of pledge entered into on or about the Issue Date between the Issuer, the Custodian Bank and the Representative of the Noteholders (acting on behalf of the Noteholders and of the Other Issuer Creditors), as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Defaulted Receivables" means any Receivable in relation to which, on the last day of any Quarterly Collection Period, there are 7 (seven) or more unpaid Instalments.

"Defaulting Party" has the meaning ascribed to that term in the Swap Agreement.

"Effective Date" means, in respect of the Initial Portfolio, 2 June 2005 and, in respect of each Subsequent Portfolio, the Settlement Date immediately preceding the relevant Offer Date.

"Eligible Investment Maturity Date" means the 2nd Business Day immediately preceding the relevant Interest Payment Date or, following the occurrence of a Trigger Event, any such date as directed by the Representative of the Noteholders.

"Eligible Investments" means the euro denominated senior (unsubordinated) debt security, bank account, deposit or other debt instruments providing a fixed principal amount at maturity issued by, or fully and unconditionally guaranteed on an unsubordinated basis by, or held at an institution having at least the following ratings: (i) "A-1/P-1" from Moody's and "A-1+" from S&P (or such other rating acceptable to the Rating Agencies), with a maturity not exceeding the next following Eligible Investment Maturity Date; or (ii) in respect of up to 20 per cent of the Principal Amount Outstanding of the Rated Notes, "A-1" from S&P (or such other rating acceptable to the Rating

Agencies), in respect of its unsecured, unsubordinated and unguaranteed debt obligations, with a maturity not exceeding the earlier of the date falling 30 (thirty) days thereafter and the next following Eligible Investment Maturity Date.

"Euro-Zone" means the region comprised of Member States of the European Union that adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992).

"Euroclear" means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

"Expenses" means:

- (a) any and all documented fees, costs, expenses and taxes required to be paid to any third party creditors (other than the Noteholders and the Other Issuer Creditors) arising in connection with the Securitisation and/or required to be paid (as determined in accordance with the Corporate Services Agreement) in order to preserve the existence of the Issuer, to maintain it in good standing or to comply with applicable laws; and
- (b) any other documented costs, fees and expenses due to persons who are not party to the Intercreditor Agreement which have been incurred in or in connection with the preservation or enforcement of the Issuer's Rights.

"Expenses Account" means the euro denominated account established in the name of the Issuer with Banca Antoniana Popolare Veneta S.p.A., with number 11488E, or such other substitute account opened in accordance with the Cash Allocation, Management and Payment Agreement.

"Extraordinary Resolution" shall have the meaning ascribed to it in the Rules of the Organisation of the Noteholders.

"Final Maturity Date" means the Interest Payment Date falling in December 2028.

"Finanziaria Internazionale Holding" means Finanziaria Internazionale Holding S.p.A., a joint stock company incorporated under the laws of Italy, having its registered office at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy, fiscal code and enrolment with the companies register of Treviso number 01130140260, enrolled under number 9832 in the *elenco generale* held by the *Ufficio Italiano dei Cambi* pursuant to article 106 of the Consolidated Banking Act.

"Finanziaria Internazionale Securitisation Group" means Finanziaria Internazionale Securitisation Group S.p.A., a joint stock company incorporated under the laws of Italy, having its registered office at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy, fiscal code and enrolment with the companies register of Treviso number 00508480340, enrolled under number 8945 in the *elenco generale* held by the *Ufficio Italiano dei Cambi* pursuant to article 106 of the Consolidated Banking Act.

"First Demand Guarantee" means the guarantee given on or about the Issue Date by BNP Paribas, Italian branch to guarantee BNP Paribas Securities Services, Milan branch's payment obligations in relation to the Servicer's Account.

"First Interest Payment Date" means the Interest Payment Date falling on 15 September 2005, or, if such day is not a Business Day, the immediately following Business Day.

"Index Rate" means for each Receivable the index applicable under each Lease Agreement.

"Initial Interest Period" means the first Interest Period, which shall begin on (and include) the Issue Date and end on (but exclude) the First Interest Payment Date.

"Initial Portfolio" means the first portfolio of Receivables purchase on 14 June 2005 by the Issuer pursuant to the terms and conditions of the Receivables Purchase Agreement.

"Insolvency Event" means in respect of any company or corporation that:

- (a) such company or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (including, without limitation, "*fallimento*", "*liquidazione coatta amministrativa*", "*concordato preventivo*", "*amministrazione straordinaria*" and "*amministrazione controllata*", each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including also any equivalent or analogous proceedings under the law of any jurisdiction in which such company or corporation is deemed to carry on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration) or similar proceedings or the whole or any substantial part of the undertaking or assets of such company or corporation are subject to a *pignoramento* or similar procedure having a similar effect (other than, in the case of the Issuer, any portfolio of assets purchased by the Issuer for the purposes of further securitisation transactions), unless, in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), such proceedings are not being disputed in good faith with a reasonable prospect of success; or
- (b) an application for the commencement of any of the proceedings under (a) above is made in respect of or by such company or corporation or such proceedings are otherwise initiated against such company or corporation and, in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or
- (c) such company or corporation takes any action for a re-adjustment of deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (other than, in the case of the Issuer, the Other Issuer Creditors) or is granted by a competent court a

moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments; or

- (d) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company or corporation (except a winding-up for the purposes of, or pursuant to, a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders) or any of the events under article 2484 of the Italian civil code occurs with respect to such company or corporation.

"Instalment" means, with respect to each Lease Agreement, each instalment due from the relevant Lessee thereunder and which consists of an Interest Instalment and a Principal Instalment.

"Intercreditor Agreement" means the intercreditor agreement entered into on or about the Issue Date between, *inter alios*, the Issuer, the Representative of the Noteholders (on its own behalf and as agent for the Noteholders) the Servicer, the Account Bank, the Custodian Bank, the Cash Manager, the Subordinated Loan Provider, the Swap Counterparty, the Luxembourg Paying Agent, the Corporate Servicer, the Principal Paying Agent, the Originator and the Calculation Agent.

"Interest Available Funds" means, in respect of any Interest Payment Date, the aggregate of:

- (i) all Interest Instalments paid into the Collection Account pursuant to the terms of the Servicing Agreement, plus the Accrued Interest as at the last day of the immediately preceding Quarterly Collection Period and minus the Accrued Interest as at the last day of the second preceding Quarterly Collection Period;
- (ii) all amounts on account of interest deriving from the pre-payment of any Lease Agreement during the immediately preceding Quarterly Collection Period;
- (iii) all amounts deriving from any default interest during the immediately preceding Quarterly Collection Period;
- (iv) all amounts deriving from any pre-payment penalties paid under the Lease Agreements during the immediately preceding Quarterly Collection Period;
- (v) all amounts recovered during the immediately preceding Quarterly Collection Period in relation to any Defaulted Receivable;
- (vi) all amounts received or recovered by the Issuer under any Transaction Document (including proceeds deriving from the enforcement of the Issuer's Rights but excluding any amounts already described in other items of the Interest Available Funds or the Principal Available Funds) during the immediately preceding Quarterly Collection Period;
- (vii) the Cash Reserve Available Amount, if any, on such Interest Payment Date;
- (viii) the Residual Interest Cash of the preceding Interest Payment Date;

- (ix) all amounts standing to the credit of the Adjustment Reserve Account at the end of the immediately preceding Quarterly Collection Period;
- (x) all amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Collection Account, the Adjustment Reserve Account, the Payments Account and the Cash Reserve Account during the immediately preceding Quarterly Collection Period;
- (xi) all amounts due and payable to the Issuer under the terms of the Swap Agreement on such Interest Payment Date;
- (xii) any amounts allocated on such Interest Payment Date under item *First* of the Principal Priority of Payments during the Revolving Period or, as the case may be, under item *Second* of the Principal Priority of Payments during the Amortisation Period;
- (xiii) all amounts on account of interest received under any repurchase of Receivables during the immediately preceding Quarterly Collection Period;
- (xiv) all amounts on account of interest, profits or premium received under the Eligible Investments during the immediately preceding Quarterly Collection Period;
- (xv) the Billed Residual Collected Amounts collected during the immediately preceding Quarterly Collection Period and not already paid to the Originator on the preceding Settlement Dates;
- (xvi) all amounts on account of interest in relation to any indemnity received under the Insurance Policies during the immediately preceding Quarterly Collection Period; and
- (xvii) on the Interest Payment Date on which the Notes are to be redeemed in full, all amounts standing to the credit of the Expenses Account; minus
- (xviii) any amount paid on the immediately preceding Interest Payment Date under item *First* of the Principal Priority of Payments during the Revolving Period or, as the case may be, under item *Second* of the Principal Priority of Payments during the Amortisation Period.

"Interest Instalment" means the interest component of each Instalment.

"Interest Payment Date" means (a) prior to the delivery of a Trigger Notice, 15 March, 15 June, 15 September and 15 December in each year or, if such day is not a Business Day, the immediately following Business Day, and (b) following the delivery of a Trigger Notice, any day on which any payment is required to be made by the Representative of the Noteholders in accordance with the Trigger Event Priority of Payment, the Conditions and the Intercreditor Agreement, provided that the First Interest Payment Date will fall on 15 September 2005.

"Interest Period" means each period from (and including) a Interest Payment Date to (but excluding) the next following Interest Payment Date, provided that the Initial

Interest Period shall begin on (and include) the Issue Date and end on (but exclude) the First Interest Payment Date.

"Interest Priority of Payments" means the Priority of Payments under Conditions 5.1.1 (*Priority of Payments - Priority of Payments prior to the delivery of a Trigger Notice - Interest Priority of Payments*).

"Issue Date" means 30 June 2005.

"Issue Price" means 100% of the Principal Amount Outstanding of the Notes upon issue.

"Issuer" means Vela Lease S.r.l., a limited liability company incorporated in Italy, having its registered office at Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy, fiscal code and enrolment with the companies register of Treviso number 03678280268, enrolled under number 33758 in the *elenco generale* held by the *Ufficio Italiano dei Cambi* and enrolled in the *elenco speciale* held by the Bank of Italy pursuant to, respectively, articles 106 and 107 of the Consolidated Banking Act, having as its sole corporate object the performance of securitisation transactions under the Securitisation Law.

"Issuer Available Funds" means, together, the Settlement Available Funds, the Interest Available Funds and the Principal Available Funds.

"Joint Lead Managers" means, together, BNL, Calyon Corporate and Investment Bank, SG Corporate & Investment Banking and JPMorgan.

"JPMorgan" means J.P. Morgan Securities Ltd.

"Lease Agreement" means any lease agreement out of which Receivables arise.

"Lessee" means a lessee under the terms of a Lease Agreement.

"Letter of Undertaking" means the letter of Undertaking executed on 31 January 2003 in the context of the Previous Securitisation between the Issuer, the Originator and the Representative of the Noteholders.

"Locafit" means LOCAFIT - Locazione Macchinari Industriali S.p.A., a joint stock company incorporated under the laws of Italy, having its registered office at Corso Italia, 15, 20122 Milan, Italy, fiscal code and enrolment with the companies register of Milan number 00862460151, enrolled under number 143 in the *elenco generale* held by the *Ufficio Italiano dei Cambi* and enrolled in the *elenco speciale* held by the Bank of Italy pursuant to, respectively, articles 106 and 107 of the Consolidated Banking Act.

"Luxembourg Paying Agent" means BNP Paribas Securities Services, Luxembourg branch, or any other person for the time being acting as Luxembourg Paying Agent.

"Mandate Agreement" means the mandate agreement entered into on or about the Issue Date between the Issuer and the Representative of the Noteholders, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Master Definitions Agreement" means the master definitions agreement entered into on or about the Issue Date between all the parties to each of the Transaction Documents, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Mezzanine Notes" means, together, the €60,350,000 Series 2 Class B Asset Backed Floating Rate Notes due December 2028 and the €25,150,000 Series 2 Class C Asset Backed Floating Rate Notes due December 2028.

"Mezzanine and Class D Notes Subscription Agreement" means the subscription agreement in relation to the Mezzanine Notes and the Class D Notes entered into on or about the Issue Date between the Issuer, the Representative of the Noteholders and the Originator, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Monte Titoli" means Monte Titoli S.p.A.

"Monte Titoli Account Holders" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli and includes any depository banks appointed by Euroclear and Clearstream.

"Monte Titoli Mandate Agreement" means the agreement entered into on 30 October 2002 between the Issuer and Monte Titoli, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Monthly Collection Period" means each period of one month commencing on (and including) a Settlement Date and ending on (and excluding) the next Settlement Date.

"Moody's" means Moody's Investors Service.

"Most Senior Class of Notes" means (i) the Class A Notes; (ii) following the full repayment of all the Class A Notes, the Class B Notes; (iii) following the full repayment of all the Class B Notes, the Class C Notes and (iv) following the full repayment of the all the Class C Notes, the Class D Notes.

"Negative Adjustment" means in respect of each Receivable the amount (if any) which is due to be reimbursed to the Lessee under the terms of the relevant Lease Agreement by reason of the decrease of the applicable interest rate.

"Net Adjustment Reserve Amount" means, in respect of any Interest Payment Date, the difference between (i) the sum of the Negative Adjustment accrued and not reimbursed as at the last day of the immediately preceding Quarterly Collection Period in respect of all Receivables, and (ii) the sum of the Positive Adjustment accrued and not paid as at the last day of the immediately preceding Quarterly Collection Period.

"Net Portfolio Yield" means, with respect to any period of time, the amount which is the aggregate of: (i) the interest and any sum accrued on the Outstanding Principal of the Portfolio during the relevant period, whether or not actually paid, less provisions for

losses and losses with respect to such period; (ii) the Positive Adjustment accrued during such period (whether or not actually paid); (iii) any default interest on the Receivables paid by the Lessee during such period under the terms of the relevant Lease Agreement; (iv) the amount of any and all penalties paid by the Lessee during such period; and (v) any other revenues accrued to the Issuer under the Lease Agreement during such period.

"Noteholders " means, together, the Rated Noteholders and the Class D Noteholders.

"Notes" means, together, the Rated Notes and the Class D Notes.

"Obligations" means all the obligations of the Issuer created by or arising under the Notes and the Transaction Documents.

"Offer Date" means, during the Revolving Period, each Quarterly Servicer's Report Date.

"Offering Circular" means the offering circular dated on or about the Issue Date prepared in connection with the issue by the Issuer of the Notes.

"Organisation of the Noteholders " means the association of the Noteholders, organized pursuant to the Rules of the Organisation of the Noteholders.

"Originator" means Locafit.

"Other Issuer Creditors " means the Originator, the Servicer, the Representative of the Noteholders, the Calculation Agent, the Corporate Servicer, the Principal Paying Agent, the Account Bank, the Custodian Bank, the Cash Manager, the Subordinated Loan Provider, the Luxembourg Paying Agent and the Swap Counterparty.

"Outstanding Principal" means, on any relevant date, in relation to any Receivable, the sum of all Principal Instalments due on any subsequent Scheduled Instalment Date and any Principal Instalments due but unpaid as at that date, *plus* the Accrued Interest accrued thereon.

"Payments Account" means the euro denominated account established in the name of the Issuer with the Account Bank with number 3634651, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payment Agreement.

"Payments Report" means the report setting out all the payments to be made on the following Interest Payment Date under the Priorities of Payments, which shall be prepared and delivered by the Calculation Agent in accordance with the Cash Allocation, Management and Payment Agreement before the occurrence of a Trigger Event and the delivery of a Trigger Notice.

"Portfolio" means, together, the Initial Portfolio and any Subsequent Portfolio purchased or to be purchased by the Issuer from the Originator pursuant to the Receivables Purchase Agreement.

"Positive Adjustment" means in respect of each Receivable the amount (if any) which is due to be paid by the Lessee under the terms of the relevant Lease Agreement by reason of the decrease of the applicable interest rate.

"Previous Notes" means the asset backed floating rate notes issued by the Issuer on 4 February 2003 in the context of the Previous Securitisation.

"Previous Securitisation" means the securitisation transaction carried out by the Issuer in February 2003.

"Principal Amount Outstanding" means, on any day:

- (a) in relation to a Note, the nominal principal amount of that Note upon issue less the aggregate amount of any principal payments in respect of that Note which have been paid up to that day; and
- (b) in relation to a Class, the aggregate of the amount in (a) in respect of all Notes outstanding in such Class; and
- (c) in relation to the Notes outstanding at any time, the aggregate of the amount in (a) in respect of all Notes outstanding, regardless of Class.

"Principal Available Funds" means, in respect of any Interest Payment Date, the aggregate of:

- (i) all Principal Instalments collected during the immediately preceding Quarterly Collection Period, minus the Accrued Interest as at the last day of the immediately preceding Quarterly Collection Period and plus the Accrued Interest as at the last day of the second preceding Quarterly Collection Period;
- (ii) all amounts on account of principal deriving from the pre-payment of any Lease Agreement during the immediately preceding Quarterly Collection Period;
- (iii) amounts under items *Sixth*, paragraph (b), *Seventh*, paragraph (b), *Eighth* and *Thirteenth*, paragraph (b), of the Interest Priority of Payments on such Interest Payment Date;
- (iv) prior to the delivery of a Trigger Notice, any Cash Reserve Excess Amount on such Interest Payment Date;
- (v) following the delivery of a Trigger Notice, all amounts standing to the credit of the Cash Reserve Account after the payments made on the immediately preceding Interest Payment Date;
- (vi) the Residual Principal Cash of the preceding Interest Payment Date;
- (vii) following full redemption of the Rated Notes, all amounts standing to the credit of the Cash Reserve Account;
- (viii) all amounts on account of principal received under any repurchase of Receivables during the immediately preceding Quarterly Collection Period;

- (ix) all amounts on account of principal in relation to any indemnity received under the Insurance Policies during the immediately preceding Quarterly Collection Period; and
- (x) any amount paid on the immediately preceding Interest Payment Date under item *First* of the Principal Priority of Payments during the Revolving Period or, as the case may be, under item *Second* of the Principal Priority of Payments during the Amortisation Period.

"Principal Collections" means, in respect of any Interest Payment Date, the amount under items (i), (ii), (vi), (viii) and (ix) of the Principal Available Funds.

"Principal Deficiency Ledger" means a ledger which shall be established by or on behalf of the Issuer in order to record, from time to time, an amount equal to the sum of the following items: (1) the Principal Amount Outstanding of the Rated Notes as at the immediately preceding Interest Payment Date; minus (2) the Collateral Portfolio Outstanding Principal (net of any Adjustment Purchase Price and of any amounts on account of purchase price for increased instalments in accordance with clause 14.1.3 of the Receivables Purchase Agreement payable to the Originator on the immediately following Interest Payment Date) as at the end of the immediately preceding Quarterly Collection Period; minus (3) any Unpaid Principal Deficiency Ledger; minus (4) the Principal Collections during the immediately preceding Quarterly Collection Period.

"Principal Instalment" means the principal component of each Instalment.

"Principal Paying Agent" means BNP Paribas Securities Services, Milan branch, or any other person for the time being acting as Principal Paying Agent pursuant to the Cash Allocation, Management and Payment Agreement.

"Principal Priority of Payments" means, as the case may be, the Priority of Payments under Condition 5.1.2 (*Priority of Payments - Priority of Payments prior to the delivery of a Trigger Notice - Principal Priority of Payments during the Revolving Period*) or the Priority of Payments under Condition 5.1.3 (*Priority of Payments - Priority of Payments prior to the delivery of a Trigger Notice - Principal Priority of Payments during the Amortisation Period*).

"Priority of Payments" means the order in which the Issuer Available Funds shall be applied on each Interest Payment Date prior to and/or following the service of a Trigger Notice in accordance with the Rated Notes Conditions, the Class D Notes Conditions and the Intercreditor Agreement.

"Quarterly Collection Period" means each period of three months commencing on (and including) each Settlement Date of March, June, September and December in each year and ending, respectively, on (and excluding) each Settlement Date of June, September, December and March in each year.

"Quarterly Servicer's Report Date" means the 5th Business Day before each Interest Payment Date.

"Quotaholder" means each of Finanziaria Internazionale Securitisation Group S.p.A., Finanziaria Internazionale Holding S.p.A. and Locafit and **"Quotaholders "** means all of them.

"Quotaholders' Agreement" means the quotaholders' agreement executed on 31 January 2003 in the context of the Previous Securitisation between the Issuer, the Quotaholders and the Representative of the Noteholders.

"Rated Notes" means, together, the Class A Notes, the Class B Notes and the Class C Notes.

"Rated Notes Conditions " means the terms and conditions of the Rated Notes.

"Rating Agencies" means Moody's and S&P.

"Receivables" means the rights and monetary claims and ancillary rights pertaining thereto arising out of the Lease Agreements and assigned to the Issuer in accordance with the Receivable Purchase Agreement in relation to the following amounts:

- (a) any amount payable by the Lessees in respect of Instalments as from the relevant Valuation Date (excluded);
- (b) default interest and/or other interest arising as a consequence of payment deferrals granted by the Originator after the relevant Valuation Date;
- (c) penalties or other amounts due by the Lessees in relation to the early termination of the Lease Agreements or upon prepayment of any Instalments thereunder;
- (d) any amount received as indemnity under the Insurance Policies and pursuant to any guarantee related to the Lease Agreements of which the Originator is beneficiary;
- (e) Adjustments relating to the Instalments;
- (f) any other amount due by the Lessees relating to the Defaulted Receivables under the Lease Agreements;
- (g) any VAT in respect of the Instalments and amounts to be paid by the Lessees with regard to premia on the Insurance Policies; and
- (h) all the foregoing together with all the relevant security interests and guarantees, connected privileges and pre-emptive rights, but exclude the rights and monetary claims in relation to the Residual Value and any other amount due as penalty from any Lessee if it does not deliver (or delays the delivery of) the relevant Asset to the Originator following the Lessee's failure to exercise the option to purchase the relevant Asset.

"Receivables Purchase Agreement" means the receivables purchase agreement entered into on 14 June 2005 between the Issuer and the Originator, as from time to time

modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Recovery Amounts" means the proceeds from Defaulted Receivables, including proceeds from the sale of Assets and the relocation of Assets.

"Reference Bank" means each of Banca Nazionale del Lavoro S.p.A., UniCredit Banca d'Impresa S.p.A. and SanPaolo IMI S.p.A. and **"Reference Banks"** means all of them.

"Remuneration" means the amount payable on each Interest Payment Date in respect of the Class D Notes, which shall accrue during each Quarterly Collection Period and shall be calculated on each Calculation Date immediately preceding the relevant Interest Payment Date as the aggregate of:

- (a) the Net Portfolio Yield accrued as at the end of the immediately preceding Quarterly Collection Period; plus
- (b) interest accrued and paid on the Collection Account, the Payments Account, the Cash Reserve Account and the Adjustment Reserve Account up to the end of the immediately preceding Quarterly Collection Period and interest deriving from the Eligible Investments up to the end of the immediately preceding Quarterly Collection Period; plus
- (c) any and all amounts received under the Warranty and Indemnity Agreement; plus
- (d) any and all amounts due to be received from the Swap Counterparty on such Interest Payment Date, whether or not actually paid; minus
- (e) any and all amounts due to be paid to the Swap Counterparty on such Interest Payment Date, whether or not actually paid; minus
- (f) any and all amounts under items *First, Second, Fifth, Sixth* and *Seventh* of the Interest Priority of Payments, and any and all amounts accrued under such items during the immediately preceding Quarterly Collection Period whether or not actually paid.

"Representative of the Noteholders" means Securitisation Services, or any other person for the time being acting as representative of the Noteholders.

"Required Cash Reserve Amount" means, on any Interest Payment Date, an amount equal to the lesser of (i) the Cash Reserve Initial Amount; and (ii) 5.0% of the Principal Amount Outstanding of the Rated Notes on such Interest Payment Date and in any case not lower than €2,622,000.

"Residual Interest Cash" means, on each Interest Payment Date prior to the service of a Trigger Notice, any amount not used under the Interest Priority of Payment, which will be credited to the Collection Account.

"Residual Principal Cash" means, on each Interest Payment Date during the Revolving Period, any amount not used under the Principal Priority of Payment, which will be credited to the Collection Account.

"Residual Value" means the optional instalment payable at the end of the contractual term under any Lease Agreement if the Lessee were to exercise its option to purchase the relevant Asset.

"Retention Amount" means an amount equal to €30,000.

"Revolving Period" means the period commencing on the Issue Date and ending on the earlier of:

- (a) the Interest Payment Date falling in September 2008 (excluded); and
- (b) the date on which the Representative of the Noteholders serves a Purchase Termination Notice or a Trigger Notice on the Issuer.

"Rules of the Organisation of the Noteholders" means the Rules of the Organisation of the Noteholders attached as Exhibit to the Rated Notes Conditions and the Class D Notes Conditions, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereof.

"S&P" means Standard and Poor's Rating Services.

"Scheduled Instalment Date" means the first Business Day of each month, on which an Instalment is due pursuant to each Lease Agreement.

"Securities Account" means the euro denominated account established in the name of the Issuer with the Custodian Bank, with number 761700, or such other substitute account opened in accordance with the Cash Allocation, Management and Payment Agreement.

"Securitisation" means the securitisation of the Receivables made by the Issuer through the issuance of the Notes.

"Securitisation Law" means Italian Law number 130 of 30 April 1999, as amended and supplemented from time to time.

"Securitisation Services" means Securitisation Services S.p.A., a company incorporated under the laws of the Republic of Italy, having its registered office at Via Vittorio Alfieri 1, 31015 Conegliano (TV), Italy, fiscal code and enrolment with the companies register Treviso number 03546510268, enrolled under number 31816 in the *elenco generale* held by *Ufficio Italiano dei Cambi* and enrolled in the *elenco speciale* held by the Bank of Italy pursuant to, respectively, articles 106 and 107 of the Consolidated Banking Act.

