

# OFFERING CIRCULAR dated 29 May 2006

Pursuant to Article 2, paragraph 3 of Italian Law No. 130 of 30 April 1999

## F-E GOLD S.R.L.

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

**Euro 203,800,000 Class A1 Asset Backed Floating Rate Notes due July 2025**

Issue Price: 100%

**Euro 749,000,000 Class A2 Asset Backed Floating Rate Notes due July 2025**

Issue Price: 100%

**Euro 56,000,000 Class B Asset Backed Floating Rate Notes due July 2025**

Issue Price: 100%

**Euro 10,200,000 Class C Asset Backed Floating Rate Notes due July 2025**

Issue Price: 100%

This Offering Circular constitutes a prospectus under Article 8 of Luxembourg law 10 July 2005, implementing the Prospectus Directive 2003/71/EC. Application has been made to the *Commission de Surveillance de Secteur Financier* (the "CSSF") for approval of this Offering Circular. Application has been made to list on the official list of the Luxembourg Stock Exchange and to trade on the Regulated Market "Bourse de Luxembourg" (the "Stock Exchange") the Euro 203,800,000 Class A1 Asset Backed Floating Rate Notes due July 2025 (the "Class A1 Notes"), the Euro 749,000,000 Class A2 Asset Backed Floating Rate Notes due July 2025 (the "Class A2 Notes" and, together with the Class A1 Notes, the "Class A Notes"), the Euro 56,000,000 Class B Asset Backed Floating Rate Notes due July 2025 (the "Class B Notes") and the Euro 10,200,000 Class C Asset Backed Floating Rate Notes due July 2025 (the "Class C Notes" and, together with the Class A Notes and the Class B Notes, the "Notes") issued by F-E Gold S.r.l., a limited liability company organised under the laws of the Republic of Italy (the "Issuer"). The Notes will be issued on 31 May 2006 (the "Issue Date").

The principal source of payment of interest and of repayment of principal on the Notes will be Collections and recoveries made in respect of the receivables and connected rights (the "Receivables") arising from performing financial lease contracts (the "Lease Contracts") executed by Fineco Leasing S.p.A. ("Fineco Leasing" or the "Originator") and the lessees thereunder (the "Lessees"). The Receivables have been and will be purchased by the Issuer from the Originator pursuant to the terms of the Transfer Agreement entered into on 10 May 2006. The first portfolio of Receivables (the "Initial Portfolio") has been purchased by the Issuer from the Originator on 10 May 2006. During the Revolving Period, subject to certain conditions set out in the Transfer Agreement, the Originator may sell to the Issuer, and the Issuer shall purchase from the Originator, subsequent portfolios of Receivables (the "Subsequent Portfolios" and, together with the Initial Portfolio, the "Portfolio"). The residual instalments (*riscatto*) due under the Lease Contracts from the Lessees upon the payment of which the Lessees shall acquire ownership of the Assets (the "Residual Instalments") do not form part of the Portfolio.

By virtue of the operation of Article 3 of the Securitisation Law and of the Transaction Documents, the Issuer's right, title and interest in and to the Receivables and to any sums collected therefrom will be segregated from all other assets of the Issuer (including any other 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 creditor.

Interest on the Notes will accrue on a daily basis and be payable in Euro on 31 July 2006 (the "First Payment Date") and, thereafter, quarterly in arrear on the 30<sup>th</sup> day of January, April, July and October in each year (provided that, if such day is not a Business Day, then interest on such Notes will be payable on the next succeeding Business Day) (each a "Payment Date"). The rate of interest applicable to the Notes of each Class (the "Rate of Interest") for each period from (and including) a Payment Date to (but excluding) the next following Payment Date (each, an "Interest Period", provided that the first Interest Period (the "Initial Interest Period") shall begin on (and include) the Issue Date and terminate on (but exclude) the First Payment Date) will be the rate per annum equal to the Euro-zone inter-bank offered rate ("Euribor") for three month deposits in Euro ("Three Month Euribor") determined in accordance with Condition 6 (*Interest*) of the terms and conditions of the Notes (the "Conditions" and each numbered condition, a "Condition") (or, in the case of the Initial Interest Period, the Euribor for two months deposits in Euro), plus the following respective margins in relation to the Notes of the relevant Class (each a "Relevant Margin"):

Class A1 Notes: a margin of 0.06% per annum  
Class A2 Notes: a margin of 0.13% per annum  
Class B Notes: a margin of 0.28% per annum  
Class C Notes: a margin of 0.58% per annum.

All payments of principal and interest in respect of the Notes will be made free and clear of any withholding or deduction for or on account of Italian taxes, unless such a withholding or deduction is required to be made by Italian Law No. 239 of 1 April 1996, as amended by Italian Law No. 409 and No. 410 of 23 November 2001 and as subsequently amended and supplemented, or otherwise by applicable law. If any withholding or deduction for or on account of tax is made in respect of any payment under the Notes, 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 "Taxation".

Before the final maturity date, being 30 July 2025, (the "Final Maturity Date"), the Notes will be subject to mandatory redemption in whole or in part in certain circumstances as set out in Condition 7.2 (*Mandatory Redemption*). Before the Final Maturity Date, the Notes will be subject to optional redemption in whole but not in part in certain circumstances as set out in Condition 7.3 (*Optional Redemption*) or Condition 7.4 (*Redemption for Taxation*). Unless previously redeemed in full or cancelled in accordance with the Conditions, the Notes are due to be repaid in full on the Final Maturity Date. The Notes, to the extent not redeemed in full by the Cancellation Date, shall be cancelled on such date. No payments of principal in respect of any of the Notes will be made to the Noteholders before the end of the Initial Period.

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, the Originator, the Servicer, the Representative of the Noteholders, the Swap Counterparty, the Calculation Agent, the Cash Manager, the Stichting Corporate Services Provider, the Account Bank, the Investment Account Bank, the Principal Paying Agent, the Luxembourg Listing Agent, the Luxembourg Paying Agent, the Administrative Services Provider, the Sole Arranger, the Subordinated Lender, the Joint Lead Managers or the Quotaholder. 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 bearer and dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli S.p.A. ("Monte Titoli") for the account of the relevant Monte Titoli Account Holders. The expression "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 Clearstream Banking S.A. ("Clearstream") and Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"). Monte Titoli shall act as depository for Clearstream and Euroclear. The Notes will at all times be evidenced by book-entries in accordance with the provisions of Article 28 of Italian Legislative Decree No. 213 of 24 June 1998 and with CONSOB Resolution No. 11768 of 23 December 1998, as subsequently amended and supplemented. No physical document of title will be issued in respect of the Notes.

The Class A1 Notes are expected, on issue, to be rated AAA by Fitch Ratings Ltd ("Fitch") and Aaa by Moody's Investors Service Limited ("Moody's" and, together with Fitch, the "Rating Agencies"); the Class A2 Notes are expected, on issue, to be rated AAA by Fitch and Aaa by Moody's; the Class B Notes are expected, on issue, to be rated A+ by Fitch and A1 by Moody's; and the Class C Notes are expected, on issue, to be rated BBB+ by Fitch and A3 by Moody's.

**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.**

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" below.

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 "Risk Factors".

### SOLE ARRANGER



### JOINT LEAD MANAGERS AND BOOKRUNNERS



LEHMAN BROTHERS

## **Responsibility statements**

*None of the Issuer, the Servicer, the Representative of the Noteholders, the Swap Counterparty, the Calculation Agent, the Subordinated Lender, the Cash Manager, the Account Bank, the Investment Account Bank, the Principal Paying Agent, the Stichting Corporate Services Provider, the Luxembourg Listing Agent, the Luxembourg Paying Agent, the Administrative Services Provider, the Sole Arranger, the Joint Lead Managers, the Quotaholder or 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 the Issuer, the Servicer, the Representative of the Noteholders, the Swap Counterparty, the Calculation Agent, the Subordinated Lender, the Cash Manager, the Account Bank, the Investment Account Bank, the Principal Paying Agent, the Stichting Corporate Services Provider, the Luxembourg Listing Agent, the Luxembourg Paying Agent, the Administrative Services Provider, the Sole Arranger, the Joint Lead Managers, the Quotaholder or any other party to the Transaction Documents other than the Originator undertaken, nor will they undertake, any investigations, searches, or other actions to establish the creditworthiness of the Lessees. In the Warranty and Indemnity Agreement the Originator has given certain representations and warranties to the Issuer in relation to, inter alia, the Receivables and itself and has agreed to indemnify the Issuer in respect of certain liabilities of the Issuer incurred in connection with the purchase and ownership of the Portfolio.*

*The Issuer accepts responsibility for the information contained in this Offering Circular, other than that information for which the other parties to the Transaction Documents 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 in accordance to the facts and does not omit anything likely to affect the import of such information.*

*Fineco Leasing accepts responsibility for the information contained in this Offering Circular in the section entitled "The Portfolio", in the section entitled "Fineco Leasing", in the section entitled "Origination, Contract Management, Collection and Recovery Procedures" and for any other information contained in this Offering Circular relating to itself, the collection procedures, the Lease Contracts and the Receivables sold by Fineco Leasing to the Issuer. To the best of the knowledge and belief of Fineco Leasing (which has taken all reasonable care to ensure that such is the case), such information is in accordance to the facts and does not omit anything likely to affect the import of such information.*

*Capitalia accepts responsibility for the information contained in this Offering Circular in the section entitled "Capitalia" and for any other information contained in this Offering Circular relating to itself. To the best of the knowledge and belief of Capitalia (which has taken all reasonable care to ensure that such is the case), such information is in accordance to the facts and does not omit anything likely to affect the import of such information.*

*BNP Paribas accepts responsibility for the information relating to itself contained in this Offering Circular in the sections entitled "The Swap Agreement" and "The Swap Counterparty". To the best of the knowledge and belief of BNP Paribas (which has taken all reasonable care to ensure that such is the case), such information is in accordance to the facts and does not omit anything likely to affect the import of such information.*

*JPMorgan Chase Bank N.A., Milan Branch, JPMorgan Chase Bank N.A., London Branch, J.P. Morgan Corporate Trustee Services Limited and J.P. Morgan Bank Luxembourg S.A. are members of the J.P. Morgan Group and each of them accepts responsibility for the information contained in this Offering Circular in the section entitled "The J.P. Morgan Group" and any other information contained in this Offering Circular relating to themselves. To the best of the knowledge and belief of JPMorgan Chase Bank N.A., Milan Branch, JPMorgan Chase Bank N.A., London Branch, J.P. Morgan Corporate Trustee Services Limited and J.P. Morgan Bank Luxembourg S.A. (which have taken all reasonable care to ensure that such is the case), such*

information is in accordance to the facts and does not omit anything likely to affect the import of such information.

### **Interest material to the offer**

Save as described under the section headed "Subscription and Sale" and in the sections describing the Transaction Documents, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

### **Other business relations with the Originator**

The Sole Arranger, the Joint Lead Managers, the Swap Counterparty and their affiliates may, from time to time, enter into other business relations with the Originator including, but not limited to, the provision of lending and advisory services.

### **Representations about the Notes**

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 Originator, the Sole Arranger, the Joint Lead Managers, the Representative of the Noteholders, the Issuer, the Quotaholder, the Administrative Services Provider or the Swap Counterparty (in any capacity) or any other 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 the Originator 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.

### **Limited recourse**

The Notes constitute direct, secured, limited recourse obligations of the Issuer. In particular, the Notes will not be obligations or responsibilities of, or guaranteed by, any of the Other Issuer Creditors, the Sole Arranger or the Joint Lead Managers. 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.

By operation of Italian law and of the Transaction Documents, the Issuer's right, title and interest in and to the Receivables and to any sums collected therefrom will be segregated from all other assets of the Issuer (including any other 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 third party creditor in respect of any costs, fees or expenses in relation to the Securitisation. Amounts derived from the Receivables will not be available to any other creditors of the Issuer.

The Noteholders, by reason of holding the Notes, agree that the Issuer Available Funds will be applied by the Issuer in accordance with the relevant Priority of Payments.