"Security" means the security created pursuant to the Deed of Pledge and the Deed of Charge.

"Security Interest" means:

- (a) any mortgage, charge, pledge, lien, privilege (*privilegio speciale*) or other security interest securing any obligation of any person;
- (b) any arrangement under which money or claims to money, or the benefit of, a bank or other account may be applied, set-off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person;
or
- (c) any other type of preferential arrangement having a similar effect.

"**Senior Notes**" means the Series 2 Class A Asset Backed Floating Rate Notes due December 2028 issued by the Issuer on the Issue Date.

"**Senior Notes Subscription Agreement**" means the subscription agreement in relation to the Senior Notes entered into on or about the Issue Date between the Issuer, the Representative of the Noteholders, the Originator and the Joint Lead Managers, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Servicer**" means Locafit, or any other person for the time being acting as Servicer pursuant to the Servicing Agreement.

"**Servicer's Account**" means the account established in the name of the Servicer with BNP Paribas Securities Services, Milan branch, with number 000800737401, or such other substitute account opened in accordance with the Servicing Agreement.

"**Servicing Agreement**" means the agreement entered into on 14 June 2005 between the Issuer and the Servicer, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Settlement Available Funds**" means the Billed Residual Collected Amount received by the Issuer as at the end of each Monthly Collection Period.

"**Settlement Date**" means the second Business Day of each month.

"**SG Corporate & Investment Banking**" means Société Generale, London branch.

"**Sole Affected Party**" means an Affected Party as defined in the Swap Agreement which at the relevant time is the only Affected Party under the Swap Agreement.

"**Subordinated Loan**" means the loan granted to the Issuer under the Subordinated Loan Agreement for an amount equal to the Cash Reserve Initial Amount.

"**Subordinated Loan Agreement**" means the loan agreement entered into on or about the Issue Date between the Issuer and the Subordinated Loan Provider, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Subordinated Loan Provider**" means Locafit, or any other person for the time being acting as Subordinated Loan Provider pursuant to the Subordinated Loan Agreement.

"Subscription Agreements" means, together, the Senior Notes Subscription Agreement and the Mezzanine and Class D Notes Subscription Agreement.

"Subsequent Portfolio" means any additional Portfolio purchased by the Issuer pursuant to Clause 3 of the Receivables Purchase Agreement.

"Subsequent Portfolio Target Amount" means, in respect of each Subsequent Portfolio, the Purchase Price which is not higher than the Target Amount.

"Swap Agreement" means the hedging agreement entered into on or about the Issue Date between the Issuer and the Swap Counterparty, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Swap Counterparty" means Calyon S.A., or any other person for the time being acting as Swap Counterparty.

"Target Amount" means, as at each Quarterly Servicer's Report Date during the Revolving Period, the positive difference, if any, between (i) the Principal Amount Outstanding of the Rated Notes at the immediately preceding Interest Payment Date, and (ii) the Collateral Portfolio Outstanding Principal as at the last day of the immediately preceding Quarterly Collection Period.

"Transaction Documents" means, together, the Receivables Purchase Agreement, the Servicing Agreement, the Warranty and Indemnity Agreement, the Senior Notes Subscription Agreement, the Mezzanine and Class D Notes Subscription Agreement, the Monte Titoli Mandate Agreement, the Intercreditor Agreement, the Cash Allocation, Management and Payment Agreement, the Swap Agreement, the Deed of Pledge, the Deed of Charge, the Mandate Agreement, the Subordinated Loan Agreement, the First Demand Guarantee, the Agreement for the Extension of the Corporate Services, the Agreement for the Extension of the Letter of Undertaking, the Agreement for the Extension of the Quotaholders' Agreement, the Master Definitions Agreement and this Offering Circular.

"Trigger Event" means any of the events described in Condition 12 (*Trigger Events*).

"Trigger Event Priority of Payments" means the Priority of Payments under Conditions 5.2 (*Priority of Payments - Trigger Event Priority of Payments*).

"Trigger Event Report" means the report setting out all the payments to be made on the following Interest Payment Date under the Trigger Event Priority of Payments which, following the occurrence of a Trigger Event and the delivery of a Trigger Notice, shall be prepared and delivered by the Calculation Agent as from time to time in accordance with the Cash Allocation, Management and Payment Agreement.

"Trigger Notice" means the notice described in Condition 12 (*Trigger Events*).

"Unpaid Principal Deficiency Ledger" means any residual negative balance of the Principal Deficiency Ledger at the immediately preceding Interest Payment Date, after having applied the Interest Priority of Payment on such Interest Payment Date.

"**Valuation Date**" means, in respect of the Initial Portfolio, 31 May 2005 and, in respect of each Subsequent Portfolio, the last Business Day of February, May, August or November in each year.

"**VAT**" means *Imposta sul Valore Aggiunto* (IVA) as defined in Italian D.P.R. number 633 of 26 October 1972, as amended and implemented from time to time.

"**Warranty and Indemnity Agreement**" means the means the agreement entered into on 14 June 2005 between the Issuer and the Originator, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

2. **FORM, DENOMINATION AND TITLE**

- 2.1 The Rated Notes are issued in the denomination of €50,000.
- 2.2 The Rated Notes will at all times be evidenced by, and title thereto will be transferable by means of, book-entries in accordance with the provisions of article 28 of Italian Legislative Decree number 213 of 24 June 1998 and CONSOB Resolution number 11768 of 23 December 1998, as amended and supplemented from time to time.
- 2.3 The Rated Notes will be held by Monte Titoli on behalf of the Rated Noteholders until redemption or cancellation thereof for the account of the relevant Monte Titoli Account Holder. Title to the Rated Notes will be evidenced by one or more book entries in accordance with the provisions of (i) article 28 of Italian Legislative Decree number 213 of 24 June 1998, and (ii) CONSOB Resolution number 11768 of 23 December 1998, as amended and supplemented from time to time. No physical documents of title will be issued in respect of the Rated Notes.
- 2.4 The rights and powers of the Rated Noteholders may only be exercised in accordance with the Rules of the Organisation of the Noteholders, attached hereto as Exhibit, which shall constitute an integral and essential part of these Rated Notes Conditions.
- 2.5 The rights arising from the Deed of Pledge are included in each Rated Note.

3. **STATUS, PRIORITY AND SEGREGATION**

- 3.1 The Rated Notes constitute limited recourse obligations of the Issuer and, accordingly, the extent of the obligation of the Issuer to make payments under the Rated Notes is limited to the amounts received or recovered by the Issuer in respect of the Receivables and the other Issuer's Rights. The Rated Noteholders acknowledge that the limited recourse nature of the Rated Notes produces the effects of a "*contratto aleatorio*" and are deemed to accept the consequences thereof, including but not limited to the provisions under article 1469 of the Italian civil code. In addition, by operation of Italian law, the Issuer's right, title and interest in and to the Portfolio is segregated from all other assets of the Issuer and amounts deriving therefrom will only be available both prior to and following a winding-up of the Issuer to satisfy the obligations of the Issuer to the Noteholders, the Other Issuer Creditors and to any third party creditors in respect of costs, fees and expenses incurred by the Issuer in relation to the Securitisation.

3.2 The Class A Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Class B Notes, the Class C Notes and the Class D Notes; the Class B Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Class C Notes and the Class D Notes and subordinated to the Class A Notes; the Class C Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Class D Notes and subordinated to the Class A Notes and the Class B Notes; the Class D Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but subordinated to the Class A Notes, the Class B Notes and the Class C Notes.

3.3 If in the opinion of the Representative of the Noteholders, there is a conflict between the interests of the holders of different Classes of Notes, the Representative of the Noteholders is required to have regard only to the interests of the holders of the Most Senior Class of Notes.

4. COVENANTS

For so long as any amount remains outstanding in respect of the Notes of any Class, the Issuer shall not, save with prior written consent of the Representative of the Noteholders or as provided in or contemplated by any of the Transaction Documents:

4.1 *Negative pledge*

create or permit to subsist any Security Interest whatsoever over the Portfolio or any part thereof or over any of its other assets (save for any Security Interest created in connection with the Previous Securitisation or any further securitisation under Rated Notes Condition 4.10 (*Further securitisations*) below) or sell, lend, part with or otherwise dispose of all or any part of the Receivables or any of its assets; or

4.2 *Restrictions on activities*

4.2.1 engage in any activity whatsoever which is not incidental to or necessary in connection with the Previous Securitisation or any further securitisation or with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage; or

4.2.2 have any subsidiary (*società controllata*, as defined in article 2359 of the Italian civil code) or any employees or premises; or

4.2.3 at any time approve or agree or consent to any act or thing whatsoever which may be materially prejudicial to the interests of the Noteholders under the Transaction Documents and not to do, or permit to be done, any act or thing in relation thereto which may be materially prejudicial to the interests of the Noteholders under the Transaction Documents; or

4.2.4 become the owner of any real estate asset; or

4.3 *Dividends or distributions*

pay any dividend or make any other distribution or return or repay any quota capital to its Quotaholders, or to increase its capital save as required by the applicable law; or

4.4 *De-registrations*

ask for de-registration from the register kept by *Ufficio Italiano dei Cambi* under article 106 of the Consolidated Banking Act or from the register kept by the Bank of Italy under article 107 of the Consolidated Banking Act, for as long as the Securitisation Law, the Consolidated Banking Act or any other applicable law or regulation requires issuers of notes issued under the Securitisation Law or companies incorporated pursuant to the Securitisation Law to be registered thereon; or

4.5 *Borrowings*

incur any indebtedness in respect of borrowed money whatsoever (save for the indebtedness incurred in relation to the Previous Securitisation or to be incurred in relation to any further securitisation pursuant to Rated Notes Condition 4.10 (*Further securitisations*) below) or give any guarantee in respect of indebtedness or of any obligation of any person, save as expressed, required or permitted in the Transaction Documents; or

4.6 *Merger*

consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person; or

4.7 *No variation or waiver*

permit any of the Transaction Documents to which it is party to be amended, terminated or discharged, or exercise any powers of consent or waiver pursuant to the terms of any of the Transaction Documents to which it is a party, or permit any party to any of the Transaction Documents to which it is a party to be released from such obligations; or

4.8 *Bank accounts*

open or have an interest in any bank account other than the accounts opened in the context of the Previous Securitisation, the Accounts, the Expenses Account, the account on which its quota capital is deposited or any bank accounts opened in relation to any further securitisations pursuant to Rated Notes Condition 4.10 (*Further securitisations*) below; or

4.9 *Statutory documents*

agree (in so far as is currently permitted) to amend, supplement or otherwise modify its corporate object, its *statuto* or *atto costitutivo* in any manner which is prejudicial to the interest of the Noteholders or the Other Issuer Creditors other than when so required by applicable laws; or

4.10 *Further securitisations*

carry out other securitisation transactions or, without limiting the generality of the foregoing, implement, enter into, make or execute any document, act, deed or agreement in connection with any other securitisation transaction without the prior written consent of the Representative of the Noteholders and subject to the Rating Agencies' prior confirmation that any such securitisation transaction will not affect the rating of any of the notes issued in the context of the Previous Securitisation or the Rated Notes and provided further that the assets relating to any such securitisation will be segregated in accordance with the Securitisation Law.

5. **PRIORITY OF PAYMENTS**

5.1 *Priority of Payments prior to the delivery of a Trigger Notice*

5.1.1 *Interest Priority of Payments*

(A) On each Settlement Date prior to the delivery of a Trigger Notice, the Settlement Available Funds shall be applied to pay to the Originator the Billed Residual Collected Amount, to the extent not already paid to the Originator as Billed Residual Uncollected Amount on the previous Interest Payment Date.

(B) On each Interest Payment Date prior to the delivery of a Trigger Notice, the Interest Available Funds shall be applied in making the following payments in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full):

First, (a) to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses (to the extent that amounts standing to the credit of the Expense Account have been insufficient to pay such costs during the immediately preceding Interest Period), (b) to credit into the Expense Account such an amount to bring the balance of such account up to (but not exceeding) the Retention Amount;

Second, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (a) the remuneration due to the Representative of the Noteholders and any proper costs and expenses incurred by the Representative of the Noteholders under the provisions of, or in connection with, any of the Transaction Documents, and (b) any amount due and payable on such Interest Payment Date to the Account Bank, the Calculation Agent, the Principal Paying Agent, the Luxembourg Paying Agent, the Corporate Servicer and the Servicer;

Third, to pay to the Swap Counterparty amount due and payable under the Swap Agreement, including any hedging termination payments upon early termination of the Swap Agreement except where the Swap Counterparty is the Defaulting Party or the Sole Affected Party;

Fourth, to credit the Net Adjustment Reserve Amount, if any, to the Adjustment Reserve Account;

Fifth, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class A Notes on such Interest Payment Date;

Sixth, (a) if no Class B Trigger Event has occurred, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class B Notes on such Interest Payment Date, or (b) if a Class B Trigger Event has occurred or is continuing, to apply all remaining amounts to pay any amount payable under the applicable Principal Priority of Payments on such Interest Payment Date;

Seventh, (a) if no Class C Trigger Event has occurred, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class C Notes on such Interest Payment Date, or (b) if a Class C Trigger Event has occurred or is continuing, to apply all remaining amounts to pay any amount payable under the applicable Principal Priority of Payments on such Interest Payment Date;

Eighth, in or towards making good any shortfall reflected in the Principal Deficiency Ledger until the debit balance, if any, of the Principal Deficiency Ledger is reduced to zero;

Ninth, to transfer any amounts to the Cash Reserve Account in order to make up any shortfall in the Required Cash Reserve Amount;

Tenth, to pay any hedging termination payment due and payable to the Swap Counterparty under the Swap Agreement other than any amount paid under item *Third* above;

Eleventh, to pay to the Originator the Billed Residual Uncollected Amount;

Twelfth, (a) if no Class D Trigger Event has occurred, to pay, *pari passu* and *pro rata*, all amounts due and payable in respect of Remuneration on the Class D Notes on such Interest Payment Date, or (b) if a Class D Trigger Event has occurred or is continuing, to apply all remaining amounts to pay any amount payable under the applicable Principal Priority of Payments on such Interest Payment Date;

Thirteenth, to credit the Residual Interest Cash, if any, to the Collection Account.

5.1.2 *Principal Priority of Payments during the Revolving Period*

On each Interest Payment Date during the Revolving Period, the Principal Available Funds shall be applied:

First, to pay any amount payable under items *First* through *Seventh* (inclusive) under the Interest Priority of Payments, to the extent that the Interest Available

Funds are not sufficient on such Interest Payment Date to make such payments in full;

Second, to pay to the Originator any amount due under clause 14.1.3 of the Receivables Purchase Agreement as purchase price for increased instalments;

Third, to pay to the Originator any amount due as Subsequent Portfolio Target Amount;

Fourth, to pay to the Originator the Adjustment Purchase Price, if any;

Fifth, to credit the Residual Principal Cash, if any, to the Collection Account.

5.1.3 *Principal Priority of Payments during the Amortisation Period*

On each Interest Payment Date during the Amortisation Period, the Principal Available Funds shall be applied on each Interest Payment Date in making the following payments in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full):

First, to pay any Cash Reserve Excess Amount to the Subordinated Loan Provider as Subordinated Loan repayment in accordance with the provisions of the Subordinated Loan Agreement;

Second, to pay any amount payable under items *First* through *Seventh* (inclusive) under the Interest Priority of Payments, to the extent that the Interest Available Funds are not sufficient on such Interest Payment Date to make such payments in full;

Third, to pay, *pari passu* and *pro rata*, all amounts of principal due and payable on the Class A Notes;

Fourth, subject to the Class A Notes having been redeemed in full, to pay, *pari passu* and *pro rata*, all amounts of principal due and payable on the Class B Notes;

Fifth, subject to the Class A Notes and the Class B Notes having been redeemed in full, to pay, *pari passu* and *pro rata*, all amounts of principal due and payable on the Class C Notes;

Sixth, to pay to the Originator the Adjustment Purchase Price, if any;

Seventh, subject to the Class A Notes, the Class B Notes and the Class C Notes having been redeemed in full, to pay to the Subordinated Loan Provider any amount due and payable on the Subordinated Loan;

Eighth, subject to the Class A Notes, the Class B Notes and the Class C Notes having been redeemed in full, to pay, *pari passu* and *pro rata*, all amounts of principal due and payable on the Class D Notes,

provided that, to the extent that the Principal Available Funds are to be applied towards payment of items *Third*, *Fourth*, *Fifth* or *Eighth* on any Interest

Payment Date which falls prior to the expiration of eighteen months following the Issue Date, the Issuer shall credit such amounts to the Payments Account and pay the same to the relevant Noteholders on the first Interest Payment Date following the expiration of such period.

5.2 *Trigger Event Priority of Payments*

On each Interest Payment Date following the delivery of a Trigger Notice, the Issuer Available Funds shall be applied in making the following payments in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full):

First, (a) to pay to the Originator the Billed Residual Collected Amount to the extent not already paid to the Originator as Billed Residual Uncollected Amount, (b) if the relevant Trigger Event is not an Insolvency Event, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses (to the extent that amounts standing to the credit of the Expense Account have been insufficient to pay such costs during the immediately preceding Interest Period), (c) to credit into the Expense Account such an amount to bring the balance of such account up to (but not exceeding) the Retention Amount;

Second, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (a) the remuneration due to the Representative of the Noteholders and any proper costs and expenses incurred by the Representative of the Noteholders under the provisions of, or in connection with, any of the Transaction Documents, and (b) any amount due and payable on such Interest Payment Date to the Account Bank, the Calculation Agent, the Principal Paying Agent, the Luxembourg Paying Agent, the Corporate Servicer and the Servicer;

Third, to pay to the Swap Counterparty amount due and payable under the Swap Agreement, including any hedging *termination* payments upon early termination of the Swap Agreement except where the Swap Counterparty is the Defaulting Party or the Sole Affected Party;

Fourth, to credit the Net Adjustment Reserve Amount, if any, to the Adjustment Reserve Account;

Fifth, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class A Notes on such Interest Payment Date;

Sixth, to pay, *pari passu* and *pro rata*, all amounts of principal due and payable on the Class A Notes;

Seventh, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class B Notes on such Interest Payment Date;

Eighth, to pay, *pari passu* and *pro rata*, all amounts of principal due and payable on the Class B Notes;

Ninth, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class C Notes on such Interest Payment Date;

Tenth, to pay, *pari passu* and *pro rata*, all amounts of principal due and payable on the Class C Notes;

Eleventh, to pay any hedging termination payment due and payable to the Swap Counterparty under the Swap Agreement other than any amount paid under item *Third* above;

Twelfth, to pay to the Originator any Adjustment Purchase Price;

Thirteenth, to pay to the Originator the Billed Residual Uncollected Amount;

Fourteenth, to pay any amount due and payable to the Subordinated Loan Provider under the Subordinated Loan;

Fifteenth, to pay, *pari passu* and *pro rata*, all amounts of principal due and payable on the Class D Notes;

Sixteenth, to pay, *pari passu* and *pro rata*, all amounts due and payable in respect of Remuneration on the Class D Notes on such Interest Payment Date,

provided that, to the extent that the Issuer Available Funds are to be applied towards payment of items *Sixth*, *Eighth*, *Tenth* or *Fifteenth* on any Interest Payment Date which falls prior to the expiration of eighteen months following the Issue Date, the Issuer shall credit such amounts to the Payments Account and pay the same to the relevant Noteholders on the first Interest Payment Date following the expiration of such period.

6. **INTEREST**

6.1 *Interest Payment Dates and Interest Periods*

6.1.1 Each Rated Note bears interest on its Principal Amount Outstanding from (and including) the Issue Date. Interest in respect of the Rated Notes shall accrue on a daily basis and be payable in euro quarterly in arrears on each Interest Payment Date in respect of the immediately preceding Interest Period. The First Interest Payment Date is 15 September 2005 in respect of the Initial Interest Period.

6.1.2 Interest in respect of any Interest Period or any other period will be calculated on the basis of the actual number of days elapsed and a 360 day year.

6.1.3 Interest shall cease to accrue on any part of the Principal Amount Outstanding of each Rated Note from (and including) the date of redemption of such part unless payment of principal due and payable but unpaid is improperly withheld or refused, whereupon interest shall continue to accrue on such principal (as well after as before judgement) at the rate from time to time applicable to the relevant Rated Note until the moneys in respect thereof have been received by the Representative of the Noteholders or the Principal Paying Agent on behalf of the relevant Rated Noteholders.

6.2 *Rate of Interest*

The rate of interest payable from time to time in respect of each Class of Rated Notes (the "**Rate of Interest**") will be determined by the Principal Paying Agent two Business Days prior to each Interest Payment Date (the "**Determination Date**") in respect of the Interest Period commencing on that date. In case of the Initial Interest Period, the Rate of Interest will be determined by the Principal Paying Agent two Business Days prior to the Issue Date.

The Rate of Interest applicable to each Class of Rated Notes for each Interest Period from the Issue Date shall be the aggregate of:

6.2.1 the Relevant Margin (as defined below); and

6.2.2 (i) prior to the delivery of a Trigger Notice, the Euro-Zone inter-bank offered rate for three month euro deposits which appears on Bloomberg Page EUR003M index in the menu BBAM 8 (except in respect of the Initial Interest Period, where an interpolated interest rate based on interest rates for two and three months deposits in euro which appears on Bloomberg Pages EUR002M index and EUR003M index respectively in the menu BBAM 8 will be substituted); or

(ii) following the delivery of a Trigger Notice, the Euro-Zone inter-bank offered rate for euro deposits applicable in respect of any period in respect of which interest on the Rated Notes is required to be determined which appears on a Bloomberg Page nominated and notified by the Representative of the Noteholders for such purpose or, if necessary, the relevant linear interpolation, as determined by the Representative of the Noteholders in accordance with the Intercreditor Agreement; or

(iii) in the case of (i) or (ii), the Euro-Zone inter-bank offered rate shall, if necessary, be determined by reference to such other screen as may replace the relevant Bloomberg Page on that service for the purpose of displaying such information; or

(iv) in the case of (i) or (ii), the Euro-Zone inter-bank offered rate shall, if necessary, be determined, if the Bloomberg service ceases to display such information, by reference to such page as displays such information on such equivalent service (or, if more than one, that one which is approved by the Representative of the Noteholders) as may replace the relevant Bloomberg Page,

(the "**Screen Rate**" or, in the case of the Initial Interest Period, the "**Additional Screen Rate**") at or about 11:00 a.m. (Brussels time) on the Determination Date; and

(v) if the Screen Rate (or, in the case of the Initial Interest Period, the Additional Screen Rate) is unavailable at such time for euro deposits for the relevant period, then the rate for any relevant period shall be:

- (1) the arithmetic mean (rounded to four decimal places with the mid-point rounded up) of the rates notified to the Principal Paying Agent at its request by each of the Reference Banks as the rate at which deposits in euro for the relevant period in a representative amount are offered by that Reference Bank to leading banks in the Euro-Zone inter-bank market at or about 11:00 a.m. (Brussels time) on the Determination Date; or
- (2) if only two or three of the Reference Banks provide such offered quotations to the Principal Paying Agent, the relevant rate shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations; or
- (3) if only one or none of the Reference Banks provides the Principal Paying Agent with such an offered quotation, the relevant rate shall be the rate in effect for the immediately preceding period to which one of the subparagraphs (i), (ii), (iii) or (iv) above shall have applied,

(the rate as so determined in accordance with this Rated Notes Condition 6.2.2 is referred to herein as "**Euribor**").

The "**Relevant Margin**" above the rate determined pursuant to Rated Notes Condition 6.2.2 is as follows:

- (a) in respect of the Class A Notes: a margin of 0.15 per cent per annum up to (and including) the Clean Up Option Date and thereafter 0.30 per cent per annum;
- (b) in respect of the Class B Notes: a margin of 0.38 per cent per annum up to (and including) the Clean Up Option Date and thereafter 0.76 per cent per annum; and
- (c) in respect of the Class C Notes: a margin of 0.58 per cent per annum up to (and including) the Clean Up Option Date and thereafter 1.16 per cent per annum.

There shall be no maximum or minimum Rate of Interest.

6.3 *Determination of the Rates of Interest and calculation of Interest Payments*

The Issuer shall, on each Determination Date, determine or cause the Principal Paying Agent to determine:

- 6.3.1 the Rate of Interest applicable to the Interest Period beginning after such Determination Date (or (i) in the case of the Initial Interest Period, beginning on and including the Issue Date; or (ii) after a Trigger Notice has been served, beginning on and including the Interest Payment Date immediately preceding the relevant Determination Date) in respect of the Class A Notes, the Class B Notes and the Class C Notes; and
- 6.3.2 the euro amount (the "**Interest Payment Amount**") payable on each Note of each Class of Rated Notes in respect of such Interest Period. The Interest

Payment Amount payable in respect of any Interest Period in respect of each Note of each Class of Rated Notes shall be calculated by applying the relevant Rate of Interest to the Principal Amount Outstanding of each Note of such Class of Rated Notes on the Interest Payment Date (or, in the case of the Initial Interest Period, the Issue Date), at the commencement of such Interest Period (after deducting therefrom any payment of principal due on that Interest Payment Date), multiplying the product of such calculation by the actual number of days in the Interest Period and dividing by 360, and rounding the resultant figure to the nearest cent (half a cent being rounded up).

6.4 *Publication of the Rate of Interest and the Interest Payment Amount*

The Issuer will cause the Rate of Interest applicable to each Class of Rated Notes and the Interest Payment Amount applicable to each Note of each Class of Rated Notes for each Interest Period and the Interest Payment Date in respect of such Interest Payment Amount to be notified promptly after determination to the Representative of the Noteholders, the Servicer, the Principal Paying Agent, the Luxembourg Paying Agent, the Swap Counterparty, Euroclear, Clearstream, the Corporate Servicer, the Calculation Agent and Monte Titoli and will cause the same to be published in accordance with Rated Notes Condition 15.1 (*Notices - Notices Given Through Monte Titoli*) on or as soon as possible after the relevant Determination Date.

6.5 *Amendments to publications*

The Rate of Interest and the Interest Payment Amount for each Class of Rated Notes and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the relevant Interest Period.

6.6 *Determination or calculation by the Representative of the Noteholders*

If the Issuer or the Principal Paying Agent, as the case may be, do not at any time for any reason determine the Rate of Interest in respect of any Class of Rated Notes and/or calculate the Interest Payment Amount for each Note of each Class of Rated Notes in accordance with the foregoing provisions of this Rated Notes Condition 6 (*Interest*), the Representative of the Noteholders shall:

6.6.1 determine the Rate of Interest for such Class of Rated Notes at such rate as (having regard to the procedure described above) it shall consider fair and reasonable in all the circumstances; and/or

6.6.2 calculate the Interest Payment Amount for each Note of such Class of Rated Notes in the manner specified in Rated Notes Condition 6.3 (*Determination of the Rates of Interest and calculation of Interest Payments*) above,

and any such determination and/or calculation shall be deemed to have been made by the Issuer.

6.7 *Notifications to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Rated Notes Condition 6 (*Interest*), whether by the Reference Banks (or any of them), the Principal Paying Agent, the Issuer or the Representative of the Noteholders shall (in the absence of wilful default, bad faith or manifest error) be binding on the Reference Banks, the Principal Paying Agent, the Luxembourg Paying Agent, the Calculation Agent, the Corporate Servicer, the Subordinated Loan Provider, the Custodian Bank, the Issuer, the Representative of the Noteholders and all Rated Noteholders and (in such absence as aforesaid) no liability to the Rated Noteholders shall attach to the Reference Banks, the Principal Paying Agent, the Issuer or the Representative of the Noteholders in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

6.8 *Reference Banks and Principal Paying Agent*

The Issuer shall ensure that, so long as any of the Rated Notes remains outstanding, there shall at all times be three Reference Banks and a Principal Paying Agent. In the event of any such banks being unable or unwilling to continue to act as a Reference Bank, the Issuer shall appoint such other bank as may have been previously approved in writing by the Representative of the Noteholders to act as such in its place.

6.9 *Unpaid Interest with respect to the Notes*

Unpaid interest due on the Rated Notes shall accrue no interest.

7. **REDEMPTION, PURCHASE AND CANCELLATION**

7.1 *Final redemption*

7.1.1 Unless previously redeemed in full as provided in this Rated Notes Condition 7 (*Redemption, purchase and cancellation*), the Issuer shall redeem the Notes of each Class of Rated Notes at their Principal Amount Outstanding on the Interest Payment Date falling in December 2028 (the "**Final Maturity Date**").

7.1.2 The Issuer may not redeem the Rated Notes in whole or in part prior to the Final Maturity Date except as provided below in Rated Notes Conditions 7.2 (*Optional redemption*), 7.3 (*Redemption for tax reasons*) or 7.4 (*Mandatory Redemption*), but without prejudice to Rated Notes Conditions 12 (*Trigger Events*) and 13 (*Enforcement*).

7.1.3 All Rated Notes will, immediately following the Final Maturity Date, be deemed to be discharged in full and any amount in respect of principal, interest or other amounts due and payable in respect of the Rated Notes will (unless payment of any such amounts is improperly withheld or refused) be finally and definitively cancelled.

7.2 *Optional redemption*

On any Interest Payment Date falling on or after the Clean Up Option Date, the Issuer may redeem the Rated Notes in whole (but not in part) at their Principal Amount Outstanding (plus any accrued but unpaid interest thereon), in accordance with the Priority of Payments, subject to the Issuer:

- 7.2.1 giving not less than 20 Business Days' prior written notice to the Representative of the Noteholders and to the Noteholders of its intention to redeem the Rated Notes; and
- 7.2.2 having delivered to the Representative of the Noteholders a certificate duly signed by the Issuer to the effect that it will have the necessary funds (free and clear of any security interest, lien, privilege, burden, encumbrance or other right of any third party) on such Interest Payment Date to discharge all of its outstanding liabilities in respect of the Rated Notes and of any other payment ranking higher or *pari passu* therewith in accordance with the Priority of Payments.

7.3 *Redemption for tax reasons*

If the Issuer at any time satisfies the Representative of the Noteholders immediately prior to the giving of the notice referred to below that on the next Interest Payment Date:

- 7.3.1 the Issuer would be required to deduct or withhold (other than in respect of a Decree 239 Deduction) from any payment of principal or interest on the Notes, any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political sub-division thereof or any authority thereof or therein; or
- 7.3.2 taxes, duties, assessments or governmental charges of whatever nature would be imposed on the Portfolio (including on amounts payable to the Issuer in respect of the Receivables) by the Republic of Italy or any political sub-division thereof or any authority thereof or therein,

then the Issuer may on any Interest Payment Date at its option, having given not more than 60 nor less than 30 days' notice to the Representative of the Noteholders in writing and to the Noteholders in accordance with Condition 15 (*Notices*) and having, prior to giving such notice, certified to the Representative of the Noteholders and produced evidence acceptable to the Representative of the Noteholders that the Issuer will have the necessary funds not subject to the interests of any other person to discharge all its outstanding liabilities in respect of the Rated Notes and any amounts required under the Intercreditor Agreement to be paid in priority to or *pari passu* with the Rated Notes, redeem all, but not some only, of the Rated Notes at their Principal Amount Outstanding together with accrued but unpaid interest up to and including the relevant Interest Payment Date.

7.4 *Mandatory Redemption*

- 7.4.1 The Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will be subject to mandatory redemption in full or in part on every Interest Payment Date falling during the Amortisation Period, in each case if on the Calculation Date prior to such Interest Payment Date there are sufficient Principal Available Funds, which may be applied for this purpose in accordance with the Priority of Payments set out in Condition 5 (*Priority of Payments*).
- 7.4.2 No such redemption may occur prior to the Interest Payment Date falling in March 2007.

7.5 *Note principal payments, redemption amounts and Principal Amount Outstanding*

- 7.5.1 On each Calculation Date, the Issuer shall procure the determination of the following, in accordance with the Cash Allocation, Management and Payment Agreement:
- (i) the amount of the Principal Available Funds (if any);
 - (ii) the principal payment (if any) due on the next following Interest Payment Date in respect of each Note of each Class of Rated Notes; and
 - (iii) the Principal Amount Outstanding of each of the Notes of each Class of Rated Notes on the next following Interest Payment Date (after deducting any principal payment due to be made on that Interest Payment Date).
- 7.5.2 The principal amount redeemable in respect of each Note of each Class of Rated Notes (the "**Principal Payment Amount**") on any Interest Payment Date shall be a *pro rata* share of the principal payment due in respect of such Class of Rated Notes, in accordance with the relevant Priority of Payments, on such date. The Principal Payment Amount is calculated by multiplying the Principal Available Funds available to make the principal payment in respect of a Class of Rated Notes, in accordance with the relevant Priority of Payments, on such date by a fraction, the numerator of which is the then Principal Amount Outstanding of each Note of such Class of Rated Notes and the denominator of which is the then Principal Amount Outstanding of all the Notes of the same Class of Rated Notes, and rounding down the resultant figures to the nearest cent, provided always that no such Principal Payment Amount may exceed the Principal Amount Outstanding of the relevant Rated Note.
- 7.5.3 Each determination by or on behalf of the Issuer of Principal Available Funds and of the Principal Payment Amount and the Principal Amount Outstanding in respect of any Rated Note shall in each case (in the absence of wilful default, bad faith or manifest error) be final and binding on all persons.
- 7.5.4 The Issuer will, on each Calculation Date, cause each determination of a Principal Payment Amount (if any) and Principal Amount Outstanding in respect of each Note of each Class of Rated Notes to be notified forthwith by the Calculation Agent through the delivery of the Payments Report or the

Trigger Event Report, as the case may be, to the Representative of the Noteholders, the Principal Paying Agent, the Corporate Servicer, the Servicer, the Luxembourg Paying Agent, and will cause notice of each determination of a Principal Payment Amount and Principal Amount Outstanding in respect of each Note of each Class of Rated Notes to be given in accordance with Rated Notes Condition 15.1 (*Notices - Notices Given Through Monte Titoli*). If no principal payment is going to be made on the Rated Notes on an Interest Payment Date falling after September 2008 and prior to the delivery of a Trigger Notice or a Purchase Termination Notice, a notice to this effect will be given by the Issuer to the Noteholders in accordance with Rated Notes Condition 15.1 (*Notices - Notices Given Through Monte Titoli*).

7.5.5 If no Principal Payment Amount or Principal Amount Outstanding is determined by or on behalf of the Issuer in accordance with the preceding provisions of this paragraph, such Principal Payment Amount and Principal Amount Outstanding shall be determined (or caused to be determined) by the Representative of the Noteholders in accordance with this Rated Notes Condition and each such determination or calculation shall be deemed to have been made by the Issuer.

7.6 *No purchase by Issuer*

The Issuer is not permitted to purchase any of the Notes at any time.

8. **LIMITED RECOURSE AND NON PETITION**

8.1 *Noteholders not entitled to proceed directly against Issuer*

Only the Representative of the Noteholders may pursue the remedies available under the general law or under the Transaction Documents to obtain payment of the Obligations or enforce the Security and no Noteholder shall be entitled to proceed directly against the Issuer to obtain payment of the Obligations or to enforce the Security. In particular:

8.1.1 no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders, where appropriate) is entitled, otherwise than as permitted by the Transaction Documents, to direct the Representative of the Noteholders to enforce the Security or take any proceedings against the Issuer to enforce the Security;

8.1.2 no Noteholder (other than the Representative of the Noteholders) shall save as expressly permitted by the Transaction Documents have the right to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer;

8.1.3 until the date falling one year and one day after the later of the Final Maturity Date and the date on which the Previous Notes and any other notes issued in the context of any further securitisations have been redeemed in full or cancelled in accordance with their terms and conditions, no Noteholder nor any person on its behalf shall initiate or join any person in initiating an Insolvency Event in relation to the Issuer; and

8.1.4 no Noteholder shall be entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step which would result in the Priority of Payments not being complied with.

8.2 *Limited recourse obligations of Issuer*

Notwithstanding any other provision of the Transaction Documents, all obligations of the Issuer to the Noteholders are limited in recourse as set out below:

8.2.1 each Noteholder will have a claim only in respect of the Issuer Available Funds and at all times only in accordance with the Priority of Payments and will not have any claim, by operation of law or otherwise, against, or recourse to, the Issuer's other assets or its contributed capital;

8.2.2 sums payable to each Noteholder in respect of the Issuer's obligations to such Noteholder shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such Noteholder; and (b) the Issuer Available Funds, net of any sums which are payable by the Issuer in accordance with the Priority of Payments in priority to or *pari passu* with sums payable to such Noteholder; and

8.2.3 if the Servicer has certified to the Representative of the Noteholders that there is no reasonable likelihood of there being any further realisations in respect of the Portfolio or the Security (whether arising from an enforcement of the Security or otherwise) which would be available to pay unpaid amounts outstanding under the Transaction Documents and the Representative of the Noteholders has given notice in accordance with Condition 15 (*Notices*) that there is no reasonable likelihood of there being any further realisations in respect of the Portfolio or the Security (whether arising from judicial enforcement proceedings, enforcement of the Security or otherwise) which would be available to pay amounts outstanding under the Transaction Documents, the Noteholders shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be cancelled and discharged in full.

9. **PAYMENTS**

9.1.1 Payment of interest and Remuneration and repayment of principal in respect of the Notes will be credited, according to the instructions of Monte Titoli, by the Principal Paying Agent on behalf of the Issuer to the accounts of those banks and authorised brokers whose accounts with Monte Titoli are credited with those Notes and thereafter credited by such banks and authorised brokers from such aforementioned accounts to the accounts of the beneficial owners of those Notes or through Euroclear Bank S.A./N.V. as operator of the Euroclear system ("**Euroclear**") and Clearstream Banking S.A. (*Société Anonyme*) ("**Clearstream, Luxembourg**") to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Monte Titoli, Euroclear or Clearstream, Luxembourg, as the case may be.

9.1.2 Payment of interest and Remuneration and repayment of principal in respect of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto.

9.1.3 The Issuer reserves the right, subject to the prior written approval of the Representative of the Noteholders, at any time to vary or terminate the appointment of any of the Principal Paying Agent or the Luxembourg Paying Agent and to appoint additional or other paying agents provided that (so long as the Rated Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require) the Issuer will at all times maintain a Luxembourg Paying Agent with a specified office in Luxembourg. The Principal Paying Agent may not resign until a successor approved in writing by the Representative of the Noteholders has been appointed. The Issuer will cause at least 10 (ten) days' notice of any change in or addition to any of the Principal Paying Agent or the Luxembourg Paying Agent or their specified offices to be given in accordance with Rated Notes Condition 15 (*Notices*).

10. TAXATION

10.1.1 All payments in respect of Notes will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatsoever nature other than a Decree 239 Deduction or any other withholding or deduction required to be made by applicable law. The Issuer shall not be obliged to pay any additional amount to any holder of Notes on account of such withholding or deduction.

10.1.2 Notwithstanding that the Representative of the Noteholders, the Issuer or the Principal Paying Agent are required to make any withholding or deduction on payments made in respect of the Notes, this shall not constitute a Trigger Event.

11. PRESCRIPTION

Claims against the Issuer for payments in respect of the Rated Notes shall be prescribed and shall become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the due date thereof.

12. TRIGGER EVENTS

If any of the following events (each a "**Trigger Event**") occurs:

12.1 *Non-payment:*

the Issuer defaults in the payment of:

12.1.1 the amount of interest and/or principal due and payable on the Most Senior Class of Rated Notes (other than, in the case of the Class B Notes and the Class C Notes, upon occurrence of a Class B Trigger Event or a Class C Trigger Event respectively) and such default is not remedied within a period of three Business Days from the due date thereof; or

12.1.2 any amount due and payable to the Other Issuer Creditors under item *Second* of the Interest Priority of Payments and such default is not remedied within a period of three Business Days from the due date thereof; or

12.2 *Breach of other obligations:*

the Issuer defaults in the performance or observance of any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party (other than any obligation for the payment of principal or interest on the Notes) and (except where, in the opinion of the Representative of the Noteholders, such default is not capable of remedy in which case no notice requiring remedy will be required) such default remains unremedied for 30 days after the Representative of the Noteholders has given written notice thereof to the Issuer requiring the same to be remedied; or

12.3 *Insolvency of the Issuer:*

an Insolvency Event occurs with respect to the Issuer; or

12.4 *Unlawfulness:*

it is or will become unlawful (in any respect deemed to be material and incapable of being remedied in the opinion of the Representative of the Noteholders) for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party;

then the Representative of the Noteholders,

- (1) in the case of a Trigger Event under Condition 12.1.1, shall; and
- (2) in the case of a Trigger Event under items 12.1.2, 12.2, 12.3 or 12.4 above may or, if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding, shall

serve a Trigger Notice on the Issuer, following which all payments of principal, interest, Remuneration and other amounts due in respect of the Notes shall be made according to the order of priority set out in Condition 5.2 (*Priority of Payments - Trigger Event Priority of Payments*).

13. **ENFORCEMENT**

13.1.1 At any time after the Notes have become due and repayable, the Representative of the Noteholders may, at its discretion and without further notice, take such steps and/or institute such proceedings against the Issuer as it may think fit to enforce repayment of the Notes and payment of accrued interest thereon, but it shall not be bound to take any such proceedings or steps unless requested or authorised by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding.

13.1.2 Following the service of a Trigger Notice the Representative of the Noteholders shall direct the Issuer to sell the Portfolio or a substantial part thereof only if so requested by an Extraordinary Resolution of the holders of the Most Senior

Class of Notes then outstanding, strictly in accordance with the instructions approved thereby.

- 13.1.3 All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of Rated Notes Condition 12 (*Trigger Events*) or this Rated Notes Condition 13 by the Representative of the Noteholders shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer and all Noteholders and (in such absence as aforesaid) no liability to the Noteholders or the Issuer shall attach to the Representative of the Noteholders in connection with the exercise or non-exercise by it of its powers, duties and discretions hereunder.

14. **THE REPRESENTATIVE OF THE NOTEHOLDERS**

14.1 *The Organisation of the Noteholders*

The Organisation of the Noteholders shall be established upon and by virtue of the issuance of the Notes and shall remain in force and in effect until repayment in full or cancellation of the Notes.

14.2 *Appointment of the Representative of the Noteholders*

Pursuant to the Rules of the Organisation of the Noteholders (attached hereto as Exhibit), for as long as any Note is outstanding, there shall at all times be a Representative of the Noteholders. The appointment of the Representative of the Noteholders, as legal representative of the Organisation of the Noteholders, is made by the Noteholders subject to and in accordance with the Rules of the Organisation of the Noteholders, except for the initial Representative of the Noteholders appointed at the time of issue of the Notes, who is appointed by the Joint Lead Managers and Locafit, respectively, in the Senior Notes Subscription Agreement and in the Mezzanine and Class D Notes Subscription Agreement. Each Noteholder is deemed to accept such appointment.

15. **NOTICES**

15.1 *Notices Given Through Monte Titoli*

Any notice regarding the Rated Notes, as long as the Rated Notes are held through Monte Titoli, shall be deemed to have been duly given if given through the systems of Monte Titoli.

15.2 *Notices in Newspapers*

As long as the Rated Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, any notice to the Rated Noteholders shall also be published in "Il Sole 24 Ore" and in a leading daily newspaper having general circulation in Luxembourg (which is expected to be the "d'Wort"). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made in the manner required in one of the newspapers referred to above.

15.3 *Other Method of Giving Notice*

The Representative of the Noteholders shall be at liberty to sanction some other method of giving notice to Noteholders (or to the Noteholders of any Class) if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the rules of the stock exchange on which the Rated Notes are then listed and provided that notice of such other method is given to the holders of the Notes in such manner as the Representative of the Noteholders shall require.

16. **GOVERNING LAW**

These Notes are governed by Italian law.

All the Transaction Documents, save for the Deed of Charge and the Swap Agreement, are governed by Italian law. The Deed of Charge and the Swap Agreement are governed by English law.

The Courts of Milan are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with these Notes.

EXHIBIT TO THE TERMS AND CONDITIONS OF THE RATED NOTES

RULES OF THE ORGANISATION OF NOTEHOLDERS

TITLE I

GENERAL PROVISIONS

1. GENERAL

- 1.1 The Organisation of the Noteholders is created concurrently with the issue of and subscription for the €20,350,000 Series 2 Class A Asset Backed Floating Rate Notes due December 2028 (the "**Class A Notes**"), the €60,350,000 Series 2 Class B Asset Backed Floating Rate Notes due December 2028 (the "**Class B Notes**"), the €25,150,000 Series 2 Class C Asset Backed Floating Rate Notes due December 2028 (the "**Class C Notes**") and the €12,622,000 Series 2 Class D Asset Backed Variable Return Notes due December 2028 (the "**Class D Notes**"), issued by Vela Lease S.r.l. and is governed by these Rules of the Organisation of the Noteholders ("**Rules**").
- 1.2 These Rules shall remain in force and effect until full repayment or cancellation of all the Notes.
- 1.3 The contents of these Rules are deemed to be an integral part of each Note issued by the Issuer.

2. DEFINITIONS AND INTERPRETATION

2.1 Definitions

In these Rules, the terms below shall have the following meanings:

"**Basic Terms Modification**" means any proposed modification which results in:

- (a) a change in any date fixed for the payment of principal, interest or Remuneration in respect of the Notes of any Class (including, for the avoidance of doubt, the Final Maturity Date);
- (b) the reduction or cancellation of the amount of principal, interest or Remuneration due on any date in respect of the Notes of any Class or any alteration in the method of calculating the amount of any payment in respect of the Notes of any Class on redemption or maturity;
- (c) a change in the majority required to pass any resolution or the quorum required at any Meeting;
- (d) a change in the currency in which payments are due in respect of any Class of Notes;
- (e) an alteration of the priority of payments of interest or principal in respect of any of the Notes;
- (f) the exchange, conversion or substitution of the Notes of any Class for, or the conversion of such Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate, formed or to be formed; or
- (g) a change to this definition;

"**Blocked Notes**" means Notes which have been blocked in an account with a clearing system for the purpose of obtaining a Block Voting Instruction or a Voting Certificate on terms that they will not be released until after the conclusion of the Meeting in respect of which the Block Vote Instruction or Voting Certificate is required;

"**Blocking Voting Instruction**" means in relation to a Meeting, a document issued by the Principal Paying Agent:

- (a) certifying that specified Notes have been blocked in an account with a Monte Titoli Account Holder and will not be released until a specified date which falls after the conclusion of the Meeting;
- (b) certifying that the Holder of the relevant Blocked Notes or a duly authorised person on its behalf has notified the Principal Paying Agent that the votes attributable to such Notes are to be cast in a particular way on each resolution to be put to the Meeting and that during the period of 48 hours before the time fixed for the Meeting such instructions may not be amended or revoked;

- (c) listing the total number of such specified Blocked Notes, distinguishing between those in respect of which instructions have been given to vote for, and against, each resolution; and
- (d) authorising a named individual to vote in accordance with such instructions;

"**Chairman**" means, in relation to any Meeting, the person who takes the chair in accordance with Article 8;

"**Class**" shall be a reference to a class of Notes being the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes and "**Classes**" shall be construed accordingly;

"**Extraordinary Resolution**" means a resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules by a majority of not less than three quarters of the votes cast;

"**Holder**" in respect of a Note means the beneficial owner of such Note;

"**Meeting**" means a meeting of Noteholders of any Class or Classes (whether originally convened or resumed following an adjournment);

"**Monte Titoli Account Holder**" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli and includes any depository banks appointed by Euroclear and Clearstream.

"**Ordinary Resolution**" means any resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules by a majority of more than 50% of the votes cast;

"**Proxy**" means a person appointed to vote under a Block Voting Instruction other than:

- (a) any person whose appointment has been revoked and in relation to whom the Principal Paying Agent, has been notified in writing of such revocation by the time which is 48 hours before the time fixed for the relevant Meeting; and
- (b) any person appointed to vote at a Meeting which has been adjourned for want of a quorum and who has not been reappointed to vote at the Meeting when it is resumed;

"**Resolutions**" means the Ordinary Resolutions and the Extraordinary Resolutions, collectively;

"**Specified Office**" means in relation to the Principal Paying Agent:

- (a) the office specified against its name in Clause 23.3 (*Addresses*) of the Cash Allocation, Management and Payment Agreement; or
- (b) such other office as the Principal Paying Agent may specify in accordance with Clause 18.10 (*Change In Specified Offices*) of the Cash Allocation, Management and Payment Agreement;

"**Voter**" means, in relation to a Meeting, the bearer of a Voting Certificate or a Proxy;

"**Voting Certificate**" means, in relation to any Meeting, a certificate issued by a Monte Titoli Account Holder stating that specified Notes have been blocked in an account with the Monte Titoli Account Holder and will not be released until a specified date which falls after the conclusion of the Meeting;

"**Written Resolution**" means a resolution in writing signed by or on behalf of all Noteholders of the relevant Class or Classes who at any relevant time are entitled to participate in a Meeting in accordance with the provisions of these Rules, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more of such Noteholders;

"**24 hours**" means a period of 24 hours including all or part of a day on which banks are open for business both in the place where any relevant Meeting is to be held and in the place where the Principal Paying Agent has its specified office;

"**48 hours**" means 2 consecutive periods of 24 hours.

Unless otherwise provided in these Rules, or the context requires otherwise, words and expressions used in these Rules shall have the meanings and the constructions ascribed to them in the Rated Notes Conditions.

2.2 Interpretation

Any reference herein to an "**Article**" shall be a reference to an article of these Rules of the Organisation of the Noteholders.

A "**successor**" of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under any Transaction Document or to which, under such laws, such rights and obligations have been transferred.

Any reference to any party to any Transaction Documents shall be construed so as to include its and any subsequent successors and transferees in accordance with their respective interests.

3. PURPOSE OF THE ORGANISATION

3.1 Each Noteholder is a member of the Organisation of the Noteholders.

3.2 The purpose of the Organisation of the Noteholders is to co-ordinate the exercise of the rights of the Noteholders and, more generally, to take any action necessary or desirable to protect the interest of the Noteholders.

TITLE II

MEETINGS OF THE NOTEHOLDERS

4. VOTING CERTIFICATES AND BLOCK VOTING INSTRUCTIONS

4.1 A Holder of Notes may obtain a Voting Certificate from a Monte Titoli Account Holder or require the Principal Paying Agent to issue a Block Voting Instruction by arranging for such Notes to be blocked in an account with a Monte Titoli Account Holder not later than 24 hours before the time fixed for the relevant Meeting. Noteholders may obtain such evidence by requesting their Monte Titoli Account Holders to release a certificate in accordance with CONSOB Resolution number 11768 of 23 December 1998, as amended.

4.2 A Voting Certificate or Block Voting Instruction shall be valid until the release of the Blocked Notes to which it relates.