### **Selling restrictions**

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, and may not 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 (the "Securities Act") 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 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 and Sale" below.*

*The Notes are complex instruments which involve a high degree of risk and are suitable for purchasing only by sophisticated investors which are capable of understanding the risk involved. In particular the Notes should not be purchased by or sold to individuals and other non-expert investors.*

*No action has or will be taken which would allow an offering (nor a "sollecitazione all'investimento") of the Notes to the public in the Republic of Italy unless in compliance with the relevant Italian securities, tax and other applicable laws and regulations. Accordingly, the Notes may not be offered, sold or delivered and neither this document nor any other offering material relating to the Notes may be distributed or made available to the public in the Republic of Italy. Individual sales of the 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. For a further description of certain restrictions on offers and sales of the Notes and the distribution of this document, see the section entitled "Subscription and Sale" below.*

*Neither this document nor any other information supplied in connection with the issue of the Notes should be considered as a recommendation or constituting an invitation or offer by the Issuer, the Sole Arranger or the Joint Lead Managers that any recipient of this Offering Circular, or of any other information supplied in connection with the issue of the Notes, should purchase any of the Notes. Each investor contemplating purchasing any of the Notes must make its own independent investigation and appraisal of the financial condition and affairs of the Issuer.*

### **Interpretation**

*Certain monetary amounts and currency translations 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", "€" and "cents" 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.*

*Words and expressions in this document shall, except so far as the context otherwise requires, have the same meanings as those set out in the "Glossary of Terms" below. These and other terms used in this document are subject to the definitions of such terms set out in the Transaction Documents, as amended from time to time.*

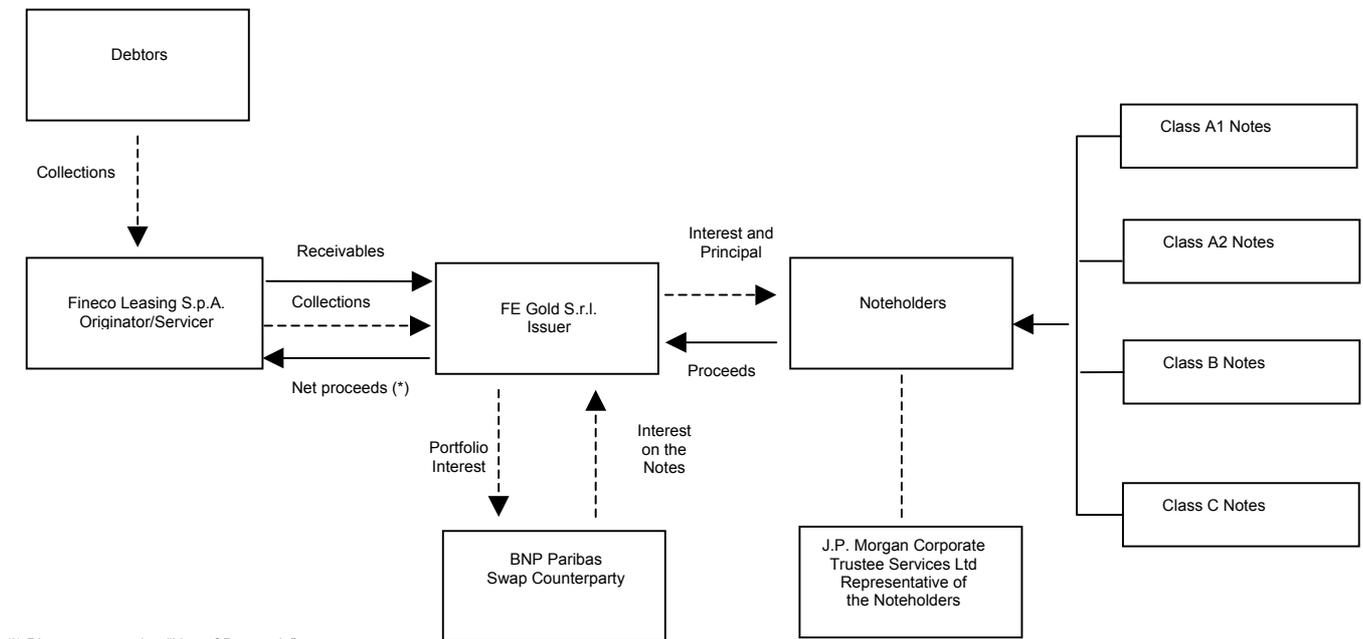
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## TRANSACTION SUMMARY

The following information is a summary of certain aspects of the Securitisation, the parties thereto, the assets underlying the Notes and the related documents and does not purport to be complete. Therefore, it should be read in conjunction with and is qualified in its entirety by reference to the more detailed information presented elsewhere in this Offering Circular and in the Transaction Documents. Prospective investors should base their decisions on this Offering Circular as a whole. All capitalised words and expressions used and not otherwise defined herein shall have the meaning ascribed to them in the “Glossary of Terms”.

### 1. STRUCTURE DIAGRAM



### 2. THE PRINCIPAL PARTIES

**Issuer**

F-E Gold.

The issued quota capital of the Issuer is equal to Euro 10,000 and is entirely held by the Quotaholder.

For further details, see the section entitled “*The Issuer*”.

**Originator**

Fineco Leasing.

For further details, see the section entitled “*The Originator*”.

**Servicer**

Fineco Leasing. The Servicer will act as such pursuant to the Servicing Agreement.

**Calculation Agent**

Capitalia. The Calculation Agent will act as such pursuant to the Cash Allocation, Management, Payment and Agency Agreement.

<b>Account Bank</b>	JPMorgan Chase Bank N.A., Milan Branch. The Account Bank will act as such pursuant to the Cash Allocation, Management, Payment and Agency Agreement.
<b>Investment Account Bank</b>	JPMorgan Chase Bank N.A., London Branch. The Investment Account Bank will act as such pursuant to the Cash Allocation, Management, Payment and Agency Agreement.
<b>Principal Paying Agent</b>	JPMorgan Chase Bank N.A., Milan Branch. The Principal Paying Agent will act as such pursuant to the Cash Allocation, Management, Payment and Agency Agreement.
<b>Cash Manager</b>	Fineco Leasing. The Cash Manager will act as such pursuant to the Cash Allocation, Management, Payment and Agency Agreement.
<b>Luxembourg Listing Agent</b>	J.P. Morgan Chase Bank Luxembourg S.A.. The Luxembourg Listing Agent will act as such pursuant to the Cash Allocation, Management, Payment and Agency Agreement.
<b>Luxembourg Paying Agent</b>	J.P. Morgan Chase Bank Luxembourg S.A.. The Luxembourg Paying Agent will act as such pursuant to the Cash Allocation, Management, Payment and Agency Agreement.
<b>Representative of the Noteholders</b>	J.P. Morgan Corporate Trustee Services Limited. The Representative of the Noteholders will act as such pursuant to the Subscription Agreement, the Mandate Agreement and the Intercreditor Agreement.
<b>Subordinated Lender</b>	Fineco Leasing. The Subordinated Lender will act as such pursuant to the Subordinated Loan Agreement.
<b>Swap Counterparty</b>	BNP Paribas. The Swap Counterparty will act as such pursuant to the Swap Agreement.
<b>Administrative Services Provider</b>	Structured Finance Management. The Administrative Services Provider will act as such pursuant to the Administrative Services Agreement.
<b>Quotaholder</b>	Stichting F-E Red.
<b>Stichting Corporate Services Provider</b>	SFM. The Stichting Corporate Services Provider will act as such pursuant to the Stichting Corporate Services Agreement.
<b>Sole Arranger</b>	Capitalia.
<b>Joint Lead Managers and Bookrunners</b>	Capitalia, BNP Paribas, London Branch and Lehman Brothers International (Europe).

### 3. PRINCIPAL FEATURES OF THE NOTES

**The Notes** On the Issue Date, the Issuer will issue:

<b>Class A1 Notes</b>	Euro 203,800,000 Class A1 Asset Backed Floating Rate Notes due July 2025;
<b>Class A2 Notes</b>	Euro 749,000,000 Class A2 Asset Backed Floating Rate Notes due July 2025;
<b>Class B Notes</b>	Euro 56,000,000 Class B Asset Backed Floating Rate Notes due July 2025; and
<b>Class C Notes</b>	Euro 10,200,000 Class C Asset Backed Floating Rate Notes due July 2025.
<b>Issue Price</b>	The issue price of each Note will be equal to 100% of its principal amount on issue.
<b>Form and Denomination</b>	<p>The Notes will be issued in denominations of Euro 50,000.</p> <p>The Notes will be in bearer form and will be held in dematerialised form on behalf of the ultimate owners, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holder. Monte Titoli shall act as depository for Clearstream and Euroclear. Title to the Notes will be evidenced by book entries in accordance with the provisions of Article 28 of Decree No. 213 and Consob Resolution No. 11768. No physical document of title will be issued in respect of the Notes.</p>
<b>Status</b>	<p>The Notes will constitute direct limited recourse obligations of the Issuer and secured over certain assets of the Issuer pursuant to the Deed of Pledge and the Deed of Charge.</p> <p>Payments of interest and repayment of principal under the Notes will be funded solely from the proceeds of the Portfolio and the other Issuer Available Funds from time to time available for such purpose under the applicable Priority of Payments.</p> <p>Each Noteholder and any Other Issuer Creditors will have a claim against the Issuer only to the extent of the Issuer Available Funds from time to time available for such purpose under the applicable Priority of Payments.</p>
<b>Subordination</b>	<p>(1) In respect of the obligation of the Issuer to pay interest on the Notes before the delivery of an Enforcement Notice:</p> <ul style="list-style-type: none"> <li>(a) the Class A1 Notes and the Class A2 Notes will rank <i>pari passu</i> and <i>pro rata</i> without preference or priority amongst themselves and in priority to the Class B Notes and the Class C Notes;</li> <li>(b) the Class B Notes will rank <i>pari passu</i> and <i>pro rata</i> without preference or priority amongst themselves and in priority to the Class C Notes, but subordinated to the</li> </ul>

- Class A Notes; and
- (c) the Class C Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves, but subordinated to the Class A Notes and the Class B Notes.
- (2) In respect of the obligation of the Issuer to repay principal on the Notes, after the Initial Period, but before the delivery of an Enforcement Notice:
- (i) the Class A1 Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves and in priority to the Class A2 Notes, Class B Notes and the Class C Notes;
  - (ii) the Class A2 Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves and in priority to Class B Notes and the Class C Notes, but subordinated to the Class A1 Notes;
  - (iii) the Class B Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves and in priority to the Class C Notes, but subordinated to the Class A Notes; and
  - (iv) the Class C Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves, but subordinated to the Class A Notes and the Class B Notes.
- (3) *Provided however that*, subject to no Enforcement Notice having been served:
- (i) on each Pro-Rata Amortisation Payment Date until the earlier of (a) the Payment Date (excluded) on which the Pro-Rata Cessation Event occurs and (b) the Cancellation Date, the Class A1 Notes, the Class A2 Notes, the Class B Notes and the Class C Notes shall rank *pari passu* and *pro rata* without preference or priority amongst themselves with respect to the repayment of principal; and
  - (ii) starting from any Payment Date (included) on which Pro-Rata Cessation Event has occurred and on each Payment Date thereafter until the Cancellation Date, the Class A1 Notes, the Class A2 Notes, the Class B Notes and the Class C Notes shall rank in accordance with paragraph (2) above with respect to the repayment of principal.

**“Pro-Rata Amortisation Payment Date”** means each Payment Date after the Initial Period on which the Pro-Rata Conditions have been satisfied.

**“Pro-Rata Cessation Event”** means, following a Pro-Rata Amortisation Payment Date, the Notes having been redeemed in accordance with Condition 7.2.1 for three Payment Dates, as a result of the non satisfaction of the Pro-Rata Conditions.

**“Pro-Rata Conditions”** means, in respect of any Payment Date, the following conditions:

- (i) the unpaid Principal Deficiency being equal to zero at the immediately preceding Payment Date following payments under the applicable Priority of Payments are made;
  - (ii) the balance of the Cash Reserve being equal to the Scheduled Cash Reserve Amount at the relevant Payment Report Date;
  - (iii) at least five years having elapsed from the Issue Date; and
  - (iv) the Cumulative Gross Default Ratio having not met the Excess Spread Trapping Trigger.
- (4) In respect of the obligation of the Issuer to pay interest and repay principal on the Notes after the delivery of an Enforcement Notice:
- (i) the Class A1 Notes and the Class A2 Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves and in priority to the Class B Notes and the Class C Notes;
  - (ii) the Class B Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves and in priority to the Class C Notes but subordinated to the Class A Notes; and
  - (iii) the Class C Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves but subordinated to the Class A Notes and the Class B Notes.

#### **Interest on the Notes**

The Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at the following Relevant Margin above Three Months Euribor (as determined and defined in accordance with the Conditions):

<b>Class A1 Notes</b>	0.06% per annum;
<b>Class A2 Notes</b>	0.13% per annum;
<b>Class B Notes</b>	0.28% per annum; and
<b>Class C Notes</b>	0.58% per annum.

In the case of the Initial Interest Period, the Rate of Interest for the Notes of each Class shall be the Relevant Margin for the Notes of such Class plus the Euribor for two months deposits in Euro.

#### **Payment Dates**

Interest on the Notes will be payable quarterly in arrear on the 30th day of January, April, July and October in each year or, if such day is not a Business Day, the next succeeding Business Day (each, a “**Payment Date**”) or, upon the sale of all or part of the Portfolio following the delivery of an Enforcement Notice, such Business Day as will be notified by the Representative of the Noteholders to the Issuer, the Noteholders and the Calculation Agent.

The first payment of interest in respect of the Notes will be due on the Payment Date falling on 31 July 2006 (the “**First Payment Date**”). The period from and including the Issue Date to (but excluding) the First Payment Date (the “**Initial Interest Period**”) and each successive period from and including a Payment Date to but excluding the next succeeding Payment Date is referred to as an “**Interest Period**”.

#### **Withholding on the Notes**

As at the date of this Offering Circular, payments of interest under the Notes may be subject to a Decree 239 Deduction. 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 expiry of eighteen months from the Issue Date, the Issuer will be obliged to pay an additional amount in Italy which, at the date of this Offering Circular, is equal to 20% of all interest and other proceeds accrued on such principal amount repaid early up to the relevant repayment date. See also the section entitled “*Taxation*” below.

#### **Mandatory redemption**

The Notes will be subject to mandatory redemption in full or in part in accordance with the provisions of Condition 7.2 (*Mandatory redemption*), in each case, if and to the extent that there are sufficient Issuer Principal Available Funds under the applicable Priority of Payments, *provided however that* any Issuer Principal Available Funds available on any Payment Date falling before January 2008 (or upon service on the Issuer of an Enforcement Notice, if earlier) shall not be applied towards redemption of the Notes, but shall be deposited in the Issuer Principal Accumulation Account and may, subject to no Purchase

Termination Notice having been delivered, be utilised towards the purchase of Subsequent Portfolios during the Revolving Period.

**Final Maturity Date**

Unless previously redeemed in full, the Notes are due to be repaid in full at their respective Principal Amount Outstanding, together with interest accrued thereon, on the Payment Date falling on 30 July 2025 (the “**Final Maturity Date**”).

**Cancellation Date**

The Notes will be cancelled on the earlier of (i) the date on which the Notes have been redeemed in full and (ii) the Final Maturity Date (the “**Cancellation Date**”), at which date any amount outstanding, whether in respect of interest, principal or other amounts in respect of the Notes, shall be finally and definitively cancelled.

**Optional Redemption**

The Issuer may redeem all (but not some only) of the Notes of all Classes at their Principal Amount Outstanding, together with all accrued but unpaid interest thereon up to the date fixed for redemption, on any Payment Date falling in or after January 2008, provided that on any such Payment Date the Portfolio Outstanding Principal Balance is equal or less than 10% of the Initial Portfolio Outstanding Principal Balance.

Any such redemption (an “**Optional Redemption**”) shall be effected by the Issuer by giving not more than 60 nor less than 30 days’ prior written notice to the Representative of the Noteholders and to the Noteholders in accordance with Condition 14 (*Notices*) and provided that the Issuer, prior to giving such notice to the Representative of the Noteholders, has produced evidence reasonably acceptable to the Representative of the Noteholders that it will have the funds, which are not subject to any third party interests, to discharge all its outstanding liabilities in respect of the Notes and any amounts required under the then applicable Priority of Payments to be paid in priority to or *pari passu* with the Notes of each Class.

**Redemption for taxation**

If, at any time, the Issuer confirms to the Representative of the Noteholders that on the next Payment Date, the Issuer or any other person would be required to deduct or withhold (other than in respect of a Decree 239 Withholding) any amount from any payment of principal or interest on any Class of Notes 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, and the Issuer certifies to the Representative of the Noteholders and produces evidence acceptable to the Representative of the Noteholders that the Issuer will have the necessary funds, which are not subject to any third party interests, to discharge all its outstanding liabilities in respect of the relevant Class of Notes and any amounts required under the then applicable Priority of Payments to be paid in priority to or *pari passu* with such Notes, then the Issuer may, on any such Payment Date at its option, redeem all (but not some only) of

the Notes of such Class at their Principal Amount Outstanding, together with accrued but unpaid interest up to and including any such Payment Date, having given not more than 60 nor less than 30 days' written notice to the Representative of the Noteholders and to the Noteholders in accordance with Condition 14 (*Notices*).

The necessary funds for the purpose of an Optional Redemption or a Redemption for Taxation of the Notes may be obtained from the sale by the Issuer of all or part of the Portfolio pursuant to the terms of the Intercreditor Agreement. Should such sale of the Portfolio (or part thereof) occur, the relevant sale proceeds will form part of the Issuer Available Funds, to be applied in accordance with the then applicable Priority of Payments on the immediately succeeding Payment Date.

## Ratings

The Notes are expected on issue to be assigned the following ratings:

	Class A1	Class A2	Class B	Class C
<i>Fitch:</i>	AAA	AAA	A+	BBB+
<i>Moody's:</i>	Aaa	Aaa	A1	A3

**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.**

## Source of Payments of the Notes

The principal source of payment of interest and of repayment of principal on the Notes will be from Collections and recoveries made in respect of the Receivables comprised in the Initial Portfolio and in each Subsequent Portfolio. The Receivables arise out of performing Lease Contracts (entered into between the Originator as lessor and the Lessees thereunder) pursuant to which the Assets were leased to such Lessees.

The Receivables are comprised in the following Pools depending on the leased Asset which they are related to:

**Auto Pool:** Receivables arising from Lease Contracts relating to motor cars, commercial vehicles and heavy vehicles registered in the *Pubblico Registro Automobilistico*;

**Real Estate Pool:** Receivables arising from Lease Contracts relating to real estate assets; and

**Equipment Pool:** Receivables arising from Lease Contracts relating to tools and machinery, specifically built machinery and other industrial equipment not registered in any public register.

## **Security for the Notes**

By operation of Italian law and of the Transaction Documents, the Issuer's right, title and interest in and to the Receivables will be segregated from all other assets of the Issuer and amounts deriving therefrom (to the extent identifiable) 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 any third party creditor to whom the Issuer owes any costs, fees and expenses in relation to the Securitisation.

After the publication of a notice of the sale by the Originator to the Issuer of a portfolio of Receivables in the Official Gazette of the Republic of Italy and registration of such assignment with the competent Register of Companies (*Registro delle Imprese*), the relevant Receivables may not be seized or attached in any form by third party creditors other than the Noteholders until the Issuer has discharged in full its payment obligations to the Noteholders under the Notes (or the Notes have been cancelled).

For further details, see "*Selected aspects of Italian law*".

## **Listing**

Application has been made to list the Notes on the official list of the Luxembourg Stock Exchange and to trade them on the Regulated Market "*Bourse de Luxembourg*".

## **Purchase of the Notes**

The Issuer may not purchase any Notes at any time.

## **Governing Law**

The Notes will be governed by Italian law.

## **4. ACCOUNTS**

### **Issuer Accounts**

Pursuant to the terms of the Cash Allocation, Management, Payment and Agency Agreement, the Issuer opened:

- (a) with the Account Bank, as separate Euro denominated accounts, the Issuer Collection Account, the Issuer Transaction Account, the Issuer Payments Account, the Issuer Principal Accumulation Account, the Issuer Expenses Account and the Issuer Cash Reserve Account; and
- (b) with the Investment Account Bank, as separate accounts, the Issuer Investment Account and the Issuer Securities Account.

In addition, the Issuer has opened with Banca Popolare di Intra Milan branch the Euro denominated Issuer Quota Capital Account to which all amounts contributed by the Quotaholder as quota capital of the Issuer have been credited and shall be kept throughout the Securitisation.

The sums standing to the credit of the Accounts shall be transferred in accordance with the terms of the Cash Allocation, Management,

Payment and Agency Agreement, the Intercreditor Agreement and the other Transaction Documents.

#### **Issuer Collection Account**

All Collections received or recovered by the Servicer in respect of the Receivables will be credited to the Issuer Collection Account.

On each Local Business Day, the Collections credited into the Issuer Collection Account (together with any interest amounts paid from time to time by the Account Bank on the amounts standing from time to time to the balance of such Account) shall be automatically transferred to the Issuer Investment Account in order to be invested in Eligible Investments, in accordance with the terms of the Cash Allocation, Management, Payment and Agency Agreement.

For further details, see the section "*Issuer Investment Account*" below.

#### **Issuer Transaction Account**

Any and all amounts due to the Issuer under the Transaction Documents (other than (i) the Collections and the recoveries made in respect of the Receivables and (ii) the payments made by the Swap Counterparty under the Swap Agreement) will be credited to the Issuer Transaction Account.

Two Business Days before each Payment Date, the Account Bank shall transfer to the Issuer Payments Account all amounts credited to the Issuer Transaction Account during the immediately preceding Collection Period (including, but not limited to, interest amounts paid during such Collection Period by the Account Bank on the amounts standing from time to time to the balance of such Account).

#### **Issuer Principal Accumulation Account**

Any Issuer Available Funds which are applied as Issuer Principal Available Funds on each Payment Date (being the amounts payable under items (vii), (ix), (xi) and (xiii) of the Pre-Enforcement Priority of Payments, as provided for in the Payment Report) shall be credited on each such date into the Issuer Principal Accumulation Account.

The amounts so credited into the Issuer Principal Accumulation Account shall be set aside and used during the Revolving Period to fund the payment by the Issuer to the Originator of the Principal Component of the Initial Purchase Price for the Subsequent Portfolios on the relevant Payment Date or, if later, the date on which all the relevant conditions for such payment, as set out under the Transfer Agreement, have been met as notified to the Account Bank by the Issuer or by its agents on its behalf (including, but not limited to the publication of a notice of the sale by the Originator to the Issuer of the relevant Subsequent Portfolio in the Official Gazette and registration of such assignment with the competent Register of Companies (*Registro delle Imprese*)).

For further details, see the section "*Description of the Transfer Agreement*".

During the Revolving Period, any sum standing to the credit of the Issuer Principal Accumulation Account which is not used or set aside to fund the payment of the Principal Component of the Initial Purchase Price for the Subsequent Portfolios shall be (i) transferred to the Issuer Investment Account, in accordance with the payment instructions of the Issuer, within 1 (one) Business Day after each Payment Date in order to be invested in Eligible Investments and thereafter (ii) re-transferred to the Issuer Principal Accumulation Account 2 (two) Business Days prior to each Payment Date within the Revolving Period, in accordance with the terms of the Cash Allocation, Management, Payment and Agency Agreement.

For further details, see the section “*Issuer Investment Account*” below.

Immediately following the end of the Revolving Period the amounts (if any) standing to the credit of the Issuer Principal Accumulation Account shall be transferred to the Issuer Investment Account and the Issuer Principal Accumulation Account shall be closed.