4.3 So long as a Voting Certificate or Block Voting Instruction is valid, the bearer thereof (in the case of a Voting Certificate) and any Proxy named therein (in the case of a Block Voting Instruction) shall be deemed to be the Holder of the Notes to which it relates for all purposes in connection with the Meeting to which such Voting Certificate or Block Voting Instruction relates.

4.4 A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Note.

5. VALIDITY OF BLOCK VOTING INSTRUCTIONS

A Block Voting Instruction shall be valid only if it is deposited at the specified office of the Principal Paying Agent, or at any other place approved by the Representative of the Noteholders, at least 24 hours before the time of the relevant Meeting. If a Block Voting Instruction is not deposited before such deadline, it shall not be valid unless the Chairman decides otherwise before the Meeting proceeds to business. If the Representative of the Noteholders so requires, a notarially certified copy of each Block Voting Instruction and satisfactory evidence of the identity of each Proxy named therein shall be produced at the Meeting but the Representative of the Noteholders shall not be obliged to investigate the validity of a Block Voting Instruction or the identity of any Proxy.

6. CONVENING A MEETING

6.1 Convening a meeting

The Representative of the Noteholders or the Issuer may convene separate or combined Meetings of the Noteholders of any Class or Classes at any time and the Representative of the Noteholders shall be obliged to do so upon the request in writing by Noteholders representing at least one-tenth of the aggregate Principal Amount Outstanding of the outstanding Notes or of the outstanding Notes of the relevant Class.

6.2 Meetings convened by Issuer

Whenever the Issuer is about to convene a Meeting, it shall immediately give notice in writing to the Representative of the Noteholders specifying the proposed day, time and place of the Meeting, and the items to be included in the agenda.

6.3 **Time and place of Meetings**

Every Meeting will be held on a date and at a time and place selected or approved by the Representative of the Noteholders.

7. **NOTICE**

7.1 **Notice of meeting**

At least 21 days' notice (exclusive of the day notice is delivered and of the day on which the relevant Meeting is to be held), specifying the day, time and place of the Meeting, must be given to the relevant Noteholders and the Principal Paying Agent, with a copy to the Issuer, where the Meeting is convened by the Representative of the Noteholders, or with a copy to the Representative of the Noteholders, where the Meeting is convened by the Issuer.

7.2 **Content of notice**

The notice shall set out the full text of any resolution to be proposed at the Meeting unless the Representative of the Noteholders agrees that the notice shall instead specify the nature of the resolution without including the full text and shall state that for the purpose of obtaining Voting Certificates or appointing Proxies, Notes must (to the satisfaction of the Principal Paying Agent) be held to the order of or placed under the control of the Principal Paying Agent or blocked in an account with a clearing system not later than 48 hours before the relevant Meeting.

7.3 **Validity notwithstanding lack of notice**

A Meeting is valid notwithstanding that the formalities required by this Article 7 are not complied with if the Holders of the Notes constituting the Principal Amount Outstanding of all outstanding Notes, the Holders of which are entitled to attend and vote are represented at such Meeting and the Issuer and the Representative of the Noteholders are present.

8. **CHAIRMAN OF THE MEETING**

8.1 **Appointment of Chairman**

An individual (who may, but need not be, a Noteholder), nominated by the Representative of the Noteholders may take the Chair at any Meeting, but if:

- (a) the Representative of the Noteholders fails to make a nomination; or
- (b) the individual nominated declines to act or is not present within 15 minutes after the time fixed for the Meeting,

the Meeting shall be chaired by the person elected by the majority of the Voters present, failing which, the Issuer shall appoint a Chairman. The Chairman of an adjourned Meeting need not be the same person as was Chairman at the original Meeting.

8.2 **Duties of Chairman**

The Chairman ascertains that the Meeting has been duly convened and validly constituted, manages the business of the Meeting, monitors the fairness of proceedings, leads and moderates the debate, and defines the terms for voting.

8.3 **Assistance to Chairman**

The Chairman may be assisted by outside experts or technical consultants, specifically invited to assist in any given matter, and may appoint one or more vote-counters, who are not required to be Noteholders.

9. **QUORUM**

9.1 The quorum at any meeting convened to vote on:

- 9.1.1 an Ordinary Resolution, relating to a meeting of a particular Class or Classes of Notes, will be two or more persons holding or representing at least 50 per cent of the Principal Amount Outstanding of the Notes then outstanding in that Class or those Classes, or at an adjourned meeting, two or more persons being or representing Noteholders of that Class or those Classes

whatever the Principal Amount Outstanding of the Notes then outstanding so held or represented in such Class or Classes;

9.1.2 an Extraordinary Resolution, other than regarding a Basic Terms Modification, relating to a meeting of a particular Class or Classes of Notes, will be two or more persons holding or representing at least 50 per cent of the Principal Amount Outstanding of the Notes then outstanding in that Class or those Classes, or at an adjourned meeting, two or more persons being or representing Noteholders of that Class or those Classes whatever the Principal Amount Outstanding of the Notes then outstanding so held or represented in such Class or Classes;

9.1.3 an Extraordinary Resolution, relating to a Basic Terms Modification, relating to a meeting of a particular Class or Classes of Notes, will be two or more persons holding or representing at least 75 per cent of the Principal Amount Outstanding of the Notes then outstanding in that Class or those Classes, or at an adjourned meeting, two or more persons being or representing Noteholders of that Class or those Classes whatever the Principal Amount Outstanding of the Notes then outstanding so held or represented in such Class or Classes.

10. **ADJOURNMENT FOR WANT OF QUORUM**

If a quorum is not present within 15 minutes after the time fixed for any Meeting:

10.1 if such Meeting was requested by Noteholders, the Meeting shall be dissolved; and

10.2 in any other case, the Meeting (unless the Issuer and the Representative of the Noteholders otherwise agree) shall, subject to paragraphs 10.2.1 and 10.2.2 below, be adjourned to a new date no earlier than 14 days and no later than 42 days after the original date of such Meeting, and to such place as the Chairman determines with the approval of the Representative of the Noteholders provided that:

10.2.1 no meeting may be adjourned more than once for want of a quorum; and

10.2.2 the Meeting shall be dissolved if the Issuer and the Representative of the Noteholders together so decide.

11. **ADJOURNED MEETING**

Except as provided in Article 10 (*Adjournment for want of a quorum*), the Chairman may, with the prior consent of any Meeting, and shall if so directed by any Meeting, adjourn such Meeting to another time and place. No business shall be transacted at any adjourned meeting except business which might have been transacted at the Meeting from which the adjournment took place.

12. **NOTICE FOLLOWING ADJOURNMENT**

12.1 **Notice required**

Article 7 (*Notice*) shall apply to any Meeting which is to be resumed after adjournment for lack of a quorum except that:

(a) 10-days' notice (exclusive of the day on which the notice is delivered and of the day on which the Meeting is to be resumed) shall be sufficient; and

(b) the notice shall specifically set out the quorum requirements which will apply when the Meeting resumes.

12.2 **Notice not required**

It shall not be necessary to give notice of resumption of any Meeting adjourned for reasons other than those described in Article 10 (*Adjournment for want of a quorum*).

13. **PARTICIPATION**

The following categories of persons may attend and speak at a Meeting:

13.1 Voters;

13.2 the directors and the auditors of the Issuer;

13.3 representatives of the Representative of the Noteholders;

- 13.4 financial advisers to the Issuer and the Representative of the Noteholders;
- 13.5 legal advisers to the Issuer and the Representative of the Noteholders;
- 13.6 any other person authorised by virtue of a resolution of such Meeting or by the Representative of the Noteholders.

14. **VOTING BY SHOW OF HANDS**

- 14.1 Every question submitted to a Meeting shall be decided in the first instance by a vote by a show of hands.
- 14.2 Unless a poll is validly demanded before or at the time that the result is declared, the Chairman's declaration that on a show of hands a resolution has been passed or passed by a particular majority or rejected, or rejected by a particular majority, shall be conclusive without proof of the number of votes cast for, or against, the resolution.

15. **VOTING BY POLL**

15.1 **Demand for a poll**

A demand for a poll shall be valid if it is made by the Chairman, the Issuer, the Representative of the Noteholders or one or more Voters representing or holding not less than one-fiftieth of the Principal Amount Outstanding of the outstanding Notes entitled to vote at the Meeting. A poll may be taken immediately or after such adjournment as is decided by the Chairman but any poll demanded on the election of a Chairman or on any question of adjournment shall be taken immediately. A valid demand for a poll shall not prevent the continuation of the relevant Meeting for any other business.

15.2 **The Chairman and a poll**

The Chairman sets the conditions for the voting, including for counting and calculating the votes, and may set a time limit by which all votes must be cast. Any vote which is not cast in compliance with the terms specified by the Chairman shall be null. After voting ends, the votes shall be counted and after the counting the Chairman shall announce to the Meeting the outcome of the vote.

16. **VOTES**

16.1 **Voting**

Each Voter shall have:

- 16.1.1 on a show of hands, one vote; and
- 16.1.2 on a poll, one vote for each €1,000 in respect of the Notes in aggregate face amount of outstanding Notes represented or held by the Voter.

16.2 **Block Voting Instruction**

Unless the terms of any Block Voting Instruction state otherwise, a Voter shall not be obliged to exercise all the votes to which such Voter is entitled or to cast all the votes he exercises the same way.

16.3 **Voting tie**

In the case of a voting tie, the Chairman shall have the casting vote.

17. **VOTING BY PROXY**

17.1 **Validity**

Any vote by a Proxy in accordance with the relevant Block Voting Instruction shall be valid even if such Block Voting Instruction or any instruction pursuant to which it has been given had been amended or revoked provided that the Principal Paying Agent, has not been notified in writing of such amendment or revocation at least 24 hours prior to the time set for the relevant Meeting.

17.2 **Adjournment**

Unless revoked, the appointment of a Proxy under a Block Voting Instruction in relation to a Meeting shall remain in force in relation to any resumption of such Meeting following an adjournment save that no such appointment of a Proxy in relation to a meeting originally convened which has been adjourned for want of a

quorum shall remain in force in relation to such meeting when it is resumed. Any person appointed to vote at such Meeting must be re-appointed under a Block Voting Instruction or Voting Certificate to vote at the Meeting when it is resumed.

18. **ORDINARY RESOLUTIONS**

18.1 **Powers exercisable by Ordinary Resolution**

Subject to Article 19, a Meeting shall have the following powers exercisable by Ordinary Resolution, to:

- 18.1.1 grant any authority, order or sanction which, under the provisions of these Rules or of the Conditions, is required to be the subject of an Ordinary Resolution or required to be the subject of a resolution or determined by a Meeting and not required to be the subject of an Extraordinary Resolution; and
- 18.1.2 to authorise the Representative of the Noteholders or any other person to execute all documents and do all things necessary to give effect to any Ordinary Resolution.

18.2 **Ordinary Resolution of a Single Class**

No Ordinary Resolution of any Class of Notes shall be effective unless it is sanctioned by an Ordinary Resolution of the Holders of each of the other Classes of Notes ranking senior to such Class (to the extent that there are Notes outstanding ranking senior to such Class).

19. **EXTRAORDINARY RESOLUTIONS**

19.1 A Meeting, in addition to any powers assigned to it in the Rated Notes Conditions or the Class D Notes Conditions, shall have power exercisable by Extraordinary Resolution to:

- 19.1.1 approve any Basic Terms Modification;
- 19.1.2 approve any proposal by the Issuer or the Representative of the Noteholders for any alteration or waiver of the rights of the Noteholders against the Issuer;
- 19.1.3 approve any scheme or proposal related to the mandatory exchange or substitution of any of the Class of Notes;
- 19.1.4 approve any amendments to the provisions of these Rules, of the Rated Notes Conditions, of the Class D Notes Conditions or of the provisions of the Intercreditor Agreement, the Cash Allocation, Management and Payment Agreement, or any other Transaction Document which shall be proposed by the Issuer, the Representative of the Noteholders and/or any other party thereto;
- 19.1.5 in accordance with Article 28, appoint and remove the Representative of the Noteholders;
- 19.1.6 authorise the Representative of the Noteholders to issue a Trigger Notice as a result of a Trigger Event pursuant to Condition 12 of the Rated Notes Conditions or Condition 12 of the Class D Notes Conditions;
- 19.1.7 discharge or exonerate, including retrospectively, the Representative of the Noteholders from any liability in relation to any act or omission for which the Representative of the Noteholders has or may become liable pursuant or in relation to these Rules, the Rated Notes Conditions, the Class D Notes Conditions or any other Transaction Document;
- 19.1.8 grant any authority, order or sanction which, under the provisions of these Rules or of the Conditions of any Class of Notes, must be granted by an Extraordinary Resolution;
- 19.1.9 authorise and ratify the actions of the Representative of the Noteholders in compliance with these Rules, the Intercreditor Agreement and any other Transaction Document;
- 19.1.10 authorise the Representative of the Noteholders or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution.

19.2 **Basic Terms Modification**

No Extraordinary Resolution involving a Basic Terms Modification that is passed by the Holders of one Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the Holders of each of the other Classes of Notes then outstanding.

19.3 **Extraordinary Resolution of a Single Class**

No Extraordinary Resolution to approve any matter other than Basic Terms Modification of any Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the Holders of each of the other Classes of Notes ranking senior to such Class (to the extent that there are Notes outstanding ranking senior to such Class), unless the Representative of the Noteholders considers that none of the Holders of each of the other Classes of Notes ranking senior to such Class would be materially prejudiced by the absence of such sanction. For the purposes of this Article 19.3 (*Extraordinary Resolution of a Single Class*), Class A Notes rank senior to Class B Notes which rank senior to Class C Notes which rank senior to Class D Notes.

20. **EFFECT OF RESOLUTIONS**

20.1 **Binding Nature**

Subject to Article 19.2 (*Basic Terms Modification*) and Article 19.3 (*Extraordinary Resolution of a Single Class*) which take priority over the following, any resolution passed at a Meeting of the Noteholders of one or more Classes of Notes duly convened and held in accordance with these Rules shall be binding upon all Noteholders of such Class or Classes, whether or not present at such Meeting and or not voting and:

- (a) any resolution passed at a meeting of the Class A Noteholders duly convened and held as aforesaid shall also be binding upon all the Class B Noteholders, the Class C Noteholders and the Class D Noteholders; and
- (b) any resolution passed at a meeting of the Class B Noteholders duly convened and held as aforesaid shall also be binding upon all the Class C Noteholders and the Class D Noteholders;
- (c) any resolution passed at a meeting of the Class C Noteholders duly convened and held as aforesaid shall also be binding upon all the Class D Noteholders; and

in each case, all of the relevant Classes of Noteholders shall be bound to give effect to any such resolutions accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof.

20.2 **Notice of Voting Results**

Notice of the results of every vote on a resolution duly considered by Noteholders shall be published (at the cost of the Issuer) in accordance with the Conditions and given to the Paying Agents (with a copy to the Issuer and the Representative of the Noteholders within 14 days of the conclusion of each Meeting).

21. **CHALLENGE TO RESOLUTIONS**

Any absent or dissenting Noteholder has the right to challenge Resolutions which are not passed in compliance with the provisions of these Rules.

22. **MINUTES**

Minutes shall be made of all resolutions and proceedings of each Meeting. The Minutes shall be signed by the Chairman and shall be *prima facie* evidence of the proceedings therein recorded. Unless and until the contrary is proved, every Meeting in respect of which minutes have been signed by the Chairman shall be regarded as having been duly convened and held and all resolutions passed or proceedings transacted shall be regarded as having been duly passed and transacted.

23. **WRITTEN RESOLUTION**

A Written Resolution shall take effect as if it were an Extraordinary Resolution or in respect of matters required to be determined by Ordinary Resolution, as an Ordinary Resolution.

24. **JOINT MEETINGS**

Subject to the provisions of these Rules, the Rated Notes Conditions and the Class D Notes Conditions, joint meetings of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders may be held to consider the same Ordinary Resolution and/or, as the case may be, the same Extraordinary Resolution and the provisions of these Rules shall apply *mutatis mutandis* thereto.

25. SEPARATE AND COMBINED MEETINGS OF NOTEHOLDERS

- 25.1 The following provisions shall apply in respect of Meetings where outstanding Notes belong to more than one Class:
- 25.1.1 business which, in the opinion of the Representative of the Noteholders, affects only one Class of Notes shall be transacted at a separate Meeting of the Noteholders of such Class;
 - 25.1.2 business which, in the opinion of the Representative of the Noteholders, affects more than one Class of Notes but does not give rise to an actual or potential conflict of interest between the Noteholders of one Class of Notes and the Noteholders of any other Class of Notes shall be transacted either at separate Meetings of the Noteholders of each such Class of Notes or at a single Meeting of the Noteholders of all such Classes of Notes as the Representative of the Noteholders shall determine in its absolute discretion; and
 - 25.1.3 business which, in the opinion of the Representative of the Noteholders, affects the Noteholders of more than one Class of Notes and gives rise to an actual or potential conflict of interest between the Noteholders of one such Class of Notes and the Noteholders of any other Class of Notes shall be transacted at separate meetings of the Noteholders of each such Class.

26. INDIVIDUAL ACTIONS AND REMEDIES

- 26.1 The right, if any, of each Noteholder to bring individual actions or use other individual remedies to enforce his/her rights under the Notes shall be subject to a Meeting not passing a resolution objecting to such individual action or other remedy on the grounds that it is not convenient at the time when the Meeting is held having regard to the interests of the Noteholders. In this respect, the following provisions shall apply:
- 26.1.1 the Noteholder intending to enforce his/her rights under the Notes will notify the Representative of the Noteholders of his/her intention;
 - 26.1.2 the Representative of the Noteholders will, without delay, call a Meeting in accordance with these Rules;
 - 26.1.3 if the Meeting passes a resolution objecting to the enforcement of the individual action or remedy, the Noteholder will be prevented from taking such action or remedy (without prejudice to the fact that after a reasonable period of time, the same matter may be resubmitted for review of another Meeting); and
 - 26.1.4 if the Meeting of Noteholders does not object to an individual action or remedy, the Noteholder will not be prohibited from taking such individual action or remedy.
- 26.2 No Noteholder will be allowed to take any individual action or remedy to enforce his/her rights under the Notes unless a Meeting of Noteholders has been held to resolve on such action or remedy in accordance with the provisions of this Article.

27. FURTHER REGULATIONS

Subject to all other provisions contained in these Rules, the Representative of the Noteholders may, without the consent of the Issuer, prescribe such further regulations regarding the holding of Meetings and attendance and voting at them and/or the provisions of a Written Resolution as the Representative of the Noteholders in its sole discretion may decide.

TITLE III

THE REPRESENTATIVE OF THE NOTEHOLDERS

28. APPOINTMENT, REMOVAL AND REMUNERATION

28.1 Appointment

The appointment of the Representative of the Noteholders takes place by Extraordinary Resolution of the Most Senior Class of Noteholders in accordance with the provisions of this Article 28, except for the appointment of the first Representative of the Noteholders which will be Securitisation Services S.p.A.

28.2 Identity of Representative of the Noteholders

The Representative of the Noteholders shall be:

- 28.2.1 a bank incorporated in any jurisdiction of the European Union, or a bank incorporated in any other jurisdiction acting through an Italian branch; or
- 28.2.2 a company or financial institution enrolled with the register held by the Bank of Italy pursuant to Article 107 of Italian Legislative Decree No. 385 of 1993; or
- 28.2.3 any other entity which is not prohibited from acting in the capacity of Representative of the Noteholders pursuant to the law.

The Directors and auditors of the Issuer and those who fall within the conditions set out in Article 2399 of the Italian Civil Code cannot be appointed as Representative of the Noteholders, and if appointed as such they shall be automatically removed.

28.3 **Duration of appointment**

Unless the Representative of the Noteholders is removed by Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes pursuant to Article 19 (*Extraordinary Resolution*) or resigns pursuant to Article 29 (*Resignation of the Representative of the Noteholders*), it shall remain in office until full repayment or cancellation of all the Notes.

28.4 **After termination**

In the event of a termination of the appointment of the Representative of the Noteholders for any reason whatsoever, such representative shall remain in office until the substitute Representative of the Noteholders, which shall be an entity specified in Article 28.2 (*Identity of Representative of the Noteholders*), accepts its appointment, and the powers and authority of the Representative of the Noteholders whose appointment has been terminated shall, pending the acceptance of its appointment by the substitute, be limited to those necessary to perform the essential functions required in connection with the Notes.

28.5 **Remuneration**

The Issuer shall pay to the Representative of the Noteholders an annual fee for its services as Representative of the Noteholders from the Issue Date, as agreed either in the initial agreement(s) for the issue of and subscription for the Notes or in a separate fee letter. Such fees shall accrue from day to day and shall be payable in accordance with the Priority of Payments up to (and including) the date when the Notes shall have been repaid in full or cancelled in accordance with the Conditions.

29. **RESIGNATION OF THE REPRESENTATIVE OF THE NOTEHOLDERS**

The Representative of the Noteholders may resign at any time by giving at least three calendar months' written notice to the Issuer, without needing to provide any specific reason for the resignation and without being responsible for any costs incurred as a result of such resignation. The resignation of the Representative of the Noteholders shall not become effective until a new Representative of the Noteholders has been appointed in accordance with Article 28.1 (*Appointment*) and such new Representative of the Noteholders has accepted its appointment.

30. **DUTIES AND POWERS OF THE REPRESENTATIVE OF THE NOTEHOLDERS**

30.1 **Representative of the Noteholders is legal representative**

The Representative of the Noteholders is the legal representative of the Organisation of the Noteholders and has the power to exercise the rights conferred on it by the Transaction Documents in order to protect the interests of the Noteholders.

30.2 **Meetings and Resolutions**

The Representative of the Noteholders is responsible for implementing all resolutions of the Noteholders. The Representative of the Noteholders has the right to convene and attend Meetings to propose any course of action which it considers from time to time necessary or desirable.

30.3 **Delegation**

The Representative of the Noteholders may in the exercise of the powers, discretions and authorities vested in it by these Rules and the Transaction Documents act by responsible officers or a responsible officer for the time being of the Representative of the Noteholders. The Representative of the Noteholders may also, whenever it considers it expedient and in the interest of the Noteholders, whether by power of attorney or

otherwise, delegate to any person or persons or fluctuating body of persons some, but not all, of the powers, discretions or authorities vested in it as aforesaid. Any such delegation may be made upon such conditions and subject to such regulations (including power to sub-delegate) as the Representative of the Noteholders may think fit in the interest of the Noteholders. The Representative of the Noteholders shall not, other than in the normal course of its business, be bound to supervise the acts or proceedings of such delegate or sub-delegate and shall not in any way or to any extent be responsible for any loss incurred by reason of any misconduct, omission or default on the part of such delegate or sub-delegate, provided that the Representative of the Noteholders shall use all reasonable care in the appointment of any such delegate and shall be responsible for the instructions given by it to such delegate. The Representative of the Noteholders shall, as soon as reasonably practicable, give notice to the Issuer of the appointment of any delegate and any renewal, extension and termination of such appointment, and shall procure that any delegate shall give notice to the Issuer of the appointment of any sub-delegate as soon as reasonably practicable.

30.4 Judicial Proceedings

The Representative of the Noteholders is authorised to represent the Organisation of the Noteholders in any judicial proceedings including administration under supervision, composition, bankruptcy and forced administrative liquidation of the Issuer.

30.5 Consents given by Representative of Noteholders

Any consent or approval given by the Representative of the Noteholders under these Rules and any other Transaction Document may be given on such terms and subject to such conditions (if any) as the Representative of the Noteholders deems appropriate. and notwithstanding anything to the contrary contained in the Rules or in the Transaction Documents such consent or approval may be given retrospectively.

30.6 Discretions

Save as expressly otherwise provided herein, the Representative of the Noteholders shall have absolute discretion as to the exercise or non-exercise of any right, power and discretion vested in the Representative of the Noteholders by these Rules or by operation of law.

30.7 Obtaining instructions

In connection with matters in respect of which the Representative of the Noteholders is entitled to exercise its discretion hereunder, the Representative of the Noteholders has the right (but not the obligation) to convene a Meeting or Meetings in order to obtain the Noteholders' instructions as to how it should act. Prior to undertaking any action, the Representative of the Noteholders shall be entitled to request that the Noteholders indemnify it and/or provide it with security to its satisfaction against all actions, proceedings, claims and demands which may be brought against it and against all costs, charges, damages, expenses and liabilities which it may incur by taking such action.

30.8 Trigger Events and Purchase Termination Events

The Representative of the Noteholders may certify whether or not a Trigger Event or a Purchase Termination Event is in its opinion materially prejudicial to the interests of the Noteholders and any such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other party to the Transaction Documents.

30.9 Remedy

The Representative of the Noteholders may determine whether or not a default in the performance by the Issuer of any obligation under the provisions of these Rules, the Notes or any other Transaction Documents may be remedied, and if the Representative of the Noteholders certifies that any such default is, in its opinion, not capable of being remedied, such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other party to the Securitisation.

31. EXONERATION OF THE REPRESENTATIVE OF THE NOTEHOLDERS

31.1 Limited obligations

The Representative of the Noteholders shall not assume any obligations or responsibilities in addition to those expressly provided herein and in the Transaction Documents.