#### **Issuer Cash Reserve Account**

The Issuer shall draw-down, under the Subordinated Loan, an amount equal to Euro 31,589,000 (3,10% of the Initial Principal Amount of the Notes) on or about the Issue Date and shall deposit such amount on the Issuer Cash Reserve Account.

On each Payment Date (other than the Payment Date upon which full redemption of the Notes is made) prior to delivery of an Enforcement Notice, the Issuer shall transfer Issuer Available Funds into the Issuer Cash Reserve Account in accordance with item (xii) of the Pre-Enforcement Priority of Payments.

On or immediately after each Payment Date (but in any case after the transfer described in the preceding paragraph having been made) the Account Bank shall transfer all amounts (if any) standing to the credit of the Issuer Cash Reserve Account to the Issuer Investment Account in order to be invested in Eligible Investments, in accordance with the terms of the Cash Allocation, Management, Payment and Agency Agreement.

For further details, see the section “*Issuer Investment Account*” below.

Following the service of any Enforcement Notice, all amounts standing to the credit of the Issuer Cash Reserve Account shall be transferred to the Issuer Payment Account and the Issuer Cash Reserve Account shall be closed.

#### **Issuer Investment Account**

The following amounts shall be transferred or credited to the Issuer Investment Account from the other Accounts:

- (i) on each Local Business Day, all amounts standing to the credit of the Issuer Collection Account (including, but not limited to,

interest amounts accrued on the amounts standing from time to time to the balance of such Account and paid from time to time by the Account Bank);

- (ii) on or immediately after each Payment Date, any amounts left to the credit of (a) the Issuer Cash Reserve Account, and (b) the Issuer Principal Accumulation Account after having set aside the amounts necessary for the payment, if any, of the Principal Component of the Initial Purchase Price of the relevant Subsequent Portfolio, as indicated in the Purchase Report and as confirmed by the Calculation Agent in the Confirmation Report;
- (iii) proceeds from the liquidation, from time to time, of any securities deposited in the Issuer Securities Account;
- (iv) any amounts of the Issuer Payments Account paid on each Payment Date in accordance with the applicable Priority of Payment, as set out in the Payment Report, as a result of the occurrence of any Excess Spread Trapping Trigger; and
- (v) immediately following the end of the Revolving Period, the amounts (if any) standing to the credit of the Issuer Principal Accumulation Account.

The Investment Account Bank shall keep the following ledgers in respect of amounts standing to the balance of the Issuer Investment Account:

- (a) a ledger with reference to each Collection Period (each, a “**Collections Ledger**”) on which the Investment Account Bank shall credit all amounts transferred to the Issuer Investment Account from the Issuer Collection Account during the relevant Collection Period and the proceeds from the investment thereof, *provided that* amounts shall be deemed to have been transferred during a Collection Period also if transferred after the relevant Collection Period End Date to the extent that (i) the relevant amounts are transferred no later than the close of business of the second Local Business Day after the relevant Collection Period End Date and (ii) the relevant reason for payment specifies that the amounts transferred relate to the relevant Collection Period. On the second Business Day before each Payment Date, the Investment Account Bank shall transfer to the Issuer Payments Account the amount then standing to the balance of the Collections Ledger relating to the immediately preceding Collection Period and forthwith after such transfer, shall close the Collections Ledger of such Collection Period;
- (b) a ledger (the “**Principal Accumulation Ledger**”) on which the

Investment Account Bank shall record all amounts transferred during the Initial Period to the Issuer Investment Account from the Issuer Principal Accumulation Account and the proceeds from the investment thereof. Any profit deriving from or generated by such investments shall be transferred to the Issuer Payments Account two Business Days before each Payment Date and shall form part of the Issuer Available Funds on such Payment Date. All other amounts standing from time to time to the credit of the Principal Accumulation Account (*i.e.* the amounts initially transferred to the Issuer Investment Account from the Issuer Principal Accumulation Account) shall, during the Revolving Period, be re-transferred 2 (two) Business Days before each Payment Date to the Issuer Principal Accumulation Account to be used towards payment of the Initial Purchase Price of each Subsequent Portfolio and after the end of the Revolving Period shall be kept on the Issuer Investment Account and re-invested on a quarterly basis in Eligible Investments until the third Business Day before the Payment Date falling in January 2008 or, if earlier, the first Payment Date following the delivery of an Enforcement Notice, when the entire balance of the Principal Accumulation Ledger shall be transferred to the Issuer Payments Account and thereafter, the Principal Accumulation Ledger shall be closed;

- (c) a ledger (the “**Cash Reserve Ledger**”) on which the Investment Account Bank shall record any amounts transferred to the Issuer Investment Account from the Issuer Cash Reserve Account and the proceeds from the investment thereof; and
- (d) a ledger (the “**Excess Spread Trapping Ledger**”) on which the Investment Account Bank shall record any amounts paid on each Payment Date in accordance with the applicable Priority of Payments as a result of the occurrence of any Excess Spread Trapping Trigger.

Amounts standing to the credit of the Issuer Investment Account shall be invested from time to time by the Investment Account Bank in Eligible Investments in accordance with the instructions received from the Cash Manager.

“**Eligible Investments**” means any Euro denominated investment which may include any senior, unsubordinated debt security investment, money market fund, commercial paper, deposit or other debt instruments issued by, or fully and unconditionally guaranteed on an unsubordinated basis by, or held at, an institution having at least the following ratings for the maturity (or the residual maturity as applicable) as indicated:

<b>Maturity</b>	<b>Fitch</b>	<b>Moody's</b>
1-3 Months	F-1+	A1 and P-1
Less than 1 month	F-1	A2 or P-1

*provided that:* (i) any such investment shall have a maturity date falling no later than the third Business Day (inclusive) preceding the following Payment Date, (ii) the purchase price of any such investment must not be higher than its nominal value and (iii) in the case of money market fund, any such investment shall have a rating at least equal to "AAA/V1+" by Fitch and "MR1+/Aaa" by Moody's.

The sums standing to the credit of the Issuer Investment Account shall be transferred to the Issuer Payments Account and the Issuer Principal Accumulation Account, as described in the paragraphs "*Issuer Payments Account*" and "*Issuer Principal Accumulation Account*" below.

#### **Issuer Securities Account**

All securities constituting Eligible Investments and purchased with amounts standing from time to time to the balance of the Issuer Investment Account will be deposited in the Issuer Securities Account. The proceeds deriving from the liquidation from time to time of any Eligible Investment will be transferred to the Issuer Investment Account.

#### **Issuer Payments Account**

The following amounts shall be paid and transferred into the Issuer Payments Account:

- (a) on the Issue Date, the amounts deriving from the subscription of the Notes;
- (b) on each Swap Payment Date, the amounts due and payable (if any) by the Swap Counterparty under the Swap Agreement;
- (c) two Business Days before each Payment Date
  - (i) all the sums standing to the credit of the Collections Ledger referring to the immediately preceding Collection Period,
  - (ii) the sums standing to the credit of the Cash Reserve Ledger for an amount equal to the difference (if positive) between (1) the balance of the Cash Reserve and (2) the amount payable under item (xii) of the Pre-Enforcement Priority of Payments on the relevant Payment Date, as specified in the relevant Payment Report, and
  - (iii) all the amounts, if any, standing to the credit of the Excess Spread Trapping Ledger referring to the immediately preceding Collection Period;

- (d) two Business Days before each Payment Date falling during the Initial Period, the sums standing to the credit of the Principal Accumulation Ledger for an amount equal to the proceeds of the investments (net of the original amounts invested) made and realised during the then relevant Interest Period with the amounts credited in such Principal Accumulation Ledger;
- (e) two Business Days before the Payment Date immediately following the end of the Initial Period, all the sums standing to the credit of the Principal Accumulation Ledger; and
- (f) two Business Days before each Payment Date, all amounts credited to the Issuer Transaction Account during the Immediately preceding Collection Period (including, but not limited to, interests amounts paid during such Collection Period by the Account Bank on the amounts standing from time to time to the balance of such Account).

On each Payment Date, the amounts standing to the credit of the Issuer Payments Account will be applied to meet the payment obligations of the Issuer in accordance with the Priority of Payments, in accordance with the Priority of Payments and with the relevant Payment Report.

For the avoidance of doubt the Excluded Collections (if any), as indicated in the relevant Servicer Report, will not be part of the Issuer Available Funds and will be paid by the Account Bank directly to the Originator on the following Payment Date.

#### **Issuer Expenses Account**

The Issuer shall credit the Initial Disbursement Amount to the Issuer Expenses Account on the Issue Date.

During each Interest Period, the sums standing to the credit of the Issuer Expenses Account will be used by the Issuer, by means of instructions given to the Account Bank by the Issuer or the Administrative Services Provider, to pay any documented fees, costs, expenses and taxes required to be paid to any third party (other than the Other Issuer Creditors, as set out in the Payment Report) arising in connection with the Securitisation and any other documented costs and expenses required to be paid in order to preserve its corporate existence, to maintain it in good standing and to comply with applicable legislation (the "**Expenses**").

On each Payment Date, as set out in the Payment Report, the Issuer shall credit an amount equal to the Issuer Disbursement Amount to the Issuer Expense Account, in accordance with the relevant Priority of Payments.

## 5. PRIORITY OF PAYMENTS

On each Payment Date, the Issuer Available Funds shall include:

- (a) all amounts received or recovered by the Issuer (or its agents) in respect of the Receivables during the Collection Period immediately preceding such Payment Date and transferred to the Issuer Collection Account (other than the Excluded Collections) (including, for the avoidance of doubt, all amounts credited by the Servicer to the Issuer Collection Account related to such Collection Period no later than the close of business of the second Local Business Day after the Collection Period End Date);
- (b) all amounts paid to the Issuer on the Swap Payment Date immediately preceding such Payment Date under the terms of the Swap Agreement;
- (c) any other amounts received by the Issuer from any party to the Transaction Documents during the Collection Period immediately preceding such Payment Date (other than the Excluded Collections);
- (d) the Cash Reserve as of the immediately preceding Collection Period End Date;
- (e) any interest paid on amounts standing to the credit of the Accounts (except the Issuer Expenses Account) in the immediately preceding Collection Period;
- (f) any proceeds from the investment of amounts credited to the Issuer Investment Account in the course of the immediately preceding Collection Period (provided that amounts shall be deemed to have been transferred during a Collection Period also if transferred after the relevant Collection Period End Date to the extent that (i) the relevant amounts are transferred no later than the close of business of the second Local Business Day after the relevant Collection Period End Date and (ii) the relevant reason for payment specifies that the amounts transferred relate to the preceding Collection Period);
- (g) all amounts received from the sale of all or part of the Portfolio should such sale occur and proceeds (if any) from the enforcement of the Issuer's Rights; and
- (h) any amounts standing to the credit of the Excess Spread Trapping Ledger,

*provided that* on the first Payment Date following the end of the Initial Period any amount standing to the credit of the Principal Accumulation Ledger of the Issuer Investment Account shall form part of the Issuer

Available Funds.

#### **Issuer Principal Available Funds**

On each Payment Date prior to the service of an Enforcement Notice the Issuer Principal Available Funds shall include the aggregate of all amounts (if any) payable under items (vii), (ix), (xi) and (xiii) of the Pre-Enforcement Priority of Payments on such Payment Date.

#### **Pre-Enforcement Priority of Payments**

Prior to the service of an Enforcement Notice, the Issuer Available Funds shall be applied on each Payment Date (or, in the case of payments that are to be made after the Payment Date and which are provided for in the relevant Payment Report, on the date for payment specified in such report), in making or providing for the following payments, in the following order of priority (the “**Pre-Enforcement Priority of Payments**”) (in each case, only if and to the extent that payments of a higher priority have been made in full):

- (i) in or towards payment of taxes due and payable by the Issuer, to the extent they have not already been paid with amounts standing to the credit of the Issuer Expenses Account;
- (ii) to pay to the Servicer any Negative Indexation Amount, as indicated in the most recent Servicer Report, due and payable to the Lessees under the Lease Contracts;
- (iii) in or towards satisfaction *pari passu* and *pro rata* according to the respective amounts thereof, of: (a) any costs and expenses due and payable in relation to preserving the corporate existence of the Issuer, maintaining it in good standing and in compliance with applicable legislation (to the extent not already paid with amounts standing to the credit of the Issuer Expenses Account), (b) all due and payable costs and expenses incurred by the Issuer and any other amount payable by the Issuer in respect of the Securitisation (other than those payable to parties to the Intercreditor Agreement) (to the extent not already paid with amounts standing to the credit of the Issuer Expenses Account), and (c) the indemnities, fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders;
- (iv) in or towards satisfaction *pari passu* and *pro rata* according to the respective amounts thereof, of (a) the indemnities, fees, costs and expenses of, and all other amounts due and payable to the Calculation Agent, the Account Banks, the Cash Manager, the Paying Agents, the Administrative Services Provider and the Stichting Corporate Services Provider under the relevant Transaction Document, (b) the Servicing Fee payable under the Servicing Agreement, (c) costs and expenses incurred by the Servicer in connection with the recovery of the Defaulted

Receivables in an amount not exceeding Euro 10,000, and (d) the Issuer Disbursement Amount to be credited into the Issuer Expense Account;

- (v) in or towards satisfaction of all amounts payable to the Swap Counterparty under the Swap Agreement, other than amounts payable by the Issuer upon termination of the Swap Agreement where such termination is attributable to a Swap Trigger;
- (vi) in or towards payment, *pari passu* and *pro rata*, of (a) interest due and payable on the Class A1 Notes and (b) interest due and payable on the Class A2 Notes;
- (vii) in or towards provision of the Issuer Principal Available Funds for an amount equal to the Class A Principal Deficiency Amount;
- (viii) in or towards payment, *pari passu* and *pro rata*, of interest due and payable on the Class B Notes;
- (ix) in or towards provision of the Issuer Principal Available Funds for an amount equal to the Class B Principal Deficiency Amount;
- (x) in or towards payment, *pari passu* and *pro rata*, of interest due and payable on the Class C Notes;
- (xi) in or towards provision of the Issuer Principal Available Funds for an amount equal to the Class C Principal Deficiency Amount;
- (xii) to (but excluding) the Payment Date on which the Notes will be redeemed in full, to pay into the Issuer Cash Reserve Account an amount (if any) equal to the Scheduled Cash Reserve Amount;
- (xiii) in or towards provision of the Issuer Principal Available Funds for an amount equal to the Principal Repayment Amount;
- (xiv) in or towards satisfaction of any amount payable by the Issuer upon termination of the Swap Agreement where such termination is attributable to a Swap Trigger;
- (xv) in or towards satisfaction of: (a) any interest payable to the Originator on the Initial Purchase Price of the Initial Portfolio and of each Subsequent Portfolio, and (b) the Interest Component of the Initial Purchase Price of the Initial Portfolio and of each Subsequent Portfolio purchased on each Purchase Date;
- (xvi) in or towards satisfaction of any amounts due and payable to the Servicer pursuant to the Servicing Agreement, to the extent not already paid under the previous items of this Priority of Payments;

- (xvii) in or towards payment of interest due and payable on the Subordinated Loan;
- (xviii) in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, of any other amounts due and payable to the Originator or any Other Issuer Creditors pursuant to any of the Transfer Agreement (other than amounts due as Deferred Purchase Price), the Warranty and Indemnity Agreement or any other Transaction Documents (other than the Senior Return and amounts due under the Subordinated Loan Agreement), to the extent not already paid under other items of this Priority of Payments);
- (xix) in or towards payment of any Senior Return due and payable to the Originator pursuant to the Servicing Agreement;
- (xx) in or towards payment of interest due and payable on the Additional Return amounts accrued and deferred under the Subordinated Loan Agreement;
- (xxi) in or towards payment of the Additional Return due and payable on the Subordinated Loan provided however that the Subordinated Lender may, on any Payment Date falling after the Initial Period, elect to receive all or a portion thereof by way of repayment of principal due under the Subordinated Loan under the following item;
- (xxii) in or towards repayment of principal on the Subordinated Loan on the Final Maturity Date and, where the Subordinated Lender elects to receive all or a portion of the Additional Return due on such Payment Date (provided that it falls after the Initial Period) by way of repayment of principal, on the relevant Payment Date prior thereto in an amount corresponding to the relevant portion of the Additional Return;
- (xxiii) in or towards payment of interest due and payable on the part of Deferred Purchase Price which has not been paid yet; and
- (xxiv) in or towards payment of the Deferred Purchase Price,

*provided however that* that if on any Payment Date from (and including) the First Payment Date to (and including) the Payment Date falling in April 2010, an Excess Spread Trapping Trigger occurs, payments under this Priority of Payments shall be made on any such Payment Date only up to item (xix) (included) and the amounts due to be paid under the following items shall be credited back to the Issuer Investment Account and applied as Issuer Available Funds on the following Payment Date.

**“Excess Spread Trapping Trigger”** means the occurrence of a Cumulative Gross Default Ratio equal to higher than the following

percentages on the following Payment Dates:

Cumulative Gross Default Ratio	Payment Date
0.25%	30-Jul-06
0.50%	30-Oct-06
0.90%	30-Jan-07
1.55%	30-Apr-07
2.00%	30-Jul-07
2.55%	30-Oct-07
3.10%	30-Jan-08
3.90%	30-Apr-08
4.70%	30-Jul-08
5.70%	30-Oct-08
6.70%	30-Jan-09
7.70%	30-Apr-09
8.70%	30-Jul-09
9.50%	30-Oct-09
9.90%	30-Jan-10
10.30%	30-Apr-10
10.50%	30-Jul-10
11.20%	30-Oct-10
12.00%	30-Jan-11
12.80%	30-Apr-11 and onward

**Application of the Issuer Principal Available Funds**

Prior to the service of an Enforcement Notice, the Issuer Principal Available Funds shall be applied on each Payment Date as follows:

- (A) during the Initial Period, to be set aside to the Issuer Principal Accumulation Account and used to fund the payment by the Issuer to the Originator of the Principal Component of the Initial Purchase Price for the Subsequent Portfolios, and
- (B) after the end of the Initial Period, towards:
  - (i) repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class A1 Notes;

- (ii) upon full redemption of the Class A1 Notes, repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class A2 Notes;
- (iii) upon full redemption of the Class A2 Notes, repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class B Notes; and
- (iv) upon full redemption of the Class B Notes, repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class C Notes.

**Pro-Rata Amortisation**

Provided however that, subject to no Enforcement Notice having been served, on each Pro-Rata Amortisation Payment Date until the earlier of (a) the Payment Date (excluded) on which the Pro-Rata Cessation Event occurs and (b) the Cancellation Date, the Issuer Principal Available Funds shall be applied in making or providing for the repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class A1 Notes, the Principal Amount Outstanding of the Class A2 Notes, the Principal Amount Outstanding of the Class B Notes and the Principal Amount Outstanding of the Class C Notes.

**Pro-Rata Cessation Event**

Provided however that, subject to no Enforcement Notice having been served, starting from any Payment Date (included) on which the Pro-Rata Cessation Event has occurred and on each Payment Date thereafter until the Cancellation Date, the Issuer Principal Available Funds shall be applied in accordance the priority of payments provided for by Condition 7.2.1 (such priority of payments being described in paragraph “*Application of Issuer Principal Available Funds*” above).

**Principal Deficiency and Principal Deficiency Amounts**

The Principal Deficiency applicable to each Payment Date shall be determined by the Calculation Agent on the Payment Report Date immediately preceding such Payment Date and shall be equal to the difference between:

- (a) the Target Principal Repayment Amount related to the immediately preceding Payment Date; and
- (b) any amount to be applied under items (vii), (ix), (xi) and (xiii) of the Pre-Enforcement Priority of Payments on the immediately preceding Payment Date,

*provided that* the Principal Deficiency on the First Payment Date shall be equal to zero.

**Enforcement Events**

If any of the following events (each an “**Enforcement Event**”), occur:

- (a) *Non-payment of interest*

the Interest Amount due on the Most Senior Class of Notes on a Payment Date is not paid on the due date thereof or within a period of three Business Days thereafter; or

(b) *Breach of obligations*

the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes, or any of them, or of any of the Transaction Documents to which it is a party (other than any obligation for the payment of the Interest Amount on the Most Senior Class of Notes) and (except where, in the sole and absolute opinion of the Representative of the Noteholders, such default is incapable of remedy (in which case no notice will be required)), such default continues and remains unremedied for 30 days after the Representative of the Noteholders has given written notice thereof to the Issuer, certifying that such default is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Noteholders; or

(c) *Breach of representations and warranties:*

any of the representations and warranties given by the Issuer under any of the Transaction Documents to which it is a party, in the sole and absolute opinion of the Representative of the Noteholders, is or proves to have been incorrect or misleading in any material respect when made or deemed to be made; or

(d) *Insolvency of the Issuer:*

Insolvency Event occurs in respect of the Issuer; or

(e) *Unlawfulness*

it is or will become unlawful (in any respect deemed by the Representative of the Noteholders to be material) for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or any Transaction Document to which it is a party,

*then* the Representative of the Noteholders:

(A) may (in the case of all Enforcement Events other than those set out under letters (b) (*Breach of Obligations*) and (c) (*Breach of Representations and Warranties*) above), or shall, if so instructed by an Extraordinary Resolution of a Meeting of the Most Senior Class of Noteholders (in the case of all Enforcement Events), serve a notice (an "**Enforcement Notice**") on the Issuer; and

(B) following the service of an Enforcement Notice, will be entitled

to (or shall if so instructed by an Extraordinary Resolution of the Most Senior Class of Notes then Outstanding) direct the sale, in whole or in part of the Portfolio, subject to the terms and conditions of the Intercreditor Agreement.

Upon the Representative of the Noteholders serving an Enforcement Notice, (i) the Notes shall become immediately due and repayable in accordance with the Conditions; and (ii) the Revolving Period shall be deemed immediately terminated.

### **Post-Enforcement Priority of Payments**

Following the service of an Enforcement Notice, the Issuer Available Funds shall be applied on each Payment Date (or, (a) in the case of payments that are to be made after the Payment Date and which are provided for in the Payment Report immediately preceding such Payment Date, on the date for payment specified in such report or (b) in the case of sale of all or part the Portfolio, on any Business Day notified by the Representative of Noteholders to the Issuer, the Noteholders and the Calculation Agent) in making or providing for the following payments, in the following order of priority (the “**Post-Enforcement Priority of Payments**”) (in each case, only if and to the extent that payments of a higher priority have been made in full):

- (i) in or towards payment of (a) if the Enforcement Event is an Insolvency Event, any mandatory expenses relating to the insolvency proceedings in accordance with Italian bankruptcy law; and thereafter, or upon the occurrence of any other Enforcement Event, (b) taxes due and payable by the Issuer (to the extent they have not already been paid with amounts standing to the credit of the Issuer Expenses Account or are not to be paid by the receiver out of the amounts described in *sub (a)*);
- (ii) to pay to the Servicer any Negative Indexation Amount, as indicated in the most recent Servicer Report, due and payable to the Lessees under the Lease Contracts;
- (iii) in or towards satisfaction *pari passu* and *pro rata* according to the respective amounts thereof, of (a) any costs and expenses due and payable in relation to preserving the corporate existence of the Issuer, maintaining it in good standing and in compliance with applicable legislation (to the extent they have not already been paid with amounts standing to the credit of the Issuer Expenses Account or are not to be paid by the receiver out of the amounts described in item (i) *sub (a)*); (b) all due and payable costs and expenses incurred by the Issuer and any other amount payable by the Issuer in respect of the Securitisation (other than those payable to parties to the Intercreditor Agreement) (to the extent they have not already

been paid with amounts standing to the credit of the Issuer Expenses Account or are not to be paid by the receiver out of the amounts described in item (i) *sub* (a)); and (c) the indemnities, fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders;