31.2 Specific limitations

Without limiting the generality of the Article 31.1, the Representative of the Noteholders:

- 31.2.1 shall not be under any obligation to take any steps to ascertain whether a Trigger Event or Purchase Termination Event or any other event, condition or act, the occurrence of which would cause a right or remedy to become exercisable by the Representative of the Noteholders hereunder or under any other Transaction Document, has occurred and until the Representative of the Noteholders has actual knowledge or express notice to the contrary, it shall be entitled to assume that no Trigger Event, Purchase Termination Event or such other event, condition or act has occurred;
- 31.2.2 shall not be under any obligation to monitor or supervise the observance and performance by the Issuer or any other parties of their obligations contained in these Rules, the Transaction Documents or the Conditions and, until it shall have actual knowledge or express notice to the contrary, the Representative of the Noteholders shall be entitled to assume that the Issuer and each other party to the Transaction Documents are duly observing and performing all their respective obligations;
- 31.2.3 except as expressly required in these Rules or any Transaction Document, shall not be under any obligation to give notice to any person of its activities in performance of the provisions of these Rules or any other Transaction Document;
- 31.2.4 shall not be responsible for investigating the legality, validity, effectiveness, adequacy, suitability or genuineness of these Rules or of any Transaction Document, or of any other document or any obligation or rights created or purported to be created hereby or thereby or pursuant hereto or thereto, and (without prejudice to the generality of the foregoing) it shall not have any responsibility for or have any duty to make any investigation in respect of or in any way be liable whatsoever for:
- (i) the nature, status, creditworthiness or solvency of the Issuer;
 - (ii) the existence, accuracy or sufficiency of any legal or other opinion, search, report, certificate, valuation or investigation delivered or obtained or required to be delivered or obtained at any time in connection herewith;
 - (iii) the suitability, adequacy or sufficiency of any collection procedure operated by the Servicer or compliance therewith;
 - (iv) the failure by the Issuer to obtain or comply with any licence, consent or other authority in connection with the purchase or administration of the Portfolio; and
 - (v) any accounts, books, records or files maintained by the Issuer, the Servicer and the Principal Paying Agent or any other person in respect of the Portfolio or the Notes;
- 31.2.5 shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Notes or the distribution of any of such proceeds to the persons entitled thereto;
- 31.2.6 shall have no responsibility for procuring or maintaining any rating of the Notes other by any credit or rating agency or any other person;
- 31.2.7 shall not be responsible for or for investigating any matter which is the subject of any recital, statement, warranty, representation or covenant by any party other than the Representative of the Noteholders contained herein or in any Transaction Document or any certificate, document or agreement relating thereto or for the execution, legality, validity, effectiveness, enforceability or admissibility in evidence thereof;
- 31.2.8 shall not be liable for any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting these Rules or any Transaction Document;
- 31.2.9 shall not be bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Issuer in relation to the Portfolio or any part thereof, whether such defect or failure was known to the Representative of the Noteholders or might have been discovered upon examination or enquiry or whether capable of being remedied or not;

- 31.2.10 shall not be under any obligation to guarantee or procure the repayment of the Portfolio or any part thereof;
- 31.2.11 shall not be responsible for reviewing or investigating any report relating to the Portfolio provided by any person;
- 31.2.12 shall not be responsible for or have any liability with respect to any loss or damage arising from the realisation of the Portfolio or any part thereof;
- 31.2.13 shall not be responsible (except as expressly provided in the Conditions) for making or verifying any determination or calculation in respect of the Notes, the Portfolio or any Transaction Document;
- 31.2.14 shall not be under any obligation to insure the Portfolio or any part thereof;
- 31.2.15 when in these Rules or any Transaction Document the Representative of the Noteholders is required in connection with the exercise of its powers, trusts, authorities or discretions to have regard to the interests of the Noteholders, it shall have regard to the interests of the Noteholders as a Class and shall not be obliged to have regard to the consequences of such exercise for any individual Noteholder resulting from his/her or its being for any purpose domiciled, resident in or otherwise connected with or subject to the jurisdiction of any particular territory or taxing authority;
- 31.2.16 the Representative of the Noteholders shall, as regards at the powers, trusts, authorities and discretions vested in it by the Transaction Documents, except where expressly provided therein, have regard to the interests of both the Noteholders and the other Issuer Creditors but if, in the opinion of the Representative of the Noteholders, there is a conflict between their interests the Representative of the Noteholders will have regard solely to the interest of the Noteholders;
- 31.2.17 where the Representative is required to consider the interests of the Noteholders and, in its opinion, there is a conflict between the interests of the Holders of different Classes of Notes, the Representative of the Noteholders will consider only the interests of the Holders of the Most Senior Class of Notes;
- 31.2.18 shall not be deemed responsible for having acted pursuant to any resolution purporting to be a Written Resolution or to have been passed at a Meeting in respect of which minutes were made, even if it is later discovered that the Meeting had not been validly convened or constituted, and that such resolution had not been duly approved or was not otherwise valid or binding for the Noteholders; and
- 31.2.19 the Representative of the Noteholders may refrain from taking any action or exercising any right, power, authority or discretion vested in it under these Rules or any Transaction Document or any other agreement relating to the transactions herein or therein contemplated until it has been indemnified and/or secured to its satisfaction against any and all liabilities which might be brought or made against or suffered, incurred or sustained by it as a result. Nothing contained in these Rules or any of the other Transaction Documents shall require the Representative of the Noteholders to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

31.3 **Notes held by Issuer**

The Representative of the Noteholders may assume without enquiry that no Notes are, at any given time, held by or for the benefit of the Issuer.

31.4 **Illegality**

No provision of these Rules shall require the Representative of the Noteholders to do anything which may be illegal or contrary to applicable law or regulations or to expend moneys or otherwise take risks in the performance of any of its duties, or in the exercise of any of its powers or discretion. The Representative of the Noteholders may refrain from taking any action which would or might, in its opinion, be contrary to any law of any jurisdiction or any regulation or directive of any agency of any state, or if it has reasonable grounds to believe that it will not be reimbursed for any funds it expends, or that it will not be indemnified

against any loss or liability which it may incur as a consequence of such action. The Representative of the Noteholders may do anything which, in its opinion, is necessary to comply with any such law, regulation or directive as aforesaid.

32. **RELIANCE ON INFORMATION**

32.1 **Advice**

The Representative of the Noteholders may act on the advice of, a certificate or opinion of or any written information obtained from any lawyer, accountant, banker, broker, credit or rating agency or other expert whether obtained by the Issuer, the Representative of the Noteholders or otherwise, and whether obtained by letter, telex, email or facsimile transmission.

32.2 **Certificates of Issuer**

The Representative of the Noteholders may call for, and shall be at liberty to accept (a) as sufficient evidence of any fact or matter *prima facie* within the Issuer's knowledge, a certificate duly signed by the Issuer, and (b) as sufficient evidence that such is the case, a certificate of the Issuer to the effect that any particular dealing transaction, step or thing is expedient or necessary and the Representative of the Noteholders shall not be bound in any such case to call for further evidence or be responsible for any loss that may be incurred as a result of acting on such certificate unless any of its officers in charge of the administration of these Rules shall have actual knowledge or express notice of the untruthfulness of the matters contained in the certificate.

32.3 **Certificates of Authorised Institutions**

The Representative of the Noteholders, in order to ascertain ownership of the Notes, may fully rely on the certificates issued by any authorised institution listed in article 30 of Legislative Decree number 213 of 24 June 1998, which certificates are to be conclusive proof of the matters certified therein.

32.4 **Certificates of Parties to Transaction Document**

The Representative of the Noteholders shall have the right to call for or require the Issuer to call for and to rely on written certificates issued by one of the parties to the Intercreditor Agreement, or by any Other Issuer Creditor, as to any matter or fact *prima facie* within the knowledge of such party or as to such party's opinion with respect to any matter and the Representative of the Noteholders shall not be required to seek additional evidence in respect of the relevant fact, matter or issue and shall not be held responsible for any loss, liability, cost, damage, expense, or charge incurred as a result of having failed to do so.

32.5 **Rating Agencies**

The Representative of the Noteholder shall be entitled to assume, for the purposes of exercising any power, authority, duty or discretion under or in relation to these Rules that such exercise will not be materially prejudicial to the interests of the Noteholders if the Rating Agencies have confirmed that the then current rating of the Notes would not be adversely affected by such exercise, or have otherwise given their consent. If the Representative of the Noteholders, in order properly to exercise its rights or fulfil its obligations, deems it necessary to obtain the views of the Rating Agencies as to how a specific act would affect any outstanding rating of the Notes or any Class thereof, the Representative of the Noteholders may inform the Issuer, which will then obtain such views at its expense on behalf of the Representative of the Noteholders or the Representative of the Noteholders may seek and obtain such views itself at the cost of the Issuer.

32.6 **Clearing Systems**

The Representative of the Noteholders shall be at liberty to call for and to rely on as sufficient evidence of the facts stated therein, a certificate, letter or confirmation certified as true and accurate and signed on behalf of any common depositary or clearing system as the Representative of the Noteholders considers appropriate, or any form of record made by any of them, to the effect that at any particular time or throughout any particular period any particular person is, or was, or will be, shown its records as entitled to a particular number of Notes.

32.7 **Auditors**

The Representative of the Noteholders shall not be responsible for reviewing or investigating any Auditors' report or certificate and may rely on the contents of any such report or certificate.

33. **AMENDMENTS AND MODIFICATIONS**

33.1 The Representative of the Noteholders may from time to time and without the consent or sanction of the Noteholders concur with the Issuer and any other relevant parties in making:

33.1.1 any amendment or modification to these Rules or to any of the Transaction Documents (other than in respect of a Basic Terms Modification or any provision of these Rules or any of the Transaction Documents referred to in the definition of a Basic Terms Modification) which, in the opinion of the Representative of the Noteholders, it is expedient to make in order to correct a manifest error or if such modification is of a formal, minor, administrative or technical nature;

33.1.2 any amendment or modification to these Rules or any of the Transaction Documents (other than in respect of a Basic Terms Modification or any provision of these Rules or any of the Transaction Documents referred to in the definition of Basic Terms Modification) which, in the opinion the Representative of the Noteholders, is or will not be materially prejudicial to the interests of the Most Senior Class of Notes then outstanding; and

33.1.3 any amendment or modification to these Rules or the Transaction Documents (other than in respect of a Basic Terms Modification or any provision of these Rules or any of the Transaction Documents referred to in the definition of a Basic Terms Modification) which the Issuer has requested the Representative of the Noteholders to approve in the context of any further securitisation referred to in Condition 4.10 of the Rated Notes Conditions and Condition 4.10 of the Class D Notes Conditions and which, in the opinion of the Representative of the Noteholders, will not be materially prejudicial to the interests of the Most Senior Class of Noteholders and the fact that the execution of the relevant amendment or modification would not adversely affect the current ratings of the Rated Notes shall be conclusive evidence that the requested amendment or modification is not materially prejudicial to the interests of the Holders of the Most Senior Class of Notes.

33.2 Any such modification shall be binding on the Noteholders and, unless the Representative of the Noteholders otherwise agrees, the Issuer shall procure that such modification be notified to the Noteholders as soon as practicable thereafter.

34. **SECURITY DOCUMENTS**

34.1 **The Deed of Pledge**

The Representative of the Noteholders shall have the right to exercise all the rights granted by the Issuer to the Noteholders pursuant to the Deed of Pledge. The beneficiaries of the Deed of Pledge are referred to as the "**Secured Noteholders**".

34.2 **Rights of Representative of the Noteholders**

The Representative of the Noteholders, acting on behalf of the Secured Noteholders, shall be entitled to:

(a) appoint and entrust the Issuer to collect, on the Secured Noteholders' interest and behalf, any amounts deriving from the claims and from the pledged claims and rights, and shall be entitled to give instructions, jointly with the Issuer, to the respective debtors of the pledged claims to make the payments related to such claims to the Payments Account or on any other account opened in the name of the Issuer;

(b) attest that the account(s) to which payments have been made in respect of the pledged claims shall be deposit accounts for the purpose of article 2803 of the Italian Civil Code, and procure that such account(s) is(are) operated in compliance with the provisions of the Cash, Allocation, Management and Payment Agreement and the Intercreditor Agreement. For such purpose and until a Trigger Notice is served, the Representative of the Noteholders, acting in the name and on behalf of the Secured Noteholders, shall appoint the Issuer to manage the Accounts in compliance with the Cash, Allocation, Management and Payment Agreement;

(c) procure that all funds credited to the relevant Accounts from time to time are applied in accordance with the Cash Management Agreement and the Intercreditor Agreement; and

(d) procure that the funds from time to time deriving from the pledged claims and the amounts credited to the relevant Accounts are applied towards satisfaction not only of the amounts due to

the Secured Noteholders, but also of amounts due and payable to any other parties that rank prior to the Secured Noteholders according to the applicable Priority of Payments set forth in the Conditions, and to the extent that all amounts due and payable to the Secured Noteholders have been paid in full, that any remaining amount be used towards satisfaction of any amounts due to any other parties that rank below the Secured Noteholders. The Secured Noteholders irrevocably waive any right they may have in relation to any amount deriving from time to time from the pledged claims or credited to the Accounts which is not in accordance with the provisions of this Article 34. The Representative of the Noteholders shall not be entitled to collect, withdraw or apply, or issue instructions for the collection, withdrawal or application of, cash deriving from time to time from the pledged claims under the Deed of Pledge except in accordance with the provisions of this Article 34 and the Intercreditor Agreement.

35. INDEMNITY

Pursuant to the Senior Notes Subscription Agreement, the Issuer has covenanted and undertaken to reimburse, pay or discharge (on a full indemnity basis) upon demand, to the extent not already reimbursed, paid or discharged by the Noteholders, all costs, liabilities, losses, charges, expenses, damages, actions, proceedings, claims and demands properly incurred by or made against the Representative of the Noteholders or any entity to which the Representative of the Noteholders has delegated any power, authority or discretion in relation to the exercise or purported exercise of its powers, authorities and discretions and the performance of its duties under and otherwise in relation to these Rules and the Transaction Documents, including but not limited to legal and travelling expenses, and any stamp, issue, registration, documentary and other taxes or duties paid by the Representative of the Noteholders in connection with any action and/or legal proceedings brought or contemplated by the Representative of the Noteholders pursuant to the Transaction Documents against the Issuer, or any other person to enforce any obligation under these Rules, the Notes or the Transaction Documents.

36. LIABILITY

Notwithstanding any other provision of these Rules, the Representative of the Noteholders shall not be liable for any act, matter or thing done or omitted in any way in connection with the Transaction Documents, the Notes or the Rules except in relation to its own fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*).

TITLE IV

THE ORGANISATION OF THE NOTEHOLDERS AFTER SERVICE OF AN ENFORCEMENT NOTICE

37. POWERS

It is hereby acknowledged that, upon service of a Trigger Notice, pursuant to the Mandate Agreement, the Representative of the Noteholders, in its capacity as legal representative of the Organisation of the Noteholders, shall be entitled (also in the interests of the Other Issuer Creditors) pursuant to articles 1411 and 1723 of the Italian Civil Code, to exercise certain rights in relation to the Portfolio. Therefore, the Representative of the Noteholders, in its capacity as legal representative of the Organisation of the Noteholders, will be authorised, pursuant to the terms of the Mandate Agreement, to exercise, in the name and on behalf of the Issuer and as *mandatario in rem propriam* of the Issuer, any and all of the Issuer's Rights under certain Transaction Documents, including the right to give directions and instructions to the relevant parties to the relevant Transaction Documents.

TITLE V

GOVERNING LAW AND JURISDICTION

38. GOVERNING LAW

These Rules are governed by, and will be construed in accordance with, the laws of the Republic of Italy.

39. JURISDICTION

The Courts of Milan will have jurisdiction to law and determine any suit, action or proceedings and to settle any disputes which may arise out of or in connection with these Rules.

SELECTED ASPECTS OF ITALIAN LAW

The Securitisation Law

The Securitisation Law was enacted on 30 April 1999 and was conceived to simplify the securitisation process and to facilitate the increased use of securitisation as a financing technique in Italy.

It applies to securitisation transactions involving a "true" sale (by way of non-gratuitous assignment) of receivables, where the sale is to a company created in accordance with article 3 of the Securitisation Law and all amounts paid by the debtors in respect of the receivables are to be used by the relevant company exclusively to meet its obligations under notes issued to fund the purchase of such claims and all costs and expenses associated with the securitisation transaction.

Ring-fencing of the assets

Under the terms of article 3 of the Securitisation Law, the assets relating to each securitisation transaction will, by operation of law, be segregated for all purposes from all other assets of the company which purchases the receivables (including any other receivables purchased by the Issuer pursuant to the Securitisation Law). Prior to and on a winding up of such a company such receivables will only be available to holders of the notes issued to finance the acquisition of the relevant receivables and to certain creditors claiming payment of debts incurred by the company in connection with the securitisation of the relevant receivables. In addition, the receivables relating to a particular transaction will not be available to the holders of notes issued to finance any other securitisation transaction or to general creditors of the issuer company.

Under Italian law, however, any creditor of the Issuer would be able to commence insolvency or winding-up proceedings against the Issuer in respect of any unpaid debt.

The assignment

The assignment of the receivables under the Securitisation Law will be governed by article 58 paragraphs 2, 3 and 4 of the Consolidated Banking Act. The prevailing interpretation of this provision, which view has been strengthened by article 4 of the Securitisation Law, is that the assignment can be perfected against the Originator, assigned debtors and third party creditors by way of publication of the relevant notice in the Official Gazette and, in the case of the assigned debtors, registration in the companies register, so avoiding the need for notification to be served on each assigned debtor.

As of date of the publication of the notice in the Official Gazette, the assignment becomes enforceable against:

- (a) creditors of the Originator who have not prior to the date of publication of the notice commenced enforcement proceedings in respect of the relevant receivables;
- (b) the liquidator or other bankruptcy official of the Originator; and
- (c) other permitted assignees of the Originator who have not perfected their assignment prior to the date of publication.

As of the later of (i) the date of the publication of the notice in the Official Gazette or (ii) the date of registration of the notice in the companies register, the assignment becomes enforceable against:

- (a) the assigned debtors; and
- (b) the liquidator or other bankruptcy official of the assigned debtors (so that any payments made by an assigned debtor to the purchasing company may not be subject to any claw-back action pursuant to article 67 of the Bankruptcy Law).

The benefit of any privilege, guarantee or security interest guaranteeing or securing repayment of the assigned receivables will automatically be transferred to and perfected with the same priority in favour of the Issuer, without the need for any formality or annotation.

As from the date of publication of the notice of the assignment in the Official Gazette, no legal action may be brought against the receivables assigned or the sums derived therefrom other than for the purposes of enforcing the rights of the Noteholders issued for the purpose of financing the acquisition of the relevant receivables and to meet the costs of the transaction.

Notice of the assignment of the Initial Portfolio pursuant to the Receivables Purchase Agreement was published in the Official Gazette number 144 of 23 June 2005 and was registered with the companies register of Treviso on 22 June 2005.

Assignments executed under the Securitisation Law are subject to revocation on bankruptcy under article 67 of the Bankruptcy Law but only in the event that the adjudication of bankruptcy of the relevant party is made within three months of the securitisation transaction or, in cases where paragraph 1 of article 67 applies, within six months of the securitisation transaction.

The Issuer

The Issuer is subject to the provisions contained in Chapter V of the Consolidated Banking Act which requires that companies intending to carry out financial activity in the Republic of Italy must be registered on the general register held, pursuant to article 106 of the Consolidated Banking Act, by the *Ufficio Italiano dei Cambi*. In addition, pursuant to article 107 of the Consolidated Banking Act, financial companies carrying out securitisation activities must also be registered on a special register held by the Bank of Italy. Companies registered under article 107 of the Consolidated Banking Act are subject to the supervision of the Bank of Italy.

Italian Law on leasing

The contract of financial leasing (*locazione finanziaria*) ("**Financial Leasing**") is a type of contract not expressly addressed by the Italian civil code that may be validly entered into pursuant to the general provisions of article 1322 of the civil code. According to this article, the parties to a contract can enter into any contract not belonging to a type subject to a specific legal discipline provided that such contract aims to fulfil interests that deserve to be protected by the legal system. The Italian courts have established that Financial Leasing agreements falls within the scope of this provision.

Under Financial Leasing agreements, the lessor leases to the lessee certain assets (for the purpose of this section, the "**Leased Property**") which have been purchased by the lessor from,

or have been constructed for the lessor by, a third party supplier, with the consideration to be paid by the lessee to the lessor determined by reference to the duration of the lease, the cost of the assets and remuneration of the financing provided by the lessor, and upon the expiry of the Financial Lease agreement the lessee has the option to either return the Leased Property to the lessor, or purchase upon payment of the residual value (*riscatto*), or alternatively, enter into a new lease contract. Accordingly, three parties are generally involved in the transaction (i.e., lessor, lessee and supplier) which is completed through the stipulation of two contracts: the Financial Leasing agreement between lessor and lessee and the transfer agreement between the supplier and the lessor. The Italian Supreme Court has established that although these contracts are separate, there is a contractual link between them arising from the fact that the assets acquired by the lessor from the supplier are selected and chosen by the lessee, who is responsible for their maintenance and is subject to the risk of their loss.

Financial Leasing is subject to the provisions of the Italian civil code on contracts in general and to those provisions regulating specific contracts that can be applied in analogy when, in view of the particular contractual discipline agreed by the parties, the circumstances are similar to those foreseen by such provisions.

In a number of decisions given by the Italian Supreme Court in 1989 and confirmed, *inter alia*, by a decision given by the *Sezioni Unite* of the Supreme Court in 1993 (Cass. Sez. Un., 7.1.93, No. 65), contracts of Financial Leasing are distinguished into two different types: firstly, leasing *finanziario di godimento*, under which the payment of the agreed rentals represents, in line with the intention of the parties involved, only remuneration for the use of the Leased Property by the lessee; and secondly, leasing *finanziario traslativo*, under which the parties foresee, at the time of the conclusion of the contract, that the Leased Property (in view of its nature, the envisaged use and the duration of the contract) is to retain, upon expiry of the contract, a residual value significantly higher than the *riscatto*. Accordingly, it is reasonable to hold that rentals to be paid under leasing *finanziario traslativo* represent part of the consideration for the transfer of the Leased Property to the lessee following expiry of the contract upon payment of the *riscatto*, and that the exercise of the purchase option and transfer of the Leased Property to the lessee upon expiry of the contract does not constitute merely an option of the lessee but forms part of the original intention of the parties to the contract.

The Italian Supreme Court deems that the provisions of article 1526 of the Italian civil code are to be applied by analogy to contractual relationships between lessors and lessees under the leasing *finanziario traslativo*. Article 1526 of the Italian civil code establishes that in relation to a sale by instalments with retention of title, if the contract is terminated as a result of the non-performance by the purchaser of its obligations, the vendor must repay the instalments received, save for its right to an equitable compensation for the use of the good and damages. Such provisions of article 1526 do not apply to leasing *finanziario di godimento* in respect of which the general provisions of the Italian civil code shall apply; according to article 1458(1) of the Italian civil code, termination of a lease contract for breach of contract has, as between the parties thereto, a retroactive effect unless the lease contract provides for continuing performance, in which case the termination does not affect those acts already performed by the parties.

Therefore, according to the above interpretation of the Italian Supreme Court, in the event of termination of a lease contract for breach by the lessee, under leasing *finanziario di godimento*,

the lessor is entitled to have the Leased Property returned to him, to retain the amounts received in respect of the rental payments matured prior to termination and, in case of bankruptcy or insolvency of the lessee, to prove for the unpaid rental payments matured before the declaration of bankruptcy. On the contrary, in the event of termination of a leasing *finanziario traslativo*, the lessee (or the receiver in case of bankruptcy or insolvency of the lessee) has the right to receive from the lessor any amounts paid in respect of rental payments before termination but the lessee must return the Leased Property to the lessor and pay to the lessor an equitable compensation for use of the Leased Property and where appropriate, damages.

Insolvency of the Lessees

Should a lessee be declared insolvent and unless the insolvency receiver appointed in such lessee's insolvency decides to continue the relevant lease contract, the provisions of article 1526 of the Italian civil code (in the case of leasing *finanziario di traslativo*) or article 1458(1) of the Italian civil code (in the case of leasing *finanziario di godimento*) shall apply to the extent referred to above.

Insolvency of the Lessor

Article 7 of Law Decree number 354 of 24 December 2003, converted into law, without amendments, with Law No. 45 of 26 February 2004, provides that the adjudication in bankruptcy proceedings of companies authorized to carry out financial activity in the form of financial leases is not a cause of termination of the financial lease agreements, including the *traslativo* leases, and does not allow the liquidator in bankruptcy to decide for the termination of the leases.

Forced Sale of Debtor's Goods and Real Estate Assets

A lender may resort to a forced sale of the debtor's (or guarantor's) goods (*pignoramento mobiliare*) or real estate assets (*pignoramento immobiliare*), having previously been granted a "judicial" mortgage following a court order or injunction to pay amounts in respect of any outstanding debt or unperformed obligation.

Forced sale proceedings are directed against the debtor's properties following notification of an *atto di precetto* to the borrower together with a *titolo esecutivo* obtained from a court.

The attachment of the debtor's movable properties is carried out at the debtor's premises or on third party's premises by a bailiff who removes the attached property or forbids the debtor from in any way transferring or disposing of the attached goods, and appoints a custodian thereof (in practice usually the debtor himself).

Not earlier than ten days but not later than ninety days from the attachment:

- (a) in case of a *pignoramento mobiliare*, the creditor may ask the court to deliver to himself all monies found at the debtor's premises, to transfer properties consisting of listed or marketed equities and to sell with or without auction the remaining attached goods; and
- (b) in case of a *pignoramento immobiliare*, the mortgage lender may request the court to sell the mortgaged property.

The average length of a *pignoramento mobiliare*, from the court order or injunction of payment to the final sharing-out, is about three years.

The average length of a *pignoramento immobiliare*, from the court order or injunction of payment to the final sharing-out, is between six and seven years. In the medium-sized central and northern Italian cities it can be significantly less whereas in major cities or in southern Italy the duration of the procedure can significantly exceed the average. It is expected that Italian Law No. 301 of 3 August 1998 should shorten the length of the procedure by an average of two to three years, although it is too soon to assess its impact.

Attachment of Debtor's Credits

Attachment proceedings may be commenced also on due and payable credits of a borrower (such as bank accounts, salary, etc.) or on borrower's movable property which is located on third party premises.

Accounting treatment of the Receivables

Pursuant to Bank of Italy's regulations of 29 March 2000 ("*Schemi di bilancio delle società di cartolarizzazione dei crediti*"), the accounting information relating to the securitisation of the Receivables will be contained in the Issuer's *nota integrativa*, which, together with the balance sheet and the profit and loss statements form part of the financial statements of Italian companies.

TAXATION

The following is a general description of current Italian law and practice relating to certain Italian tax considerations concerning the purchase, ownership and disposition of the Notes. It does not purport to be a complete analysis of all tax considerations that may be relevant to the prospective investors' decision to purchase or own the Notes or the noteholders' decision to dispose of same and does not purport to deal with the tax consequences applicable to all categories of prospective beneficial owners of Notes, some of which may be subject to special rules. The following summary does not discuss the treatment of Notes that are held in connection with a permanent establishment or fixed base through which a non-Italian resident beneficial owner carries on business or performs professional services in Italy.

This summary is based upon tax laws and practice of Italy in effect on the date of this Offering Circular which are subject to change potentially retroactively.

Prospective purchasers of Notes should consult their tax advisers as to the consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws.

Prospective Noteholders who may be unsure as to their tax position should seek their own professional advice.

Income tax

Under current legislation, pursuant to the provision of article 6, paragraph 1, of the Securitisation Law and of Decree No. 239 of 1 April 1996, as amended and restated, in particular, by Law Decree No. 350 of 25 September 2001, converted into law with amendments by Law No. 409 of 23 November 2001 ("**Decree 239**"), payments of interest and other proceeds in respect of the Notes:

- (a) will be subject to final *imposta sostitutiva* at the rate of 12.5 per cent in Italy if made to beneficial owners who are: (i) individuals resident in Italy for tax purposes (unless they have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the *risparmio gestito* regime according to article 7 of Legislative Decree No. 461 of 21 November 1997 - the "**Asset Management Option**"); (ii) Italian resident partnerships (other than *società in nome collettivo*, *società in accomandita semplice* or similar partnerships), *de facto* partnerships not carrying out commercial activities and professional associations; (iii) Italian resident public and private entities, other than companies, not carrying out commercial activities; (iv) Italian resident entities exempt from corporate income tax and (v) non-Italian resident entities or persons without a permanent establishment in Italy to which the Notes are effectively connected, which are not eligible for the exemption from the *imposta sostitutiva* and/or do not timely comply with the requirements set forth in Decree 239 and the relevant application rules in order to benefit from the exemption from *imposta sostitutiva*. As to non-Italian resident beneficial owners, *imposta sostitutiva* may apply at lower or nil rate under double taxation treaties entered into by Italy, where applicable.

The 12.5 per cent (or, in certain cases, for treaty covered non-Italian resident beneficial owners, the lower rate provided for by the relevant applicable double tax treaty) final *imposta sostitutiva* will be generally applied by the Italian resident qualified financial intermediaries (or permanent establishments in Italy of foreign intermediaries) that will intervene, in any way, in the collection of interest and other proceeds on the Notes or in the transfer of the Notes.

If the holder of the Notes is engaged in an entrepreneurial activity and the Notes are connected to such entrepreneurial activity, the 12.5 per cent substitute tax applies as an advance withholding tax;

- (b) interest payments in respect of the Notes will not be subject to the *imposta sostitutiva* if made to beneficial owners who are: (i) Italian resident corporations or permanent establishments in Italy of non-resident corporations to which the Notes are effectively connected; (ii) Italian resident collective investment funds, Italian resident pension funds referred to in Legislative Decree No. 124 of 21 April 1993 and Italian resident real estate investment funds; (iii) Italian resident individuals who have entrusted the management of their financial assets, including the Notes, to an Italian authorised financial intermediary and have opted for the Asset Management Option; and (iv) non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected, provided that such beneficial owners are resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information, and all the requirements and procedures set forth in Decree 239 and in the relevant application rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are timely met or complied with.

To ensure payment of interest and other proceeds in respect of the Notes without the application of *imposta sostitutiva*, investors indicated above sub-paragraph (b) must (i) be the beneficial owners of payments of interest and other proceeds on the Notes; (ii) timely deposit the Notes directly or indirectly with an Italian authorised financial intermediary (or permanent establishment in Italy of foreign intermediary); and (iii) in the event of non-Italian resident beneficial owners being holders of the Notes, timely file with the relevant depository a self-declaration stating to be resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information. Such self-declaration is valid until withdrawn or revoked and must not be submitted in case that a certificate, declaration or other similar document meant for equivalent uses was previously submitted to the same depository.

Decree 239 also provides for additional exemptions from the *imposta sostitutiva* for payments of interest and other proceeds in respect of the Notes made to (i) international bodies and organisations established in accordance with international agreements ratified in Italy; (ii) foreign institutional investors not subject to income tax or to other similar taxes, which are established in countries which allow an adequate exchange of information with Italy and (iii) Central Banks or entities, managing also official State reserves.

Italian resident individuals holding Notes not in connection with entrepreneurial activity who have opted for the Asset Management Option are subject to a 12.5 per cent annual substitute tax (the "**Asset Management Tax**") on the increase in value of the managed assets accrued at the

end of each tax year (which increase would include any interest and other proceeds accrued on the Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised intermediary.

Interest and other proceeds accrued on the Notes would be included in the corporate taxable income (and in certain circumstances, depending on the "status" of the Noteholders, also in the net value of production for the purposes of regional tax on productive activities - IRAP) of beneficial owners who are Italian resident corporations and permanent establishments in Italy of foreign corporation to which the Notes are effectively connected, subject to tax in Italy in accordance with ordinary tax rules.

Italian resident collective investment funds are subject to a 12.5 per cent or in certain cases, pursuant to article 12 of Decree No. 269, 5 per cent annual substitute tax (the '**Collective Investment Fund Tax**') on the increase in value of the managed assets accrued at the end of each tax year (which increase would include any interest and other proceeds accrued on the Notes).

Italian resident pension funds subject to the regime provided by articles 14, 14-*ter* and 14-*quater*, paragraph 1 of Legislative Decree No. 124 of 21 April 1993, are subject to a 11 per cent annual substitute tax (the '**Pension Fund Tax**') on the increase in value of the managed assets accrued at the end of each tax year (which increase would include interest and other proceeds accrued on the Notes).

Any positive difference between the nominal amount of the Notes and their issue price is deemed to be interest for tax purposes.

Without prejudice to the above provisions, in the event that the Notes are redeemed in full or in part prior to eighteen months from the Issue Date, the Issuer of the Notes will be required to pay an additional amount equal to 20 per cent of interest and other proceeds accrued on the early redeemed Notes up to the time of the early redemption. In accordance with one interpretation of Italian fiscal law, also in the event of purchase of Notes by the Issuer with subsequent cancellation thereof prior to eighteen months from the Issue Date, the Issuer may be required to pay the above 20 per cent additional amount.

Capital Gains

Any capital gain realised upon the sale for consideration or redemption of the Notes would be treated as part of the taxable business income (and, in certain cases, may also be included in the taxable net value of production for IRAP purposes), subject to tax in Italy according to the relevant tax provisions, if derived by Noteholders who are:

- (a) Italian resident corporations;
- (b) permanent establishments in Italy of foreign corporations to which the Notes are effectively connected; or
- (c) Italian resident individuals carrying out a commercial activity, as to any capital gains realised within the scope of the commercial activity carried out.

Pursuant to Legislative Decree No. 461 of 21 November 1997, any capital gain realised by Italian resident individuals holding Notes not in connection with entrepreneurial activity and certain other persons upon sale for consideration or redemption of the Notes would be subject to an *imposta sostitutiva* at the current rate of 12.5 per cent. Under the tax declaration regime, which is the standard regime for taxation of capital gains realised by Italian resident individuals not engaged in entrepreneurial activity, *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any relevant incurred capital loss, realised by Italian resident individual noteholders holding Notes not in connection with entrepreneurial activity pursuant to all disposals of Notes carried out during any given fiscal year. Italian resident individuals holding Notes not in connection with entrepreneurial activity must report overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax declaration to be filed with the Italian tax authorities for such year and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains of the same kind realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident individual noteholders holding the Notes not in connection with entrepreneurial activity may elect to pay 12.5 per cent *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the "*Risparmio Amministrato*" regime). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with Italian banks, *società di intermediazione mobiliare* (SIM) or certain authorised financial intermediaries and (ii) an express election for the *Risparmio Amministrato* regime being timely made in writing by the relevant Noteholder. Under the *Risparmio Amministrato* regime, the financial intermediary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised at revocation of its mandate), net of any relevant incurred capital loss, and is required to pay the relevant amount to the Italian fiscal authorities on behalf of the taxpayer, deducting a corresponding amount from proceeds to be credited to the Noteholder. Under the *Risparmio Amministrato* regime, where a sale or redemption of the Notes results in capital loss, such loss may be deducted from capital gains of the same kind subsequently realised within the same relationship of deposit in the same tax year or in the following tax years up to the fourth. Under the *Risparmio Amministrato* regime, the Noteholder is not required to declare capital gains in its annual tax declaration and remains anonymous.

Any capital gains accrued to Italian resident individuals holding Notes not in connection with entrepreneurial activity who have elected for the Asset Management Option will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to the Asset Management Tax to be applied on behalf of the taxpayer by the managing authorised intermediary. Under the Asset Management Option, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the Asset Management Option, the Noteholder is not required to report capital gains realised in its annual tax declaration and remains anonymous.

Any capital gains accrued to Noteholders who are Italian resident collective investment funds will be included in the computation of the taxable basis of the Collective Investment Fund Tax.

Any capital gains accrued to Noteholders who are Italian resident pension funds subject to the regime provided by articles 14, 14-*ter* and 14-*quater*, paragraph 1, of Legislative Decree No. 124 of 21 April 1993, will be included in the computation of the taxable basis of Pension Fund Tax.

The 12.5 per cent final *imposta sostitutiva* on capital gains may in certain circumstances be payable on capital gains realised upon sale for consideration or redemption of the Notes by non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, any capital gains realised by non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected through the sale for consideration or redemption of the Notes are exempt from taxation in Italy to the extent that the Notes are listed on a regulated market in Italy or abroad and in certain cases subject to timely filing of required documentation (in particular, a self-declaration not to be resident in Italy for tax purposes), even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

In case the Notes are not listed on a regulated market in Italy or abroad:

- (i) pursuant to the provisions of article 5 of legislative decree No. 461 of 21 November 1997, non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from the *imposta sostitutiva* in Italy on any capital gains realised, upon sale for consideration or redemption of the Notes if they are resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information.

In such case, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the *Risparmio Amministrato* regime or the Asset Management Option, exemption from Italian taxation on capital gains will apply upon condition that they timely file with the authorised financial intermediary an appropriate self-declaration stating they are resident for tax purposes in a country which allows an adequate exchange of information with Italy.

Exemption from Italian substitute tax on capital gains also applies to Non-Italian residents who are (a) international bodies and organizations established in accordance with international agreements ratified in Italy; (b) foreign institutional investors not subject to income tax or to other similar taxes, established in countries which allow an adequate exchange of information with Italy and (c) Central Banks or other entities, managing also official State reserves;

- (ii) in any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with Italy, providing that capital gains realised upon sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon sale for consideration or redemption of Notes.

In such case, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the *Risparmio Amministrato* regime or the Asset Management Option, exemption from Italian taxation on capital gains will apply upon condition that they file in time with the authorised financial intermediary appropriate documents which include *inter alia* a statement from the competent tax authorities of the country of residence of the non-Italian residents.

The *Risparmio Amministrato* Regime is the ordinary regime automatically applicable to non resident persons and entities relating to the Notes deposited for safekeeping or administration at Italian banks, SIMs and other eligible entities, but non-resident note-holders retain the right to waive this regime. Such waiver may also be exercised by non-resident intermediaries in respect of safekeeping, administration and deposit accounts held in their names in which third parties' financial assets are held.

Inheritance and gift tax

According to Law No. 383 of 18 October 2001 ("**Law No. 383**"), starting from 25 October 2001, Italian inheritance and gift tax, previously generally payable on the transfer of securities as a result of death or donation, has been abolished.

However, according to Law No. 383, for donees other than spouses, direct descendants or ancestors and other relatives within the fourth degree, if and to the extent that the value of gift attributable to each such donee exceeds €180,759.91, the gift of Notes may be subject to the ordinary transfer taxes provided for the transfer thereof for consideration.

Moreover, an anti-avoidance rule is provided by Law No. 383 for any gift of assets (such as the Notes) which, if sold for consideration, would give rise to capital gains subject to the *imposta sostitutiva* provided for by Legislative Decree No. 461 of 21 November 1997. In particular, if the donee sells the Notes for consideration within 5 year from the receipt thereof as gift, the donee is required to pay the relevant *imposta sostitutiva* on capital gains as if the gift has never taken place.

Transfer tax

General

Pursuant to Legislative Decree No. 435 of 21 November 1997 ("Decree No. 435"), which amended the regime laid down by Royal Decree No. 3278 of 30 December 1923, the transfer of the Notes may be subject to Italian transfer tax (*tassa sui contratti di borsa*) in the following cases and at the following rates:

- (i) contracts entered into directly between private parties or between the parties through entities other than authorised intermediaries (banks, SIMs or other professional intermediaries authorised to perform investment services, pursuant to the Legislative Decree No. 415 of 23 July 1996, as superseded by Legislative Decree No. 58 of 24 February 1998, or stockbrokers) are subject to a transfer tax of €0.0083 for every €1.65, or part of €1.65, of the price of the Notes;
- (ii) contracts between private parties through banks, SIMs or other authorised professional intermediaries or stockbrokers, or between private parties and banks, SIMs or other

authorised intermediaries or stockbrokers, are subject to a transfer tax of €0.00465 for every €1.65, or part of €1.65, of the price of the Notes;

- (iii) contracts between banks, SIMs or other authorised professional intermediaries or stockbrokers are subject to a transfer tax of €0.00465 for every €1.65, or part of €1.65, of the price of the Notes.

In the cases listed above under (ii) and (iii), however, the amount of transfer tax cannot exceed €29,62 for each transaction.

Exemptions

In general, transfer tax is not levied *inter alia* in the following cases:

- (i) contracts relating to listed securities entered into on regulated markets (e.g. the Luxembourg Stock Exchange);
- (ii) contracts relating to securities which are admitted to listing on regulated markets and finalised outside such markets and entered into:
 - (a) between banks or SIMs or other professional intermediaries authorised to perform investment services, pursuant to Legislative Decree No. 415 of 23 July 1996, as superseded by Legislative Decree No. 58 of 24 February 1998, or stockbrokers among themselves;
 - (b) between authorised intermediaries as referred to in paragraph (a) above and non-Italian residents;
 - (c) between authorised intermediaries as referred to in paragraph (a) above, also non-Italian resident, and undertakings for collective investment of saving income;
- (iii) contracts relating to public sale offers for the admission to listing on regulated markets or relating to financial instruments already admitted to listing on said markets;
- (iv) contracts for a consideration of less than €206.58;
- (v) contracts regarding securities not listed on a regulated market entered into between authorised intermediaries as referred to in (ii)(a) above, on the one hand, and non-Italian residents, on the other hand; and
- (vi) securities lending and similar transactions.

European Withholding Tax Directive

On 3 June 2003, the EU Council of Economic and Finance Ministers ("ECOFIN") adopted a new directive regarding the taxation of savings income. The directive is scheduled to be applied by Member States from 1 July 2005, provided that certain non-EU countries adopt similar measures from the same date. Under the directive each Member State will be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State; however, Austria, Belgium and Luxembourg may instead apply a withholding

system for a transitional period in relation to such payments deducting tax at rates rising over time to 35 per cent. The transitional period is to commence on the date from which the directive is to be applied by Member States and to terminate at the end of the first fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Italy has implemented the Directive through Legislative Decree number 84 of 18 April 2005 ("**Decree 84/2005**"). Under Decree 84/2005, subject to a number of conditions being met, in the case of Interest (including Interest accrued on the Notes at the time of their disposal) paid as of 1 July 2005 to individuals that qualify as beneficial owners of the Interest and are resident for tax purposes in another Member State, the paying agent shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owners. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner. In certain circumstances the same reporting requirements must be complied with also in respect of Interest paid to an entity established in another Member State, other than legal persons (with the exception of certain Finnish and Swedish entities), entities whose profits are included in business income taxable under general arrangements for business taxation and, in certain circumstance, UCITS recognised in accordance with Directive 85/611/EEC.

SUBSCRIPTION, SALE AND SELLING RESTRICTIONS

The Senior Notes Subscription Agreement

BNL, Calyon Corporate and Investment Bank, SG Corporate & Investment Banking, JPMorgan (together, the "**Joint Lead Managers**") have, pursuant to the Senior Notes Subscription Agreement dated on or about the Issue Date between the Issuer, the Originator, the Representative of the Noteholders and the Joint Lead Managers, agreed to subscribe and pay the Issuer for the Senior Notes at their Issue Price of 100 per cent of their principal amount.

The Senior Notes Subscription Agreement is subject to a number of conditions and may be terminated by the Joint Lead Managers in certain circumstances prior to payment for the Senior Notes to the Issuer. The Issuer and the Originator have agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the issue of the Senior Notes.

The Mezzanine and Class D Notes Subscription Agreement

Locafit has, pursuant to the Mezzanine and Class D Notes Subscription Agreement dated on or about the Issue Date between Locafit, the Representative of the Noteholders and the Issuer, agreed to subscribe and pay the Issuer for the Mezzanine Notes and the Class D Notes at their respective Issue Price of 100 per cent of their respective principal amounts upon issue.

The Class D Notes Conditions

Save for the Remuneration applicable to the Class D Notes for each Interest Period and the denomination, the Class D Notes Conditions are substantially the same as the Rated Notes Conditions.

Under the Rated Notes Conditions and the Class D Notes Conditions the obligations of the Issuer to make payment in respect of the Class D Notes are subordinated to the obligations of the Issuer to make payments in respect of the Rated Notes, the Other Issuer Creditors and the other creditors of the Issuer in accordance with the applicable Priority of Payments. Therefore, in case of losses by the Issuer, if the Issuer is not able to fulfil in full its obligations in respect of all its creditors, the Class D Noteholders will be the first creditors to bear any shortfall.

Selling Restrictions

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions not subject to the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

The Joint Lead Managers have agreed that, except as permitted by the Senior Notes Subscription Agreement, they will not offer, sell or deliver the Senior Notes (i) as part of their distribution at any time, or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date (the "**restricted period**"), within the United States or to, or for the account or benefit of, U.S. persons. The Joint Lead Managers have agreed that, at or prior to confirmation of sales of any Senior Notes, they will have sent to each distributor, dealer or other person to which they sell the Senior Notes during the restricted period a confirmation or other notice setting forth the restrictions on offers and sales of Senior Notes within the United States or to, or for the account or benefit, of U.S. persons.

In addition, until 40 days after the Issue Date, an offer or sale of the Notes within the United States by any dealer (whether or not participating in this offering) may violate the requirements of the Securities Act.

Under the Senior Notes Subscription Agreement, Joint Lead Managers have also agreed that neither they, their affiliates, nor any persons acting on its or their behalf have engaged or will engage in any form of general solicitation or general advertising (as those terms are used in Rule 502(c) under the Securities Act) in connection with the offer and sale of the Senior Notes in the United States.

Republic of Italy

Under the Senior Notes Subscription Agreement, the Joint Lead Managers have acknowledged that no action has or will be taken by them which would allow an offering (nor a "*sollecitazione all'investimento*") of the Senior Notes to the public in Italy unless in compliance with the relevant Italian securities, tax and other applicable laws and regulations. Accordingly, the Joint Lead Managers have agreed that the Senior Notes may not be offered, sold or delivered by them and neither this Offering Circular nor any other offering material relating to the Senior Notes will be distributed or made available by them to the public in Italy. Individual sales of the Senior Notes to any persons in the Republic of Italy may only be made in accordance with Italian securities, tax and other applicable laws and regulations.

Under the Senior Notes Subscription Agreement, the Joint Lead Managers have acknowledged that no application has been made by them to obtain an authorisation from CONSOB for the public offering of the Senior Notes in Italy.

Accordingly, the Joint Lead Managers have represented and agreed that they have not offered, sold or delivered, and will not offer, sell or deliver, and have not distributed and will not distribute, and have not made and will not make available in Italy the Senior Notes, this Offering Circular nor any other offering material relating to Senior Notes other than to professional investors ("*operatori qualificati*") as defined in article 31, paragraph 2, of CONSOB Regulation number 11522 of 1 July 1998 pursuant to article 100, paragraph 1, letter a) and article 30, paragraph 2, of Italian Legislative Decree number 58 of 24 February 1998 (the "**Financial Laws Consolidated Act**") and in accordance with applicable Italian laws and regulations. Any offer of the Senior Notes to professional investors in Italy shall be made only by banks, investment firms or financial companies enrolled in the special register provided for in article 107 of the Consolidated Banking Act, to the extent that they are duly authorised to engage in the placement and/or underwriting of financial instruments in Italy in accordance with

the relevant provisions of the Financial Laws Consolidated Act and in compliance with article 129 of the Consolidated Banking Act.

United Kingdom

Under the Senior Notes Subscription Agreement, the Joint Lead Managers have represented, warranted and undertaken that:

- (a) they have not offered or sold and will not offer or sell any Senior Notes to persons in the United Kingdom prior to the expiry of a period of six months from the Issue Date of such Senior Notes except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 or the FSMA;
- (b) they have only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA received by them in connection with the issue or sale of any Senior Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) they have complied and will comply with all applicable provisions of the FSMA with respect to anything done by them in relation to the Senior Notes in, from or otherwise involving the United Kingdom.

General

No action has been or will be taken in any jurisdiction by the Issuer or the Joint Lead Managers that would, or is intended to, permit a public offering of the Senior Notes, or possession or distribution of this Offering Circular or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Offering Circular comes are required by the Issuer and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver the Senior Notes or have in their possession, distribute or publish this Offering Circular or any other offering material relating to the Senior Notes, in all cases at their own expense.

GENERAL INFORMATION

1. The Issuer has obtained all necessary consents, approvals and authorisations in Italy in connection with the issue and performance of the Notes. The issue of the Notes was authorised by a resolution of the Board of Directors of the Issuer passed on 22 June 2005.
2. Application has been made to list the Rated Notes on the Luxembourg Stock Exchange. In connection with the listing application, the constitutional documents of the Issuer and a legal notice relating to the issue of the Rated Notes will be deposited prior to listing with the Luxembourg Paying Agent/ the Luxembourg Trade and Commerce Register (*Registre de commerce et des sociétés*), where such documents will be available for inspection and where copies thereof may be obtained upon request.
3. The Issuer is not involved in any legal or arbitration proceedings which may have, or have had, since the date of its incorporation, a significant effect on its financial position nor is the Issuer, to the best of its knowledge aware that any such proceedings are pending or threatened.
4. Save as disclosed in this Offering Circular, there has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) or general affairs of the Issuer since 31 December 2004 (being the date of the most recent financial statements of the Issuer) that is material in the context of the issue of the Notes.
5. Save as disclosed in this Offering Circular, the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor has the Issuer created any mortgages, charges or given any guarantees.
6. The Issuer will produce proper accounts (*ordinata contabilità interna*) and audited financial statements in respect of each financial year and will not produce interim financial statements. Copies of these documents will be promptly deposited after their approval at the specified offices of the Luxembourg Paying Agent, where such documents will be available for inspection and where copies of such documents may be obtained upon request during usual business hours. The Issuer's financial statement concerning the period ending on 31 December 2004 will be available from the Issue Date at the registered offices of the Luxembourg Paying Agent.
7. The Rated Notes have been accepted for clearance through Monte Titoli, Euroclear and Clearstream as follows:

<i>Class of Rated Notes</i>	<i>ISIN code</i>	<i>Common code</i>
Class A Notes	IT0003876478	022330365
Class B Notes	IT0003876486	022330489
Class C Notes	IT0003876494	022330527

8. As long as the Rated Notes are listed on the Luxembourg Stock Exchange, copies of the following documents may be inspected and obtained during usual business hours at the

specified offices of the Luxembourg Paying Agent and at the specified office of the Principal Paying Agent at any time after the date of this Offering Circular:

- (a) the *statuto* and *atto costitutivo* of the Issuer;
- (b) the following agreements:

Receivables Purchase Agreement;
Servicing Agreement;
Warranty and Indemnity Agreement;
Intercreditor Agreement;
Cash Allocation, Management and Payment Agreement;
Deed of Pledge;
Mandate Agreement;
Subordinated Loan Agreement;
First Demand Guarantee;
Agreement for the Extension of the Quotaholders' Agreement;
Agreement for the Extension of the Corporate Services;
Agreement for the Extension of the Letter of Undertaking;
Swap Agreement;
Deed of Charge;
Monte Titoli Mandate Agreement; and
Master Definitions Agreement.