- (iv) in or towards satisfaction *pari passu* and *pro rata* according to the respective amounts thereof, of (a) the indemnities, fees, costs and expenses of, and all other amounts due and payable to the Calculation Agent, the Account Banks, the Cash Manager, the Paying Agents, the Administrative Services Provider and the Stichting Corporate Services Provider under the relevant Transaction Document, (b) the Servicing Fee payable under the Servicing Agreement, (c) costs and expenses incurred by the Servicer in connection with the recovery of the Defaulted Receivables in an amount not exceeding Euro 10,000, and (d) the Issuer Disbursement Amount to be credited into the Issuer Expense Account;
- (v) in or towards satisfaction of all amounts payable to the Swap Counterparty under the Swap Agreement, other than amounts payable by the Issuer upon termination of the Swap Agreement where such termination is attributable to a Swap Trigger;
- (vi) in or towards payment, *pari passu* and *pro rata*, of (a) interest due and payable on the Class A1 Notes and (b) interest due and payable on the Class A2 Notes;
- (vii) in or towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class A1 Notes and the Principal Amount Outstanding of Class A2 Notes;
- (viii) in or towards payment, *pari passu* and *pro rata*, of the interest due and payable on the Class B Notes;
- (ix) in or towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class B Notes;
- (x) in or towards payment *pari passu* and *pro rata*, of the interest due and payable on the Class C Notes;
- (xi) in or towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class C Notes;
- (xii) in or towards satisfaction of any amount payable by the Issuer upon termination of the Swap Agreement where such termination is attributable to a Swap Trigger;
- (xiii) in or towards satisfaction of (a) any interest payable to the Originator on the Initial Purchase Price of the Initial Portfolio and of each Subsequent Portfolio, and (b) the Interest

Component on the Initial Purchase Price of the Initial Portfolio and of each Subsequent Portfolio purchased on each Purchase Date;

- (xiv) in or towards satisfaction of any amounts due and payable to the Servicer pursuant to the Servicing Agreement, to the extent not already paid under the previous items of this Priority of Payments;
- (xv) in or towards payment of interest due and payable on the Subordinated Loan;
- (xvi) in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, of any other amounts due and payable to the Originator or any Other Issuer Creditors pursuant to the Transfer Agreement (other than amounts due as Deferred Purchase Price or as interest thereon), the Warranty and Indemnity Agreement and any other Transaction Document (other than the Senior Return and amounts due under the Subordinated Loan Agreement), to the extent not already paid or to be paid under other items of this Priority of Payments;
- (xvii) in or towards satisfaction of any Senior Return due and payable to the Originator pursuant to the Servicing Agreement;
- (xviii) in or towards payment of interest due and payable on the Additional Return amounts accrued and deferred under the Subordinated Loan Agreement;
- (xix) in or towards payment of the Additional Return due and payable on the Subordinated Loan, *provided however that* the Subordinated Lender may, on any Payment Date falling after the Initial Period, elect to receive all or a portion thereof by way of repayment of principal due under the Subordinated Loan;
- (xx) in or towards repayment of principal on the Subordinated Loan on the Final Maturity Date and, where the Subordinated Lender elects to receive all or a portion of the Additional Return due on such Payment Date (provided it falls after the Initial Period) by way of repayment of principal, on the relevant Payment Date(s) prior to the Final Maturity Date in an amount corresponding to the relevant portion of the Additional Return;
- (xxi) in or towards payment of interest due and payable on the part of Deferred Purchase Price which has not been paid yet; and
- (xxii) in or towards payment of the Deferred Purchase Price.

#### **Subordinated Loan**

On the Issue Date, the Subordinated Lender shall make the Subordinated Loan available to the Issuer in an amount of Euro

31,589,000 (equivalent to 3.10% of the Initial Principal Amount of the Notes). The Subordinated Loan will be used by the Issuer to provide initial funding to the Cash Reserve.

As consideration for the granting of the Subordinated Loan, the Issuer shall pay to the Subordinated Lender interest at 3% per annum on the outstanding principal amount under the Subordinated Loan plus the Additional Return, on each Payment Date out of the Issuer Available Funds and in accordance with the applicable Priority of Payments.

Under the terms of the Subordinated Loan Agreement, the Issuer shall repay principal outstanding on the Subordinated Loan on the Final Maturity Date to the Subordinated Lender, *provided however that* the Subordinated Lender may, on any Payment Date falling after the Initial Period, elect to receive all or a portion of the Additional Return due on such Payment Date by way of repayment of principal due under the Subordinated Loan.

#### **Cash Reserve**

On or about the Issue Date, the Initial Cash Reserve Amount will be paid into the Issuer Cash Reserve Account out of the Subordinated Loan. Thereafter, on each Payment Date prior to delivery of an Enforcement Notice to (but excluding) the Payment Date on which the Notes will be redeemed in full, the Issuer shall transfer amounts due and payable (if any) under item (xii) of the Pre-Enforcement Priority of Payments to the Issuer Cash Reserve Account, so that the balance of the Cash Reserve is equal to the Scheduled Cash Reserve Amount.

## **6. TRANSFER AND ADMINISTRATION OF THE PORTFOLIO**

### **Transfer Agreement**

On the Transfer Date, the Issuer and the Originator entered into the Transfer Agreement pursuant to the terms of which:

- (a) the Issuer purchased the Initial Portfolio from the Originator on the Transfer Date; and
- (b) during the Revolving Period, the Originator has an option to sell, and the Issuer shall (subject to the satisfaction of certain conditions) purchase the Subsequent Portfolios.

The Initial Portfolio and the Subsequent Portfolios will include all Receivables arising from the relevant Lease Contracts, including amounts collected in respect of periodic payments of principal and/or interest due from each Lessee thereunder, excluding however, *inter alia*, all Residual Instalments due thereunder.

### **Transfer of Subsequent Portfolios**

The Originator may, at its option, transfer Receivables comprised in a Subsequent Portfolio to the Issuer on or about each Payment Date or immediately thereafter during the Revolving Period, *provided that*:

- (a) the Performance Conditions, the Concentration Conditions and the Yield Conditions (each as described below) are met;
- (b) the Issuer has received the following from the Originator: (i) a solvency certificate, (ii) a good standing certificate (*certificato di vigenza*) issued by the competent Chamber of Commerce (*camera di commercio*); and (iii) starting from the Purchase Date falling in October 2006 and thereafter on each Purchase Date falling in April and October during the Revolving Period (or on the following Purchase Date if a Purchase Date should not fall in April or October) a bankruptcy certificate (*certificato fallimentare*) showing that no insolvency proceedings have been commenced against the Originator; and
- (c) the Principal Component of the Initial Purchase Price of the relevant Subsequent Portfolio does not exceed the balance of the Issuer Principal Accumulation Account on the relevant Payment Date (for the sake of clarity after transfer on such account of (i) the Issuer Principal Available Funds in accordance with of the Pre-Enforcement Priority of Payments and (ii) the amounts standing to the credit of the Principal Accumulation Ledger).

Each purchase of a Subsequent Portfolio shall take place on or about a Payment Date or immediately thereafter, with economic effect as of the Subsequent Portfolio Valuation Date.

#### **Portfolio Purchase Prices**

As consideration for the transfer of the Initial Portfolio and each Subsequent Portfolio, the Issuer shall pay the Originator: (i) the Initial Purchase Price and (ii) the Deferred Purchase Price.

#### **Initial Purchase Price**

The Initial Purchase Price for the Initial Portfolio or, as the case may be, each Subsequent Portfolio shall be equal to the aggregate amount of:

- (a) the Principal Component; and
- (b) the Interest Component as at the Initial Portfolio Valuation Date or the relevant Subsequent Portfolio Valuation Date (as the case may be).

The Principal Component of the Initial Purchase Price of the Initial Portfolio being equal to Euro 1,019,029,515.97 shall be paid by the Issuer to the Originator as follows:

- (a) an amount equal to Euro 1,019,000,000.00, will be paid on the Issue Date out of the net proceeds from the issue of the Notes; and
- (b) an amount equal to Euro 29,515.97 will be paid on the First Payment Date out of the Issuer Available Funds and in accordance with the Priority of Payments.

The Principal Component of the Initial Purchase Price of each Subsequent Portfolio will be paid out of: (a) the Issuer Principal Available Funds (if any) on the relevant Payment Date, and (b) any additional amounts which on such Payment Date stand to the balance of the Issuer Principal Accumulation Account, subject to receipt by the Issuer of evidence that a notice of assignment of the relevant Subsequent Portfolio has been: (i) published in the Official Gazette, and (ii) registered with the competent Register of Companies (*Registro delle Imprese*).

The Interest Component of the Initial Purchase Price of the Initial Portfolio will be paid on the first Payment Date on which there shall be Issuer Available Funds available for such purpose, in accordance with the applicable Priority of Payments. The Interest Component of the Initial Purchase Price of each Subsequent Portfolio will be paid on the second Payment Date following the relevant Purchase Date or thereafter on such other Payment Date on which there shall be Issuer Available Funds available for such purpose, in accordance with the applicable Priority of Payments.

Interest will accrue on the Initial Purchase Price of the Initial Portfolio from the Initial Portfolio Valuation Date until the effective payment of such price at an annual rate of 2.50%. Interest will accrue on the Initial Purchase Price of each Subsequent Portfolio from the relevant Subsequent Portfolio Valuation Date until the effective payment of such price at an annual rate equal to the Euribor applicable to the Notes. The interest accrued on the Initial Portfolio and on each Subsequent Portfolio shall be paid on each Payment Date to the extent that there are Issuer Available Funds available for such purpose in accordance with the applicable Priority of Payments.

**Deferred Purchase Price**

The Deferred Purchase Price of the Initial Portfolio and each Subsequent Portfolio purchased by the Issuer shall be calculated in accordance with the provisions of the Transfer Agreement. See section entitled "*Description of the Transfer Agreement*".

**Sales without Recourse**

The sale of the Initial Portfolio and each Subsequent Portfolio by the Originator to the Issuer is, or will be, without recourse (*pro soluto*) against the Originator and has been, or will be, made in accordance with the Securitisation Law and Article 58, paragraphs 2, 3 and 4 of the Consolidated Banking Act.

**Purchase Reports**

Each time the Originator intends to transfer a Subsequent Portfolio to the Issuer during the Revolving Period, the Originator shall deliver to the Issuer, the Representative of the Noteholders, the Rating Agencies and the Calculation Agent on the Purchase Report Date the Purchase Report containing details in relation to the Receivables comprised in such Subsequent Portfolio, including, *inter alia*,

- (i) the date of execution of the Lease Contracts included in the relevant Subsequent Portfolio;
- (ii) the Outstanding Principal Balance and the accrued interest amounts of each Lease Contract;
- (iii) the expiry date of each Lease Contract (*i.e.* the date on which the last payment (other than the Residual Instalment) is payable under the Lease Contract);
- (iv) the Pool in which the relevant Receivables shall be included;
- (v) the reference code of each Lease Contract and of the relevant Lessee; and
- (vi) the geographic area where each Lessee is based.

The Originator will also submit a written declaration stating that:

- (a) the Receivables comprised in the Subsequent Portfolio and the related Lease Contracts satisfy the Subsequent Portfolio Eligibility Criteria;
- (b) all Performance Conditions, all Concentration Conditions and the Yield Conditions (in each case, as described below) for the purchase of the relevant Receivables are satisfied (giving evidence of the calculations thereof); and
- (c) no Purchase Termination Event has occurred.

Together with such declaration, the Originator shall submit: (i) a solvency certificate, and (ii) a good standing certificate (*certificato di vigenza*) issued by the competent Chamber of Commerce.

On the basis of the information contained in the Purchase Report and the Servicer Report, the Calculation Agent shall calculate and ascertain that all the relevant Performance Conditions, Concentration Conditions and the Yield Conditions are satisfied and shall notify the Issuer, the Originator, the Rating Agencies and the Representative of the Noteholders accordingly on or before the seventh Business Day preceding the relevant Payment Date.