- 9. The Issuer has undertaken to maintain a paying agent in Luxembourg so long as the Rated Notes are listed on the Luxembourg Stock Exchange.
- 10. The Issuer is not involved in any litigation, arbitration or administrative proceedings relating to claims or amounts which are material in the context of the issue of the Notes and no such litigation, arbitration or administrative proceedings are pending or threatened.
- 11. So long as any of the Rated Notes remains outstanding, copies of the Payments Report shall be made available for collection at the registered offices of the Luxembourg Paying Agent. The first Payments Report will be available at the registered office of the Luxembourg Paying Agent on or about 15 September 2005. The Issuer does not prepare interim financial statements.
- 12. The estimated annual fees and expenses payable by the Issuer in connection with the Securitisation amount to approximately €140,000 (excluding servicing fees and any VAT, if applicable).

GLOSSARY

These and other terms used in this Offering Circular are subject to, and in some cases are summaries of, the definitions of such terms set out in the Transaction Documents, as they may be amended from time to time.

"**Account**" means any of the Collection Account, the Payments Account, the Cash Reserve Account, the Adjustment Reserve Account and the Securities Account and "**Accounts**" means two or more of them.

"**Account Bank**" means BNP Paribas, Italian branch, or any other person for the time being acting as Account Bank pursuant to the Cash Allocation, Management and Payment Agreement.

"**Accrued Interest**" means, as of any relevant date, the accrued portion of the interest part of the next Instalment due under the Lease Agreements.

"**Additional Criteria**" means the further objective criteria which may supplement the Common Criteria and the Specific Criteria from time to time pursuant to the terms and subject to the conditions provided for in the Receivables Purchase Agreement.

"**Adjustment**" means the sums due to or owed by each Lessee, as the case may be, as a result of the adjustment of the Index Rate applicable from time to time to the Instalments pursuant to the terms of the Lease Agreements.

"**Adjustment Purchase Price**" means, in relation to any Receivables to be deemed transferred to the Issuer pursuant to the Receivables Purchase Agreement but for which no purchase price was agreed upon transfer or in relation to any receivables erroneously deemed transferred to the Issuer pursuant to the Receivables Purchase Agreement and for which a purchase price has been agreed upon transfer, an amount calculated in accordance with Clause 4.2 of the Receivables Purchase Agreement.

"**Adjustment Reserve Account**" means the euro denominated account established in the name of the Issuer with the Account Bank with number 3634811, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payment Agreement.

"**Agreement for the Extension of the Corporate Services**" means the agreement entered into on or about the Issue Date between the Issuer and the Corporate Servicer, in order to extend the provisions of the Corporate Services Agreement also to the Securitisation.

"**Agreement for the Extension of the Letter of Undertaking**" means the agreement entered into on or about the Issue Date between the Issuer, the Originator and the Representative of the Noteholders, in order to extend the provisions of the Letter of Undertaking also to the Securitisation.

"**Agreement for the Extension of the Quotaholders' Agreement**" means the agreement entered into on or about the Issue Date between the Issuer, the Quotaholders and the Representative of the Noteholders, in order to extend the provisions of the Quotaholders' Agreement also to the Securitisation.

"Amortisation Period" means the period commencing on the date on which the Revolving Period ends and ending on the earlier of (i) the Final Maturity Date and (ii) the date on which the Notes are redeemed in full, provided that, for the avoidance of doubt, if the Revolving Period has terminated by reason of a Trigger Notice having been delivered, there shall be no Amortisation Period.

"Asset" means any Equipment, Motor Vehicles or Real Estate Assets, leased under a Lease Agreement.

"Average Collateral Portfolio Outstanding Principal" means, in respect of a Quarterly Collection Period, an amount equal to the sum of (i) the Collateral Portfolio Outstanding Principal as at the beginning of such Quarterly Collection Period (including the relevant Subsequent Portfolio purchased on the preceding Interest Payment Date); and (ii) the Collateral Portfolio Outstanding Principal as at the end of such Quarterly Collection Period, divided by 2 (two).

"Bankruptcy Law" means Royal Decree number 267 of 16 March 1942, as amended and supplemented from time to time.

"Billed Residual Amount" means the aggregate amount of any VAT in respect of the Instalments, the *premia* paid by the Lessees under the Insurance Policies and other expenses relating to the Collections.

"Billed Residual Collected Amount" means the Billed Residual Amount accrued and paid by each Lessee during the relevant Quarterly Collection Period.

"Billed Residual Uncollected Amount" means the Billed Residual Amount accrued but not paid by each Lessee during the relevant Quarterly Collection Period.

"BNL" means Banca Nazionale del Lavoro S.p.A., a bank operating in Italy as a joint stock company, having its registered office at Via Vittorio Veneto 119, 00187 Rome, Italy, fiscal code and enrolment with the companies register of Rome number 00651990582, enrolled under number 1005 in the register of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act.

"BNL Banking Group" means, together, the banks and other companies belonging from time to time to BNL banking group, enrolled with the register of banking groups held by the bank of Italy pursuant to article 64 of the Consolidated Banking Act.

"Business Day" means any day on which the Trans-European Automated Real Time Gross Transfer System (or any successor thereto) is open.

"Calculation Agent" means Securitisation Services, or any other person for the time being acting as Calculation Agent pursuant to the Cash Allocation, Management and Payment Agreement.

"Calculation Date" means the date falling three Business Days before each Interest Payment Date.

"Calyon Corporate and Investment Bank" means Calyon S.A.

"Cash Allocation, Management and Payment Agreement" means the cash allocation, management and payment agreement entered into on or about the Issue Date between the Issuer, the Servicer, the Originator, the Representative of the Noteholders, the Account Bank, the Custodian Bank, the Cash Manager, the Swap Counterparty, the Corporate Servicer, the Calculation Agent, the Principal Paying Agent and the Luxembourg Paying Agent, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Cash Manager" means BNP Paribas, Italian branch, or any other person for the time being acting as Cash Manager pursuant to the Cash Allocation, Management and Payment Agreement.

"Cash Reserve" means a reserve created with the proceeds of the Subordinated Loan and the Class D Notes to be applied in accordance with the provisions of the Cash Allocation, Management and Payment Agreement.

"Cash Reserve Account" means the euro denominated account established in the name of the Issuer with the Account Bank with number 3634731, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payment Agreement.

"Cash Reserve Amount" means, at any time, the aggregate of the balance of the amounts standing to the credit of the Cash Reserve Account and equal to an amount up to the Required Cash Reserve Amount.

"Cash Reserve Available Amount" means, in respect of any Interest Payment Date, the amount of Cash Reserve Amount to be drawn from the Cash Reserve Account equal to the difference, if negative, between the Interest Available Funds (net of any Cash Reserve Available Amount) available to pay item *Eighth* of the Interest Priority of Payments and the amounts due under item *Eighth* of the Interest Priority of Payments on such Interest Payment Date.

"Cash Reserve Excess Amount" means, on any Interest Payment Date, an amount equal to the difference, if positive, between (i) the Cash Reserve Amount (net of any Cash Reserve Available Amount) on such Interest Payment Date; and (ii) the Required Cash Reserve Amount on such Interest Payment Date.

"Cash Reserve Initial Amount" means €25,146,250.00, equal to 2.5 per cent of the Principal Amount Outstanding of the Rated Notes as at the Issue Date.

"Class" means each class of Notes issued by the Issuer on the Issue Date.

"Class A Notes" means the €20,350,000 Series 2 Class A Asset Backed Floating Rate Notes due December 2028 issued by the Issuer on the Issue Date.

"Class B Notes" means the €60,350,000 Series 2 Class B Asset Backed Floating Rate Notes due December 2028 issued by the Issuer on the Issue Date.

"Class B Trigger Event" means the event occurring when the Cumulative Net Default Amortisation Period Ratio exceeds 12 per cent on any Calculation Date.

"Class C Notes" means the €25,150,000 Series 2 Class C Asset Backed Floating Rate Notes due December 2028 issued by the Issuer on the Issue Date.

"**Class C Trigger Event**" means the event occurring when the Cumulative Net Default Amortisation Period Ratio exceeds 8 per cent on any Calculation Date.

"**Class D Noteholders**" means the holders of the Class D Notes.

"**Class D Notes**" means the €12,622,000 Series 2 Class D Asset Backed Variable Return Notes due December 2028 issued by the Issuer on the Issue Date.

"**Class D Notes Conditions**" means the terms and conditions of the Class D Notes.

"**Class D Trigger Event**" means the event occurring when the Cumulative Net Default Ratio exceeds 4.5 per cent on any Calculation Date.

"**Clean Up Option Date**" means the Interest Payment Date on which the aggregate Outstanding Principal of the Portfolio is equal to or less than 10 per cent of the aggregate Outstanding Principal of the Initial Portfolio as at its Effective Date.

"**Clearstream**" means Clearstream Banking, société anonyme.

"**Collateral Portfolio**" means, on any given date, the aggregate of all outstanding Receivables which are not Defaulted Receivables as of such date.

"**Collateral Portfolio Outstanding Principal**" means at any date the sum of the Outstanding Principal of all Receivables comprised in the Collateral Portfolio.

"**Collection Account**" means the euro denominated account established in the name of the Issuer with the Account Bank with number 3634571, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payment Agreement.

"**Collections**" means all amounts received by the Servicer or any other person in respect of the Instalments due under the Receivables and any other amounts whatsoever received by the Servicer or any other person in respect of the Receivables.

"**Common Criteria**" means the objective criteria for the identification of the Receivables specified in Annex 1 to the Receivables Purchase Agreement and which shall apply to select each of the Receivables for the Initial Portfolio and any Subsequent Portfolio.

"**Conditions**" means, together, the Rated Notes Conditions and the Class D Notes Conditions and "**Condition**" means a clause of either of them.

"**CONSOB**" means *Commissione Nazionale per le Società e la Borsa*.

"**Consolidated Banking Act**" means Italian Legislative Decree number 385 of 1 September 1993, as amended and supplemented from time to time.

"**Corporate Servicer**" means Securitisation Services S.p.A., or any other person for the time being acting as Corporate Servicer pursuant to the Corporate Services Agreement.

"**Corporate Services Agreement**" means the corporate services agreement executed on 31 January 2003 in the context of the Previous Securitisation between the Issuer and the Corporate Servicer.

"Credit and Collection Policy" means the procedures for the management, collection and recovery of Receivables attached as Annex A to the Servicing Agreement.

"Criteria" means the objective criteria listed in Annex 1 to the Receivable Purchase Agreement.

"Cumulative Net Default Amortisation Period Ratio" means, on the last day of any Quarterly Collection Period, the ratio between:

- (a) an amount equal to the difference, if positive, between (i) the sum of the Outstanding Principal as at the default date of all the Receivables which have been classified as Defaulted Receivables from the beginning of the Quarterly Collection Period immediately preceding the beginning of the Amortisation Period up to such day; and (ii) the sum of all the Recovery Amounts in respect of Defaulted Receivables from the beginning of the Quarterly Collection Period immediately preceding the beginning of the Amortisation Period up to such day; and
- (b) the Outstanding Principal of the Collateral Portfolio as at the beginning of the Quarterly Collection Period immediately preceding the beginning of the Amortisation Period.

"Cumulative Net Default Ratio" means, on the last day of any Quarterly Collection Period, the ratio between:

- (a) an amount equal to the difference, if positive, between (i) the sum of the Outstanding Principal as at the default date of all the Receivables which have been classified as Defaulted Receivables from the Effective Date of the Initial Portfolio up to such day; and (ii) the sum of all the Recovery Amounts in respect of such Defaulted Receivables from the Effective Date up to such day; and
- (b) the Outstanding Principal as at the Effective Date of the Initial Portfolio plus the Outstanding Principal as at the relevant Effective Date of the Subsequent Portfolios.

"Custodian Bank" means BNP Paribas Securities Services, Milan branch, or any other person for the time being acting as Custodian Bank pursuant to the Cash Allocation, Management and Payment Agreement.

"Decree 213" means Legislative Decree number 213 of 24 June 1998, as amended and supplemented from time to time.

"Decree 239" means Legislative Decree number 239 of 1 April 1996, as amended and supplemented from time to time.

"Decree 239 Deduction" means any withholding or deduction for or on account of *"imposta sostitutiva"* under Decree 239.

"Deed of Charge" means the English law deed of charge entered into on or about the Issue Date between the Issuer and the Representative of the Noteholders (acting as trustee for the Rated Noteholders and for the Other Issuer Creditors), as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Deed of Pledge" means the Italian law deed of pledge entered into on or about the Issue Date between the Issuer, the Custodian Bank and the Representative of the Noteholders (acting on behalf of the Noteholders and of the Other Issuer Creditors), as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Defaulted Receivables" means any Receivable in relation to which, on the last day of any Quarterly Collection Period, there are 7 (seven) or more unpaid Instalments.

"Defaulting Party" has the meaning ascribed to that term in the Swap Agreement.

"Delinquent Instalments" mean any Instalment which remains unpaid by the relevant Lessee for 30 days or more after the relevant Scheduled Instalment Date.

"Delinquent Receivables" means any Receivable in relation to which, on the last day of any Quarterly Collection Period, there one or more Delinquent Instalments.

"Determination Date" has the meaning ascribed to that term in Rated Notes Condition 6.2 (*Rate of Interest*).

"Effective Date" means, in respect of the Initial Portfolio, 2 June 2005 and, in respect of each Subsequent Portfolio, the Settlement Date immediately preceding the relevant Offer Date.

"Eligible Institution" means any depository institution with a short term rating for its unsecured, unsubordinated and unguaranteed debt obligations equal to at least "P-1" from Moody's and "A-1+" from S&P or, in the case that the deposit held by the Issuer with such institution does not exceed 20% (or, in the case of BNP Paribas Securities Services, Milan branch and as long as BNP Paribas Securities Services, Milan branch is at the same time Custodian Bank and the bank with which the Servicer's Account is opened, 20% minus euro 1,000,000) of the Principal Amount Outstanding, equal to or higher than "A-1" from S&P (or such other rating acceptable to the Rating Agencies).

"Eligible Investment Maturity Date" means the 2nd Business Day immediately preceding the relevant Interest Payment Date or, following the occurrence of a Trigger Event, any such date as directed by the Representative of the Noteholders.

"Eligible Investments" means the euro denominated senior (unsubordinated) debt security, bank account, deposit or other debt instruments providing a fixed principal amount at maturity issued by, or fully and unconditionally guaranteed on an unsubordinated basis by, or held at an institution having at least the following ratings: (i) "A-1/P-1" from Moody's and "A-1+" from S&P (or such other rating acceptable to the Rating Agencies), with a maturity not exceeding the next following Eligible Investment Maturity Date; or (ii) in respect of up to 20 per cent of the Principal Amount Outstanding of the Rated Notes, "A-1" from S&P (or such other rating acceptable to the Rating Agencies), in respect of its unsecured, unsubordinated and unguaranteed debt obligations, with a maturity not exceeding the earlier of the date falling 30 (thirty) days thereafter and the next following Eligible Investment Maturity Date.

"Eligible Swap Counterparty" means any financial institution the long-term unsecured, unsubordinated and unguaranteed debt obligations of which are rated at least "A1" and the short term unsecured, unsubordinated and unguaranteed debt obligations of which are rated at least

"P-1" by Moody's and the short term unsecured, unsubordinated and unguaranteed debt obligations of which are rated at least "A-1" by S&P.

"**Equipment**" means any plant or machinery, which is leased under a Lease Agreement.

"**Euribor**" shall have the meaning ascribed to it in Rated Notes Condition 6 (*Interest*).

"**Euro-Zone**" means the region comprised of Member States of the European Union that adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992).

"**Euroclear**" means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

"**Expenses**" means:

- (a) any and all documented fees, costs, expenses and taxes required to be paid to any third party creditors (other than the Noteholders and the Other Issuer Creditors) arising in connection with the Securitisation and/or required to be paid (as determined in accordance with the Corporate Services Agreement) in order to preserve the existence of the Issuer, to maintain it in good standing or to comply with applicable laws; and
- (b) any other documented costs, fees and expenses due to persons who are not party to the Intercreditor Agreement which have been incurred in or in connection with the preservation or enforcement of the Issuer's Rights.

"**Expenses Account**" means the euro denominated account established in the name of the Issuer with Banca Antoniana Popolare Veneta S.p.A., with number 11488E, or such other substitute account opened in accordance with the Cash Allocation, Management and Payment Agreement.

"**Extraordinary Resolution**" shall have the meaning ascribed to it in the Rules of the Organisation of the Noteholders.

"**Final Maturity Date**" means the Interest Payment Date falling in December 2028.

"**Finanziaria Internazionale Holding**" means Finanziaria Internazionale Holding S.p.A., a joint stock company incorporated under the laws of Italy, having its registered office at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy, fiscal code and enrolment with the companies register of Treviso number 01130140260, enrolled under number 9832 in the *elenco generale* held by the *Ufficio Italiano dei Cambi* pursuant to article 106 of the Consolidated Banking Act.

"**Finanziaria Internazionale Securitisation Group**" means Finanziaria Internazionale Securitisation Group S.p.A., a joint stock company incorporated under the laws of Italy, having its registered office at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy, fiscal code and enrolment with the companies register of Treviso number 00508480340, enrolled under number 8945 in the *elenco generale* held by the *Ufficio Italiano dei Cambi* pursuant to article 106 of the Consolidated Banking Act.

"**First Demand Guarantee**" means the guarantee given on or about the Issue Date by BNP Paribas, Italian branch to guarantee BNP Paribas Securities Services, Milan branch's payment obligations in relation to the Servicer's Account.

"First Interest Payment Date" means the Interest Payment Date falling on 15 September 2005, or, if such day is not a Business Day, the immediately following Business Day.

"Fixed Rate Lease Agreement" means each Lease Agreement which provides for a fixed rate of interest.

"Floating Rate Lease Agreement" means each Lease Agreement which provides for a floating rate of interest.

"FSMA" means the Financial Services and Markets Act 2000.

"Index Rate" means for each Receivable the index applicable under each Lease Agreement.

"Individual Purchase Price" means the purchase price to be paid for each Receivable comprised in the Initial Portfolio and in each Subsequent Portfolio and equal to the aggregate Principal Instalments of such Receivables as at the relevant Valuation Date.

"Initial Interest Period" means the first Interest Period, which shall begin on (and include) the Issue Date and end on (but exclude) the First Interest Payment Date.

"Initial Portfolio" means the first portfolio of Receivables purchase on 14 June 2005 by the Issuer pursuant to the terms and conditions of the Receivables Purchase Agreement.

"Insolvency Event" means in respect of any company or corporation that:

- (a) such company or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (including, without limitation, "*fallimento*", "*liquidazione coatta amministrativa*", "*concordato preventivo*", "*amministrazione straordinaria*" and "*amministrazione controllata*", each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including also any equivalent or analogous proceedings under the law of any jurisdiction in which such company or corporation is deemed to carry on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration) or similar proceedings or the whole or any substantial part of the undertaking or assets of such company or corporation are subject to a *pignoramento* or similar procedure having a similar effect (other than, in the case of the Issuer, any portfolio of assets purchased by the Issuer for the purposes of further securitisation transactions), unless, in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), such proceedings are not being disputed in good faith with a reasonable prospect of success; or
- (b) an application for the commencement of any of the proceedings under (a) above is made in respect of or by such company or corporation or such proceedings are otherwise initiated against such company or corporation and, in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or
- (c) such company or corporation takes any action for a re-adjustment of deferment of any of its obligations or makes a general assignment or an arrangement or composition with or

for the benefit of its creditors (other than, in the case of the Issuer, the Other Issuer Creditors) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments; or

- (d) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company or corporation (except a winding-up for the purposes of, or pursuant to, a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders) or any of the events under article 2484 of the Italian civil code occurs with respect to such company or corporation.

"Instalment" means, with respect to each Lease Agreement, each instalment due from the relevant Lessee thereunder and which consists of an Interest Instalment and a Principal Instalment.

"Intercreditor Agreement" means the intercreditor agreement entered into on or about the Issue Date between, *inter alios*, the Issuer, the Representative of the Noteholders (on its own behalf and as agent for the Noteholders) the Servicer, the Account Bank, the Custodian Bank, the Cash Manager, the Subordinated Loan Provider, the Swap Counterparty, the Luxembourg Paying Agent, the Corporate Servicer, the Principal Paying Agent, the Originator and the Calculation Agent.

"Interest Available Funds " means, in respect of any Interest Payment Date, the aggregate of:

- (i) all Interest Instalments paid into the Collection Account pursuant to the terms of the Servicing Agreement, plus the Accrued Interest as at the last day of the immediately preceding Quarterly Collection Period and minus the Accrued Interest as at the last day of the second preceding Quarterly Collection Period;
- (ii) all amounts on account of interest deriving from the pre-payment of any Lease Agreement during the immediately preceding Quarterly Collection Period;
- (iii) all amounts deriving from any default interest during the immediately preceding Quarterly Collection Period;
- (iv) all amounts deriving from any pre-payment penalties paid under the Lease Agreements during the immediately preceding Quarterly Collection Period;
- (v) all amounts recovered during the immediately preceding Quarterly Collection Period in relation to any Defaulted Receivable;
- (vi) all amounts received or recovered by the Issuer under any Transaction Document (including proceeds deriving from the enforcement of the Issuer's Rights but excluding any amounts already described in other items of the Interest Available Funds or the Principal Available Funds) during the immediately preceding Quarterly Collection Period;
- (vii) the Cash Reserve Available Amount, if any, on such Interest Payment Date;
- (viii) the Residual Interest Cash of the preceding Interest Payment Date;

- (ix) all amounts standing to the credit of the Adjustment Reserve Account at the end of the immediately preceding Quarterly Collection Period;
- (x) all amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Collection Account, the Adjustment Reserve Account, the Payments Account and the Cash Reserve Account during the immediately preceding Quarterly Collection Period;
- (xi) all amounts due and payable to the Issuer under the terms of the Swap Agreement on such Interest Payment Date;
- (xii) any amounts allocated on such Interest Payment Date under item *First* of the Principal Priority of Payments during the Revolving Period or, as the case may be, under item *Second* of the Principal Priority of Payments during the Amortisation Period;
- (xiii) all amounts on account of interest received under any repurchase of Receivables during the immediately preceding Quarterly Collection Period;
- (xiv) all amounts on account of interest, profits or premium received under the Eligible Investments during the immediately preceding Quarterly Collection Period;
- (xv) the Billed Residual Collected Amounts collected during the immediately preceding Quarterly Collection Period and not already paid to the Originator on the preceding Settlement Dates;
- (xvi) all amounts on account of interest in relation to any indemnity received under the Insurance Policies during the immediately preceding Quarterly Collection Period; and
- (xvii) on the Interest Payment Date on which the Notes are to be redeemed in full, all amounts standing to the credit of the Expenses Account; minus
- (xviii) any amount paid on the immediately preceding Interest Payment Date under item *First* of the Principal Priority of Payments during the Revolving Period or, as the case may be, under item *Second* of the Principal Priority of Payments during the Amortisation Period.

"Interest Instalment" means the interest component of each Instalment.

"Interest Payment Amount" means the euro amount payable on each Note of a Class of Rated Notes in respect of an Interest Period.

"Interest Payment Date" means (a) prior to the delivery of a Trigger Notice, 15 March, 15 June, 15 September and 15 December in each year or, if such day is not a Business Day, the immediately following Business Day, and (b) following the delivery of a Trigger Notice, any day on which any payment is required to be made by the Representative of the Noteholders in accordance with the Trigger Event Priority of Payment, the Conditions and the Intercreditor Agreement, provided that the First Interest Payment Date will fall on 15 September 2005.

"Interest Period" means each period from (and including) a Interest Payment Date to (but excluding) the next following Interest Payment Date, provided that the Initial Interest Period shall begin on (and include) the Issue Date and end on (but exclude) the First Interest Payment Date.

"Interest Priority of Payments" means the Priority of Payments under Conditions 5.1.1 (*Priority of Payments - Priority of Payments prior to the delivery of a Trigger Notice - Interest Priority of Payments*).

"Investors Report" means the report to be prepared and delivered by the Calculation Agent on each Calculation Date in accordance with the provisions of the Cash Allocation, Management and Payment Agreement.

"Issue Date" means 30 June 2005.

"Issue Price" means 100% of the Principal Amount Outstanding of the Notes upon issue.

"Issuer" means Vela Lease S.r.l., a limited liability company incorporated in Italy, having its registered office at Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy, fiscal code and enrolment with the companies register of Treviso number 03678280268, enrolled under number 33758 in the *elenco generale* held by the *Ufficio Italiano dei Cambi* and enrolled in the *elenco speciale* held by the Bank of Italy pursuant to, respectively, articles 106 and 107 of the Consolidated Banking Act, having as its sole corporate object the performance of securitisation transactions under the Securitisation Law.

"Issuer Available Funds" means, together, the Settlement Available Funds, the Interest Available Funds and the Principal Available Funds.

"Joint Bookrunners" means, together, BNL, Calyon Corporate and Investment Bank, SG Corporate & Investment Banking and JPMorgan.

"Joint Lead Managers" means, together, BNL, Calyon Corporate and Investment Bank, SG Corporate & Investment Banking and JPMorgan.

"JPMorgan" means J.P. Morgan Securities Ltd.

"Lease Agreement" means any lease agreement out of which Receivables arise.

"Lessee" means a lessee under the terms of a Lease Agreement.

"Letter of Undertaking" means the letter of Undertaking executed on 31 January 2003 in the context of the Previous Securitisation between the Issuer, the Originator and the Representative of the Noteholders.

"Listing Agent" means BNP Paribas Securities Services, Luxembourg branch, or any other person for the time being acting as Listing Agent.