#### **Initial Portfolio Eligibility Criteria**

The Initial Portfolio comprises Receivables – excluding any receivable in respect of each lessee to whom the overall amount disbursed by the Originator (*i.e.* the original financed amount including all advance payments and Residual instalments) under Lease Contracts (entered into, and not terminated or otherwise discharged) outstanding as of the Initial Portfolio Valuation Date exceeds (a) Euro 5,000,000 for assets belonging to all three Pools, or (b) Euro 1,000,000 for assets belonging to the Equipment Pool – which at the Initial Portfolio Valuation Date meet the Initial Portfolio Eligibility Criteria.

For further details, see the section entitled "*The Portfolio*".

### **Subsequent Portfolios Eligibility Criteria**

Each Subsequent Portfolio will comprise Receivables – excluding any receivable in respect of each lessee to whom the overall amount disbursed by the Originator (*i.e.* the original financed amount including all advance payments and Residual instalments) under lease contracts (entered into, and not terminated or otherwise discharged) outstanding as of the relevant Subsequent Portfolio Valuation Date exceeds (a) Euro 5,000,000 for assets belonging to all three Pools, or (b) Euro 1,000,000 for assets belonging to the Equipment Pool – which at the Subsequent Portfolio Valuation Date meet the Subsequent Portfolio Eligibility Criteria.

For further details, see the section entitled "*The Portfolio*".

### **Performance Conditions**

It is a condition precedent for the proposed purchase by the Issuer of Receivables included in each Pool of a Subsequent Portfolio that the following conditions (the "**Performance Conditions**") are met in respect of those Receivables of such Pool that are already owned by the Issuer:

- (i) the Pool Delinquency Ratio as at the immediately preceding Collection Period End Date does not exceed:
  - 5% in relation to the Real Estate Pool;
  - 6.50% in relation to the Equipment Pool;
  - 7.50% in relation to the Auto Pool; and
- (ii) the Pool Default Ratio as at the immediately preceding Collection Period End Date does not exceed:
  - 3.20% in relation to the Real Estate Pool;
  - 3.50% in relation to the Equipment Pool; and
  - 3% in relation to the Auto Pool.

The Issuer shall not purchase further Receivables comprised in any Pool of a Subsequent Portfolio if the Performance Conditions of such Pool with reference to the immediately preceding Collection Period End Date are not satisfied. The Issuer may however purchase Receivables comprised in the other Pool(s) of such Subsequent Portfolio if all the conditions precedent for their purchase, including the Performance Conditions, are satisfied. If the Performance Conditions of any Pool are not satisfied as at a Collection Period End Date but are satisfied with reference to a successive Collection Period End Date during the Revolving Period, the Issuer may, subject to the satisfaction of all other relevant conditions precedent, purchase such Receivables on the

Purchase Date immediately succeeding such Collection Period End Date in respect of which the Performance Conditions are satisfied.

### **Concentration Conditions**

It is a condition precedent for the proposed purchase by the Issuer of each Subsequent Portfolio that the following conditions are satisfied in respect of the Portfolio immediately after the purchase of the Subsequent Portfolio (or, in the case of (vi) below, in respect of the relevant Receivables referred to therein) (together, the "**Concentration Conditions**"):

- (i) the Outstanding Principal Amount of the Receivables in relation to each single Lessee is not higher than 0.30% of the Portfolio Outstanding Principal Balance;
- (ii) the Outstanding Principal Amount of the Receivables in relation to the ten Lessees with the largest exposure *vis-à-vis* the Issuer is not higher than 2.75% or of the Portfolio Outstanding Principal Balance;
- (iii) the Outstanding Principal Amount of the Receivables comprised in each Pool expressed as a percentage of the Portfolio Outstanding Principal Balance does not exceed the respective percentages set forth below:
  - 75% in relation to the Real Estate Pool;
  - 8% in relation to the Equipment Pool;
  - 30% in relation to the Auto Pool;
- (iv) the aggregate Outstanding Principal Amount of all the Receivables towards Lessees resident in the Northern Regions is equal to or higher than 73% of the Portfolio Outstanding Principal Balance;
- (v) the aggregate Outstanding Principal Balance of all the Receivables towards Lessees resident in the Southern Regions is lower than 8% of the Portfolio Outstanding Principal Balance;
- (vi) the weighted average ratio between the Residual Instalments of the Lease Contracts comprised in the Real Estate Pool of the relevant Subsequent Portfolio and the Outstanding Principal Amount of such Lease Contracts is equal to or higher than 15%; and
- (vii) the Principal Balance of the Receivables in relation to the Lease Contracts where the payment of the Instalments is to be made with a monthly frequency is equal to or higher than 95% of the Portfolio Outstanding Principal Balance,

in each case, as at the immediately preceding Collection Period End

Date.

#### **Aggregate Yield Condition**

It is a condition precedent for the proposed purchase by the Issuer of each Subsequent Portfolio that (following the purchase of each Subsequent Portfolio) the weighted average of the spreads over the three month Euribor payable under all the performing Receivables of the Portfolio arising out of Lease Contracts comprised in the Portfolio with a floating interest rate shall be equal to or higher than 2.15% (the "**Aggregate Yield Condition**"), as of the immediately preceding Collection Period End Date.

#### **Pool Yield Condition**

It is a condition precedent for the proposed purchase by the Issuer of each Subsequent Portfolio that (following the purchase of each Subsequent Portfolio) the weighted average of the spreads over the three month Euribor payable under all the performing Receivables of the Portfolio arising out of Lease Contracts with a floating interest rate shall be equal to or higher than (each a "**Pool Yield Condition**" and, together with the Aggregate Yield Condition, the "**Yield Conditions**") the following percentages, as of the immediately preceding Collection Period End Date:

- (i) 1.65% in relation to the Receivables comprised in the Real Estate Pool;
- (ii) 2.80% in relation to the Receivables comprised in the Equipment Pool; and
- (iii) 3.20% in relation to the Receivables comprised in the Auto Pool.

#### **Purchase Termination Events**

If any of the following events (each, a "**Purchase Termination Event**") occurs:

- (i) *Service of an Enforcement Notice by the Representative of the Noteholders:*

an Enforcement Notice is served on the Issuer by the Representative of the Noteholders pursuant to Condition 11 (*Enforcement Events*);

- (ii) *Breach of Obligations by the Originator:*

there is a material breach by the Originator of its obligations under the Transfer Agreement, the Warranty and Indemnity Agreement and/or the Servicing Agreement, such breach is notified to the Representative of the Noteholders by the Issuer or any Other Issuer Creditors and (except where, in the sole and absolute opinion of the Representative of the Noteholders, such default is incapable of remedy (in which case no notice will be required)), such default remains unremedied for 30 days after the Representative of the Noteholders has given written notice thereof to the Issuer and the Originator, certifying that

such breach is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Noteholders;

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

any of the representations and warranties given by the Originator under the Transfer Agreement, the Warranty and Indemnity Agreement and/or the Servicing Agreement is or proves to have been incorrect or misleading in any material respect in the sole opinion of the Representative of the Noteholders when made or deemed to be made or repeated;

(iv) *Insolvency of the Originator:*

an Insolvency Event occurs in respect of the Originator;

(v) *Non-transfer:*

the Originator has not exercised its option to sell Subsequent Portfolios to the Issuer for more than two consecutive Payment Dates, notwithstanding that all the conditions precedent for the exercise of such option were fully met on each such Payment Date;

(vi) *Breach of the Delinquency Ratio:*

the Delinquency Ratio in respect of each of the two preceding Collection Periods (as indicated in the relevant Servicer Reports) has exceeded 6%;

(vii) *Breach of the Default Ratio:*

the Default Ratio in respect of the preceding Collection Period (as indicated in the relevant Servicer Report) has exceeded 2.25%; or

(viii) *Breach of Cumulative Gross Default Ratio*

the Cumulative Gross Default Ratio as at the immediately preceding Collection Period End Date has exceeded the applicable Cumulative Gross Default Ratio Trigger,

then the Representative of the Noteholders, subject to being aware of the occurrence of such event as a result of being previously notified of the same by the Issuer or any Other Issuer Creditors, (A) upon the occurrence of any of the events set out in items (i), (iv), (vi), (vii) and (viii) shall promptly, or (B) upon the occurrence of any of the other events, may, in its sole and absolute discretion (and, if so requested by the holders of at least one-fifth of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes, shall) serve a written

notice (a "**Purchase Termination Notice**") on the Issuer and the Originator.

The delivery of an Enforcement Notice in accordance with item (i) above will have the same effect of the delivery of a Purchase Termination Notice.

Upon such Purchase Termination Notice or an Enforcement Notice being served, the Originator shall refrain from offering and the Issuer shall refrain from purchasing any further Subsequent Portfolios under the Transfer Agreement.

**"Delinquency Ratio"** means, in respect of any Collection Period during the Revolving Period and with reference to the relevant Collection Period End Date, the ratio between: (i) the Outstanding Principal Amount of all Delinquent Receivables included in the Portfolio, and (ii) the Portfolio Outstanding Principal Amount.

**"Default Ratio"** means, in respect of any Collection Period during the Revolving Period and with reference to the relevant Collection Period End Date, the ratio between: (i) the Outstanding Principal Amount of all Defaulted Receivables included in the Portfolio, and (ii) the Portfolio Outstanding Principal Balance.

**"Cumulative Gross Default Ratio"** means, on each Collection Period End Date the ratio between: (i) the aggregate Outstanding Principal Amount of all Lease Contracts which have become Defaulted Leases between the Initial Portfolio Valuation Date and the relevant Collection Period End Date, as at the date each such Lease Contract became a Defaulted Lease, and (ii) the Outstanding Principal Amount of the Initial Portfolio as of the Initial Portfolio Valuation Date.

**"Cumulative Gross Default Ratio Trigger"** means, with reference to each Collection Period End Date during the Revolving Period, any of the following percentages:

Collection Period End Date	Cumulative Default Ratio Trigger
First	0.30%
Second	0.65%
Third	1.00%
Fourth	1.30%
Fifth	1.65%
Sixth	1.90%

**Repurchase of Portfolio by the Originator**

In connection with any sale by the Issuer of the Portfolio (or part of it)

either following the service of any Enforcement Notice, or for the purpose of any early redemption of the Notes pursuant to the Optional Redemption or the Redemption for Taxation, the Originator may offer to repurchase such Portfolio (or part of it) only subject to:

- (i) the Portfolio Outstanding Principal Balance being equal to or less than 10% of the lesser of: (a) the Initial Portfolio Outstanding Principal Balance and (b) the Initial Purchase Price of the Initial Portfolio; and
- (ii) the repurchase price for the Delinquent Receivables and the Defaulted Receivables to be repurchased being equal the relevant market value, as determined by a third party arbitrator appointed jointly by the Issuer and the Originator and, in the absence of agreement between the parties, by the chairman of the Italian Banking Association.

## Performance Reporting

Pursuant to the Servicing Agreement, the Servicer shall prepare a quarterly report (the "**Servicer Report**") setting out information on the Collections made in respect of the Portfolio during each Collection Period. The Servicer Report will be delivered by the Servicer to, *inter alios*, the Issuer, the Representative of Noteholders, the Rating Agencies, each of the Paying Agents and the Calculation Agent on or before the 12th Business Day before each Payment Date (the "**Report Date**"). The Servicer Report will also be available for inspection by the Noteholders at the specified office of the Luxembourg Paying Agent and of the Issuer.

Pursuant to the Cash Allocation Management, Payment and Agency Agreement, each Account Bank shall prepare a quarterly report (respectively, the "**Account Bank Report**" and the "**Investment Account Bank Report**") setting out specific information in relation to the Accounts held respectively with the Account Bank and the Investment Account Bank. The Account Bank Report and the Investment Account Bank Report will be delivered by the Account Banks to, *inter alios*, the Issuer, the Representative of the Noteholders, the Servicer, the Calculation Agent and the Cash Manager on or before each Report Date.