"Locafit" means LOCAFIT - Locazione Macchinari Industriali S.p.A., a joint stock company incorporated under the laws of Italy, having its registered office at Corso Italia, 15, 20122 Milan, Italy, fiscal code and enrolment with the companies register of Milan number 00862460151, enrolled under number 143 in the *elenco generale* held by the *Ufficio Italiano dei Cambi* and enrolled in the *elenco speciale* held by the Bank of Italy pursuant to, respectively, articles 106 and 107 of the Consolidated Banking Act.

"Luxembourg Paying Agent" means BNP Paribas Securities Services, Luxembourg branch, or any other person for the time being acting as Luxembourg Paying Agent.

"Mandate Agreement" means the mandate agreement entered into on or about the Issue Date between the Issuer and the Representative of the Noteholders, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Master Definitions Agreement" means the master definitions agreement entered into on or about the Issue Date between all the parties to each of the Transaction Documents, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Maximum Pool Default Ratio" means, in respect of the Receivables comprised in the respective Pool, an amount equal to:

1.75% for Pool 1;

1.9% for Pool 2; and

2.25% for Pool 3.

"Maximum Pool Delinquency Ratio" means, in respect of the Receivables comprised in the respective Pool, an amount equal to:

11.55% for Pool 1;

8.0% for Pool 2; and

8.0% for Pool 3.

"Mezzanine and Class D Notes Subscription Agreement" means the subscription agreement in relation to the Mezzanine Notes and the Class D Notes entered into on or about the Issue Date between the Issuer, the Representative of the Noteholders and the Originator, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Mezzanine Noteholders" means means the holders of the Mezzanine Notes.

"Mezzanine Notes" means, together, the €60,350,000 Series 2 Class B Asset Backed Floating Rate Notes due December 2028 and the €25,150,000 Series 2 Class C Asset Backed Floating Rate Notes due December 2028 issued by the Issuer on the Issue Date.

"Monte Titoli" means Monte Titoli S.p.A.

"Monte Titoli Account Holders" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli and includes any depository banks appointed by Euroclear and Clearstream.

"Monte Titoli Mandate Agreement" means the agreement entered into on 30 October 2002 between the Issuer and Monte Titoli, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Monthly Collection Period" means each period of one month commencing on (and including) a Settlement Date and ending on (and excluding) the next Settlement Date.

"Moody's" means Moody's Investors Service.

"Most Senior Class of Notes" means (i) the Class A Notes; (ii) following the full repayment of all the Class A Notes, the Class B Notes; (iii) following the full repayment of all the Class B Notes, the Class C Notes and (iv) following the full repayment of the all the Class C Notes, the Class D Notes.

"Motor Vehicle" means any car, truck, commercial van or other motor-vehicle, which is leased under a Lease Agreement.

"Negative Adjustment" means in respect of each Receivable the amount (if any) which is due to be reimbursed to the Lessee under the terms of the relevant Lease Agreement by reason of the decrease of the applicable interest rate.

"Net Adjustment Reserve Amount" means, in respect of any Interest Payment Date, the difference between (i) the sum of the Negative Adjustment accrued and not reimbursed as at the last day of the immediately preceding Quarterly Collection Period in respect of all Receivables, and (ii) the sum of the Positive Adjustment accrued and not paid as at the last day of the immediately preceding Quarterly Collection Period.

"Net Portfolio Yield" means, with respect to any period of time, the amount which is the aggregate of: (i) the interest and any sum accrued on the Outstanding Principal of the Portfolio during the relevant period, whether or not actually paid, less provisions for losses and losses with respect to such period; (ii) the Positive Adjustment accrued during such period (whether or not actually paid); (iii) any default interest on the Receivables paid by the Lessee during such period under the terms of the relevant Lease Agreement; (iv) the amount of any and all penalties paid by the Lessee during such period; and (v) any other revenues accrued to the Issuer under the Lease Agreement during such period.

"Noteholders" means, together, the Rated Noteholders and the Class D Noteholders.

"Notes" means, together, the Rated Notes and the Class D Notes.

"Obligations" means all the obligations of the Issuer created by or arising under the Notes and the Transaction Documents.

"Offer Date" means, during the Revolving Period, each Quarterly Servicer's Report Date.

"Offering Circular" means the offering circular dated on or about the Issue Date prepared in connection with the issue by the Issuer of the Notes.

"Official Gazette" means the *Gazzetta Ufficiale della Repubblica Italiana*.

"Organisation of the Noteholders" means the association of the Noteholders, organized pursuant to the Rules of the Organisation of the Noteholders.

"Originator" means Locafit.

"Other Issuer Creditors" means the Originator, the Servicer, the Representative of the Noteholders, the Calculation Agent, the Corporate Servicer, the Principal Paying Agent, the Account Bank, the Custodian Bank, the Cash Manager, the Subordinated Loan Provider, the Luxembourg Paying Agent and the Swap Counterparty.

"Outstanding Principal" means, on any relevant date, in relation to any Receivable, the sum of all Principal Instalments due on any subsequent Scheduled Instalment Date and any Principal Instalments due but unpaid as at that date, *plus* the Accrued Interest accrued thereon.

"Payments Account" means the euro denominated account established in the name of the Issuer with the Account Bank with number 3634651, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payment Agreement.

"Payments Report" means the report setting out all the payments to be made on the following Interest Payment Date under the Priorities of Payments, which shall be prepared and delivered by the Calculation Agent in accordance with the Cash Allocation, Management and Payment Agreement before the occurrence of a Trigger Event and the delivery of a Trigger Notice.

"Pool 1" means the aggregate of the Receivables originating from Lease Agreements the underlying Assets of which are Motor Vehicles.

"Pool 2" means the aggregate of the Receivables originating from Lease Agreements the underlying Assets of which are Equipments.

"Pool 3" means the aggregate of the Receivables originating from Lease Agreements the underlying Assets of which are Real Estate Assets.

"Pool Outstanding Principal" means on any given date, in respect of any Pool, the aggregate of the Outstanding Principal of all Receivables in such Pool on such date which are included in the Collateral Portfolio.

"Pools" means, together, Pool 1, Pool 2 and Pool 3.

"Portfolio" means, together, the Initial Portfolio and any Subsequent Portfolio purchased or to be purchased by the Issuer from the Originator pursuant to the Receivables Purchase Agreement.

"Portfolio Default Ratio" means, in respect of any Quarterly Collection Period during the Revolving Period, the percentage equal to a fraction obtained by dividing: (A) the Outstanding Principal as at the default date of the Receivables which have become Defaulted Receivables during such Quarterly Collection Period; by (B) the Average Collateral Portfolio Outstanding Principal of such Quarterly Collection Period.

"Portfolio Default Trigger Level" means, in respect of any Quarterly Collection Period during the Revolving Period, the percentage equal to the sum of the product in respect of each Pool of: (A) (i) the Pool Outstanding Principal of each Pool as at the last day of such Quarterly Collection Period (including the relevant Subsequent Portfolio purchased on the preceding Interest Payment Date), divided by (ii) the Collateral Portfolio Outstanding Principal as at the last day of such Quarterly Collection Period; multiplied by (B) the relevant Maximum Pool Default Ratio.

"Portfolio Delinquency Ratio" means, in respect of any Quarterly Collection Period during the Revolving Period, the percentage equal to a fraction obtained by dividing: (A) the Outstanding Principal of the Receivables relating to Delinquent Receivables as at the last Day of such Quarterly Collection Period; by (B) the Collateral Portfolio Outstanding Principal at the end of such Quarterly Collection Period.

"Portfolio Delinquency Trigger Level" means, in respect of any Quarterly Collection Period during the Revolving Period, the percentage equal to the sum of the product in respect of each Pool of: (A) (i) the Pool Outstanding Principal of each Pool as at the last day of such Quarterly Collection Period (including the relevant Subsequent Portfolio purchased on the preceding Interest Payment Date), divided by (ii) the Collateral Portfolio Outstanding Principal as at the last day of such Quarterly Collection Period; multiplied by (B) the relevant Maximum Pool Delinquency Ratio.

"Positive Adjustment" means in respect of each Receivable the amount (if any) which is due to be paid by the Lessee under the terms of the relevant Lease Agreement by reason of the decrease of the applicable interest rate.

"Previous Notes" means the asset backed floating rate notes issued by the Issuer on 4 February 2003 in the context of the Previous Securitisation.

"Previous Portfolio" means the portfolio of monetary claims arising out of lease agreements purchased by the Issuer in the context of the Previous Securitisation.

"Previous Securitisation" means the securitisation transaction carried out by the Issuer in February 2003.

"Principal Amount Outstanding" means, on any day:

- (a) in relation to a Note, the nominal principal amount of that Note upon issue less the aggregate amount of any principal payments in respect of that Note which have been paid up to that day; and
- (b) in relation to a Class, the aggregate of the amount in (a) in respect of all Notes outstanding in such Class; and
- (c) in relation to the Notes outstanding at any time, the aggregate of the amount in (a) in respect of all Notes outstanding, regardless of Class.

"Principal Available Funds" means, in respect of any Interest Payment Date, the aggregate of:

- (i) all Principal Instalments collected during the immediately preceding Quarterly Collection Period, minus the Accrued Interest as at the last day of the immediately preceding Quarterly Collection Period and plus the Accrued Interest as at the last day of the second preceding Quarterly Collection Period;
- (ii) all amounts on account of principal deriving from the pre-payment of any Lease Agreement during the immediately preceding Quarterly Collection Period;
- (iii) amounts under items *Sixth*, paragraph (b), *Seventh*, paragraph (b), *Eighth* and *Thirteenth*, paragraph (b), of the Interest Priority of Payments on such Interest Payment Date;

- (iv) prior to the delivery of a Trigger Notice, any Cash Reserve Excess Amount on such Interest Payment Date;
- (v) following the delivery of a Trigger Notice, all amounts standing to the credit of the Cash Reserve Account after the payments made on the immediately preceding Interest Payment Date;
- (vi) the Residual Principal Cash of the preceding Interest Payment Date;
- (vii) following full redemption of the Rated Notes, all amounts standing to the credit of the Cash Reserve Account;
- (viii) all amounts on account of principal received under any repurchase of Receivables during the immediately preceding Quarterly Collection Period;
- (ix) all amounts on account of principal in relation to any indemnity received under the Insurance Policies during the immediately preceding Quarterly Collection Period; and
- (x) any amount paid on the immediately preceding Interest Payment Date under item *First* of the Principal Priority of Payments during the Revolving Period or, as the case may be, under item *Second* of the Principal Priority of Payments during the Amortisation Period.

"Principal Collections" means, in respect of any Interest Payment Date, the amount under items (i), (ii), (vi), (viii) and (ix) of the Principal Available Funds.

"Principal Deficiency Ledger" means a ledger which shall be established by or on behalf of the Issuer in order to record, from time to time, an amount equal to the sum of the following items: (1) the Principal Amount Outstanding of the Rated Notes as at the immediately preceding Interest Payment Date; minus (2) the Collateral Portfolio Outstanding Principal (net of any Adjustment Purchase Price and of any amounts on account of purchase price for increased instalments in accordance with clause 14.1.3 of the Receivables Purchase Agreement payable to the Originator on the immediately following Interest Payment Date) as at the end of the immediately preceding Quarterly Collection Period; minus (3) any Unpaid Principal Deficiency Ledger; minus (4) the Principal Collections during the immediately preceding Quarterly Collection Period.

"Principal Instalment" means the principal component of each Instalment.

"Principal Paying Agent" means BNP Paribas Securities Services, Milan branch, or any other person for the time being acting as Principal Paying Agent pursuant to the Cash Allocation, Management and Payment Agreement.

"Principal Payment Amount" has the meaning ascribed to it in Rated Notes Condition 7.5.2.

"Principal Priority of Payments" means, as the case may be, the Priority of Payments under Condition 5.1.2 (*Priority of Payments - Priority of Payments prior to the delivery of a Trigger Notice - Principal Priority of Payments during the Revolving Period*) or the Priority of Payments under Condition 5.1.3 (*Priority of Payments - Priority of Payments prior to the delivery of a Trigger Notice - Principal Priority of Payments during the Amortisation Period*).

"Priority of Payments" means the order in which the Issuer Available Funds shall be applied on each Interest Payment Date prior to and/or following the service of a Trigger Notice in accordance with the Rated Notes Conditions, the Class D Notes Conditions and the Intercreditor Agreement.

"Purchase Price" means the amount which will be paid from time to time to the Originator by the Issuer as consideration for the acquisition of the Initial Portfolio and any Subsequent Portfolio, equal to (i) the aggregate of the Individual Purchase Prices of each Receivable comprised in the relevant portfolio on the Valuation Date; and (ii) the Billed Residual Amount of the Receivables comprised in such portfolio.

"Purchase Termination Event" means any of the events referred to in Clause 8.1 of the Receivables Purchase Agreement.

"Purchase Termination Notice" shall have the meaning ascribed to it in Clause 8.2 of the Receivables Purchase Agreement.

"Quarterly Collection Period" means each period of three months commencing on (and including) each Settlement Date of March, June, September and December in each year and ending, respectively, on (and excluding) each Settlement Date of June, September, December and March in each year.

"Quarterly Servicer's Report" means the report delivered by the Servicer on each Quarterly Servicer's Report Date and containing details on the performance of the Portfolio during the relevant Quarterly Collection Period prepared in accordance with the Servicing Agreement.

"Quarterly Servicer's Report Date" means the 5th Business Day before each Interest Payment Date.

"Quotaholder" means each of Finanziaria Internazionale Securitisation Group S.p.A., Finanziaria Internazionale Holding S.p.A. and Locafit and **"Quotaholders"** means all of them.

"Quotaholders' Agreement" means the quotaholders' agreement executed on 31 January 2003 in the context of the Previous Securitisation between the Issuer, the Quotaholders and the Representative of the Noteholders.

"Rated Noteholders" means, together, the Class A Noteholders and the Mezzanine Noteholders.

"Rated Notes" means, together, the Class A Notes, the Class B Notes and the Class C Notes.

"Rated Notes Conditions" means the terms and conditions of the Rated Notes.

"Rating Agencies" means Moody's and S&P.

"Real Estate Asset" means any building or real estate asset, which is the subject of a Lease Agreement.

"Receivables" means the rights and monetary claims and ancillary rights pertaining thereto arising out of the Lease Agreements and assigned to the Issuer in accordance with the Receivable Purchase Agreement in relation to the following amounts:

- (a) any amount payable by the Lessees in respect of Instalments as from the relevant Valuation Date (excluded);
- (b) default interest and/or other interest arising as a consequence of payment deferrals granted by the Originator after the relevant Valuation Date;
- (c) penalties or other amounts due by the Lessees in relation to the early termination of the Lease Agreements or upon prepayment of any Instalments thereunder;
- (d) any amount received as indemnity under the Insurance Policies and pursuant to any guarantee related to the Lease Agreements of which the Originator is beneficiary;
- (e) Adjustments relating to the Instalments;
- (f) any other amount due by the Lessees relating to the Defaulted Receivables under the Lease Agreements;
- (g) any VAT in respect of the Instalments and amounts to be paid by the Lessees with regard to premia on the Insurance Policies; and
- (h) all the foregoing together with all the relevant security interests and guarantees, connected privileges and pre-emptive rights, but exclude the rights and monetary claims in relation to the Residual Value and any other amount due as penalty from any Lessee if it does not deliver (or delays the delivery of) the relevant Asset to the Originator following the Lessee's failure to exercise the option to purchase the relevant Asset.

"Receivables Purchase Agreement" means the receivables purchase agreement entered into on 14 June 2005 between the Issuer and the Originator, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Recovery Amounts" means the proceeds from Defaulted Receivables, including proceeds from the sale of Assets and the relocation of Assets.

"Reference Bank" means each of Banca Nazionale del Lavoro S.p.A., UniCredit Banca d'Impresa S.p.A. and SanPaolo IMI S.p.A. and **"Reference Banks"** means all of them.

"Remuneration" means the amount payable on each Interest Payment Date in respect of the Class D Notes, which shall accrue during each Quarterly Collection Period and shall be calculated on each Calculation Date immediately preceding the relevant Interest Payment Date as the aggregate of:

- (a) the Net Portfolio Yield accrued as at the end of the immediately preceding Quarterly Collection Period; plus
- (b) interest accrued and paid on the Collection Account, the Payments Account, the Cash Reserve Account and the Adjustment Reserve Account up to the end of the immediately preceding Quarterly Collection Period and interest deriving from the Eligible Investments up to the end of the immediately preceding Quarterly Collection Period; plus

- (c) any and all amounts received under the Warranty and Indemnity Agreement; plus
- (d) any and all amounts due to be received from the Swap Counterparty on such Interest Payment Date, whether or not actually paid; minus
- (e) any and all amounts due to be paid to the Swap Counterparty on such Interest Payment Date, whether or not actually paid; minus
- (f) any and all amounts under items *First, Second, Fifth, Sixth* and *Seventh* of the Interest Priority of Payments, and any and all amounts accrued under such items during the immediately preceding Quarterly Collection Period whether or not actually paid.

"Representative of the Noteholders " means Securitisation Services, or any other person for the time being acting as representative of the Noteholders.

"Required Cash Reserve Amount" means, on any Interest Payment Date, an amount equal to the lesser of (i) the Cash Reserve Initial Amount; and (ii) 5.0% of the Principal Amount Outstanding of the Rated Notes on such Interest Payment Date and in any case not lower than €12,622,000.

"Residual Interest Cash" means, on each Interest Payment Date prior to the service of a Trigger Notice, any amount not used under the Interest Priority of Payment, which will be credited to the Collection Account.

"Residual Principal Cash" means, on each Interest Payment Date during the Revolving Period, any amount not used under the Principal Priority of Payment, which will be credited to the Collection Account.

"Residual Value " means the optional instalment payable at the end of the contractual term under any Lease Agreement if the Lessee were to exercise its option to purchase the relevant Asset.

"Retention Amount" means an amount equal to €30,000.

"Revolving Period" means the period commencing on the Issue Date and ending on the earlier of:

- (a) the Interest Payment Date falling in September 2008 (excluded); and
- (b) the date on which the Representative of the Noteholders serves a Purchase Termination Notice or a Trigger Notice on the Issuer.

"Rules of the Organisation of the Noteholders " means the Rules of the Organisation of the Noteholders attached as Exhibit to the Rated Notes Conditions and the Class D Notes Conditions, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereof.

"S&P" means Standard and Poor's Rating Services.

"Scheduled Instalment Date " means the first Business Day of each month, on which an Instalment is due pursuant to each Lease Agreement.

"Securities Account" means the euro denominated account established in the name of the Issuer with the Custodian Bank, with number 761700, or such other substitute account opened in accordance with the Cash Allocation, Management and Payment Agreement.

"Securities Act" means the U.S. Securities Act of 1933, as amended.

"Securitisation" means the securitisation of the Receivables made by the Issuer through the issuance of the Notes.

"Securitisation Law" means Italian Law number 130 of 30 April 1999, as amended and supplemented from time to time.

"Securitisation Services" means Securitisation Services S.p.A., a company incorporated under the laws of the Republic of Italy, having its registered office at Via Vittorio Alfieri 1, 31015 Conegliano (TV), Italy, fiscal code and enrolment with the companies register Treviso number 03546510268, enrolled under number 31816 in the *elenco generale* held by *Ufficio Italiano dei Cambi* and enrolled in the *elenco speciale* held by the Bank of Italy pursuant to, respectively, articles 106 and 107 of the Consolidated Banking Act.

"Security" means the security created pursuant to the Deed of Pledge and the Deed of Charge.

"Security Interest" means:

- (a) any mortgage, charge, pledge, lien, privilege (*privilegio speciale*) or other security interest securing any obligation of any person;
- (b) any arrangement under which money or claims to money, or the benefit of, a bank or other account may be applied, set-off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or
- (c) any other type of preferential arrangement having a similar effect.

"Senior Notes" means the €20,350,000 Series 2 Class A Asset Backed Floating Rate Notes due December 2028 issued by the Issuer on the Issue Date.

"Senior Notes Subscription Agreement" means the subscription agreement in relation to the Senior Notes entered into on or about the Issue Date between the Issuer, the Representative of the Noteholders, the Originator and the Joint Lead Managers, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Servicer" means Locafit, or any other person for the time being acting as Servicer pursuant to the Servicing Agreement.

"Servicer's Account" means the account established in the name of the Servicer with BNP Paribas Securities Services, Milan branch, with number 000800737401, or such other substitute account opened in accordance with the Servicing Agreement.

"Servicing Agreement" means the agreement entered into on 14 June 2005 between the Issuer and the Servicer, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Settlement Available Funds" means the Billed Residual Collected Amount received by the Issuer as at the end of each Monthly Collection Period.

"Settlement Date" means the second Business Day of each month.

"SG Corporate & Investment Banking" means Société Generale, London branch.

"Sole Affected Party" means an Affected Party as defined in the Swap Agreement which at the relevant time is the only Affected Party under the Swap Agreement.

"Sole Arranger" means BNL.

"Specific Criteria" means (i) the objective criteria listed in Annex 2 to the Receivables Purchase Agreement, which shall apply to the Initial Portfolio; and (ii) certain further objective criteria selected amongst the ones listed in Annex 3 to the Receivables Purchase Agreement, which may supplement the Common Criteria.

"Subordinated Loan" means the loan granted to the Issuer under the Subordinated Loan Agreement for an amount equal to the Cash Reserve Initial Amount.

"Subordinated Loan Agreement" means the loan agreement entered into on or about the Issue Date between the Issuer and the Subordinated Loan Provider, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Subordinated Loan Provider" means Locafit, or any other person for the time being acting as Subordinated Loan Provider pursuant to the Subordinated Loan Agreement.

"Subscription Agreements" means, together, the Senior Notes Subscription Agreement and the Mezzanine and Class D Notes Subscription Agreement.

"Subsequent Portfolio" means any additional Portfolio purchased by the Issuer pursuant to Clause 3 of the Receivables Purchase Agreement.

"Subsequent Portfolio Conditions" means the conditions for the purchase of the Subsequent Portfolio set forth in section entitled *'Conditions for the Purchase of Subsequent Portfolios'* above.

"Subsequent Portfolio Target Amount" means, in respect of each Subsequent Portfolio, the Purchase Price which is not higher than the Target Amount.

"Swap Agreement" means the hedging agreement entered into on or about the Issue Date between the Issuer and the Swap Counterparty, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Swap Counterparty" means Calyon S.A., or any other person for the time being acting as Swap Counterparty.

"Target Amount" means, as at each Quarterly Servicer's Report Date during the Revolving Period, the positive difference, if any, between (i) the Principal Amount Outstanding of the Rated Notes at the immediately preceding Interest Payment Date, and (ii) the Collateral

Portfolio Outstanding Principal as at the last day of the immediately preceding Quarterly Collection Period.

"Transaction Documents" means, together, the Receivables Purchase Agreement, the Servicing Agreement, the Warranty and Indemnity Agreement, the Senior Notes Subscription Agreement, the Mezzanine and Class D Notes Subscription Agreement, the Monte Titoli Mandate Agreement, the Intercreditor Agreement, the Cash Allocation, Management and Payment Agreement, the Swap Agreement, the Deed of Pledge, the Deed of Charge, the Mandate Agreement, the Subordinated Loan Agreement, the First Demand Guarantee, the Agreement for the Extension of the Corporate Services, the Agreement for the Extension of the Letter of Undertaking, the Agreement for the Extension of the Quotaholders' Agreement, the Master Definitions Agreement and this Offering Circular.

"Trigger Event" means any of the events described in Condition 12 (*Trigger Events*).

"Trigger Event Priority of Payments" means the Priority of Payments under Conditions 5.2 (*Priority of Payments - Trigger Event Priority of Payments*).

"Trigger Event Report" means the report setting out all the payments to be made on the following Interest Payment Date under the Trigger Event Priority of Payments which, following the occurrence of a Trigger Event and the delivery of a Trigger Notice, shall be prepared and delivered by the Calculation Agent as from time to time in accordance with the Cash Allocation, Management and Payment Agreement.

"Trigger Notice" means the notice described in Condition 12 (*Trigger Events*).

"Unpaid Principal Deficiency Ledger" means any residual negative balance of the Principal Deficiency Ledger at the immediately preceding Interest Payment Date, after having applied the Interest Priority of Payment on such Interest Payment Date.

"Valuation Date" means, in respect of the Initial Portfolio, 31 May 2005 and, in respect of each Subsequent Portfolio, the last Business Day of February, May, August or November in each year.

"VAT" means *Imposta sul Valore Aggiunto* (IVA) as defined in Italian D.P.R. number 633 of 26 October 1972, as amended and implemented from time to time.

"Warranty and Indemnity Agreement" means the means the agreement entered into on 14 June 2005 between the Issuer and the Originator, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"Weighted Average Internal Margin" means the difference between (i) the Weighted Average Internal Rate of Return (in respect of the Outstanding Principal) in respect of the Collateral Portfolio; and (ii) the Rate of Interest determined by the Principal Paying Agent on the immediately preceding Determination Date.

"Weighted Average Internal Rate of Return" means the internal rate of return of the Collateral Portfolio, calculated on the basis of the Rate of Interest determined by the Principal Paying Agent on the immediately preceding Determination Date, plus (a) in respect of the fixed

rate portion of the Collateral Portfolio, the difference between the weighted average rate (in respect of the Outstanding Principal) contractually agreed and the fixed interest rate determined in the relevant Swap Agreement; and (b) in respect of the floating rate portion of the Collateral Portfolio, the weighted average spread (in respect of the Outstanding Principal) contractually agreed on the Index Rate.

"Weighted Average Seasoning" means, in respect of all Receivables, the weighted average difference (in respect of the Outstanding Principal) between (i) the last day of the relevant Quarterly Collection Period; and (ii) the effective date of the relevant Lease Agreement.

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