Pursuant to the Cash Allocation, Management, Payment and Agency Agreement and subject to receipt of all relevant information, the Calculation Agent shall prepare a quarterly report (the "**Payment Report**") setting out, *inter alia*, details of amounts to be paid or provisioned by the Issuer on the next succeeding Payment Date in accordance with the applicable Priority of Payments. The Payment Report will be delivered to, *inter alios*, the Issuer, the Representative of the Noteholders, each Paying Agent, the Rating Agencies, Monte Titoli, the Servicer, the Cash Manager, the Swap Counterparty, each Account Bank and the Luxembourg Stock Exchange on or before ten Business

Days before each Payment Date (the "**Payment Report Date**"). The Payment Report will also be available for inspection by the Noteholders at the specified office of the Luxembourg Paying Agent and of the Issuer.

Pursuant to the Cash Allocation, Management, Payment and Agency Agreement, the Calculation Agent shall also make an Investors Report available to investors on its web-site (securitisation.capitalia.it). Such Investor Report will be available: (i) during the Revolving Period, 15 (fifteen) Business Days after payment of the Principal Component of the Initial Purchase Price of each Subsequent Portfolio (or, if no Subsequent Portfolio is purchased on or about a Payment Date, 15 (fifteen) Business Days following such Payment Date), and (ii) after the end of the Revolving Period, 15 (fifteen) Business Days following each Payment Date.

#### **Servicing Agreement**

Pursuant to the Servicing Agreement entered into on the Transfer Date, the Servicer has agreed to administer and service the Portfolio in accordance with the Collection Policy and to carry out activities related to the management of the Lease Contracts in accordance with the Collection Policy.

For further details, see section entitled "*Description of the Servicing Agreement*".

#### **Warranty and Indemnity Agreement**

Pursuant to the Warranty and Indemnity Agreement entered into on the Transfer Date, the Originator has given certain representations and warranties in favour of the Issuer in relation to *inter alia* the Portfolio and has agreed to indemnify the Issuer in respect of certain liabilities of the Issuer incurred in connection with the purchase and ownership of the Portfolio.

For further details, see section entitled "*Description of the Warranty and Indemnity Agreement*".

### **7. OTHER TRANSACTION DOCUMENTS**

#### **Intercreditor Agreement**

Pursuant to the Intercreditor Agreement entered into on or about the Issue Date, the Issuer and the Other Issuer Creditors have agreed that the Issuer Available Funds will be applied in or towards satisfaction of all the Issuer's payment obligations in accordance with the terms of the Intercreditor Agreement and the applicable Priority of Payments.

Under the Intercreditor Agreement, the parties thereto have also agreed that the obligations owed by the Issuer to each of the Noteholders and to each of the Other Issuer Creditors will be limited recourse obligations of the Issuer. The Noteholders will have a claim against the Issuer only to the extent of the Issuer Available Funds, subject to and as provided

in the Intercreditor Agreement and the other Transaction Documents.

For further details, see section entitled "*Description of the Intercreditor Agreement*".

#### **Cash Allocation, Management, Payment and Agency Agreement**

Pursuant to the Cash Allocation, Management, Payment and Agency Agreement entered into on or about the Issue Date, the Account Banks, the Cash Manager, the Paying Agents and the Calculation Agent have agreed, *inter alia*, to provide the Issuer with certain agency services and certain calculation, notification and reporting services, together with account handling, investment and cash management services in relation to monies and securities from time to time standing to the credit of the Accounts.

Pursuant to the Cash Allocation, Management, Payment and Agency Agreement, the Calculation Agent has agreed to prepare, on or prior to each Payment Report Date, the Payment Report containing *inter alia* details of amounts to be paid or provisioned by the Issuer on the Payment Date succeeding the relevant Payment Report Date in accordance with the applicable Priority of Payments.

For further details, see section entitled "*Description of the Cash Allocation, Management, Payment and Agency Agreement*".

#### **Mandate Agreement**

Pursuant to the Mandate Agreement entered into on or about the Issue Date, the Representative of the Noteholders has been authorised to exercise, in the name of and on behalf of the Issuer (a) subject to an Enforcement Notice being served upon the Issuer, all the Issuer's rights arising out of the Transaction Documents (other than the right to collect and recover Receivables under the Servicing Agreement) and the Issuer's rights in respect of the Receivables, including the right to direct the sale (in whole or in part) of the Portfolio upon certain conditions set out in the Mandate Agreement; and (b) upon any failure by the Issuer to exercise its rights under the Transaction Documents against any party in default to procure the remedy of such default, all the Issuer's rights arising under such Transaction Documents against the defaulting counterparty.

For further details, see section entitled "*Description of the Mandate Agreement*".

#### **Letter of undertakings**

Pursuant to the Letter of Undertakings executed on or about the Issue Date by the Quotaholder, certain rules have been set out, *inter alia*, in relation to the corporate management of the Issuer.

For further details, see section entitled "*Description of the Letter of Undertakings*".

#### **Subordinated Loan Agreement**

Pursuant to the Subordinated Loan Agreement entered on or about the

Issue Date, the Subordinated Lender has agreed to grant to the Issuer the Subordinated Loan.

For further details, see section entitled "*Description of the Subordinated Loan Agreement*".

#### **Swap Agreement**

Pursuant to the Swap Agreement entered into on or about the Issue Date between the Issuer and the Swap Counterparty, the Issuer has hedged its potential interest rate exposure under the Notes.

For further details, see section entitled "*Description of the Swap Agreement*".

#### **Deed of Pledge**

Pursuant to the Deed of Pledge entered into on or about the Issue Date, the Issuer has pledged in favour of the Noteholders and the Other Issuer Creditors (i) its monetary claims and rights deriving from certain Transaction Documents (except for the Receivables and the amounts deriving from the collection and recovery of the Receivables) and (ii) any existing or future pecuniary claim and right in connection with any sum credited from time to time to the Issuer Transaction Account, the Issuer Cash Reserve Account, the Issuer Payments Account, the Issuer Expenses Account and the Issuer Principal Accumulation Account.

For further details, see section entitled "*Description of the Security Documents*".

#### **Deed of Charge**

Pursuant to an English law Deed of Charge entered into on or about the Issue Date between the Issuer and the Representative of the Noteholders (acting on behalf of the Noteholders and the Other Issuer Creditors), the Issuer has charged, in favour of the Noteholders and the Other Issuer Creditors, all of the Issuer's rights, title, interest and benefit (present and future) in, to and under the Swap Agreement, the Issuer Investment Account, the Issuer Securities Account, the Eligible Investments and all dividends, interest and other monies payable in respect thereof and all other rights, benefits and proceeds deriving therefrom.

For further details, see section entitled "*Description of the Security Documents*".

#### **Administrative Services Agreement**

Pursuant to the Administrative Services Agreement entered into on or about the Issue Date, the Administrative Services Provider shall provide the Issuer with a number of administrative services, including the maintenance of corporate books and of accounting and tax registers, in compliance with reporting requirements relating to the Receivables and with other regulatory requirements imposed on the Issuer.

For further details, see section entitled "*Description of the Administrative Services Agreement*".

#### **Stichting Corporate**

## **Services Agreement**

Pursuant to the Stichting Corporate Services Agreement entered into on or about the Issue Date, the Stichting Corporate Services Provider shall provide the Quotaholder with a number of administrative services, including the maintenance of corporate books and of accounting and tax registers, in compliance with regulatory requirements imposed on the Quotaholder.

For further details, see section entitled "*Description of the Stichting Corporate Services Agreement*".

## RISK FACTORS

*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 document.*

### **Securitisation Law**

The Securitisation Law was enacted in the Republic of 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 regulations issued by the Bank of Italy concerning the accounting treatment of securitisation transactions for special purpose companies, such as the Issuer, incorporated under the Securitisation Law and 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 Banking Act and the Circular No. 8/E issued by *Agenzia delle Entrate* on 6 February 2003 on the tax treatment of the issuers (see paragraph “*Tax treatment of the Issuer*” below). Consequently, it is possible that such 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.

### **Source of Payments to Noteholders**

The Notes will be obligations solely of the Issuer. In particular, the Notes will not be obligations or responsibilities of or guaranteed by any of the Sole Arranger, the Joint Lead Managers, the Representative of the Noteholders, the Originator, the Servicer, the Administrative Services Provider, the Account Banks, the Cash Manager, the Paying Agents, the Calculation Agent, the Subordinated Lender or the Swap Counterparty. None of any such persons accepts any liability whatsoever in respect of any failure by the Issuer to make any payment of any amount due on the Notes.

The Issuer will not have any significant assets as at the Issue Date other than the Initial Portfolio and its rights under the Transaction Documents to which it is a party. Consequently, upon the occurrence of an Enforcement Event, there may be insufficient funds available to the Issuer to repay the Notes in full.

The ability of the Issuer to meet its obligations in respect of the Notes will be dependent on the receipt by the Issuer of the Collections together with any recoveries in respect of any Receivables including any Delinquent or Defaulted Receivables made on its behalf by the Servicer from the Portfolio, any payments made by the Swap Counterparty under the Swap Agreement and any other amounts received by the Issuer pursuant to the provisions of the other Transaction Documents to which it is a party.

The Notes will be limited recourse obligations of the Issuer. Noteholders will receive payment in respect of principal and interest on the Notes only if and to the extent that the Issuer has sufficient funds to make such payment. If there are not sufficient funds available to the Issuer to pay in full all principal and interest 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.

### **Issuer’s Ability to Meet Its Obligations Under the Notes**

The Issuer will not have any significant assets other than the Portfolio and the other Issuer’s Rights. The ability of the Issuer to meet its obligations in respect of the Notes will be dependent on the extent of (i) Collections and recoveries of the Receivables and (ii) any other amounts payable to the Issuer pursuant to the terms of the Transaction Documents to which it is a party (for the latter see “*Risk Factors - Credit Risk of Fineco Leasing and Other Parties*” below).

The Issuer is subject to the risk of delay arising between the receipt of payments due from Lessees under the Lease Contracts comprised in the Portfolio and the scheduled Payment Dates, which may result in the Issuer being unable to discharge all amounts payable under the Notes as they fall due.

The Issuer is subject to the further risk of failure by the Servicer to collect or recover sufficient funds in respect of the Portfolio in order to discharge all amounts payable under the Notes when they fall due, as well as the risk of default in payment by the Lessees and the failure to realise or recover sufficient funds in respect of the defaulted Receivables in order to discharge all amounts due by those Lessees under the Lease Contracts.

These risks are addressed in part by the Cash Reserve and are mitigated, with respect to the Class A1 Notes and the Class A2 Notes, by the credit support provided by the Class B Notes and the Class C Notes; and with respect of the Class B Notes, by the credit support provided by the Class C Notes.

However, in each case, there can be no assurance that the levels of Collections and recoveries received from the Portfolio together with such credit support will be adequate to ensure timely and full receipt of amounts due under the Notes.

### **Subordination of the Notes**

(1) In respect of the obligation of the Issuer to pay interest on the Notes before the delivery of an Enforcement Notice: (a) the Class A1 Notes and the Class A2 Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves and in priority to the Class B Notes and the Class C Notes; (b) the Class B Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves and in priority to the Class C Notes, but subordinated to the Class A Notes; and (c) the Class C Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves, but subordinated to the Class A Notes and the Class B Notes.

(2) In respect of the obligation of the Issuer to repay principal on the Notes, after the Initial Period, but before the delivery of an Enforcement Notice: (i) the Class A1 Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves and in priority to the Class A2 Notes, Class B Notes and the Class C Notes; (ii) the Class A2 Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves and in priority to Class B Notes and the Class C Notes, but subordinated to the Class A1 Notes; (iii) the Class B Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves and in priority to the Class C Notes, but subordinated to the Class A Notes; and (iv) the Class C Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves, but subordinated to the Class A Notes and the Class B Notes.

(3) Provided however that, subject to no Enforcement Notice having been served: (i) on each Pro-Rata Amortisation Payment Date until the earlier of (a) the Payment Date (excluded) on which the Pro-Rata Cessation Event occurs and (b) the Cancellation Date, the Class A1 Notes, the Class A2 Notes, the Class B Notes and the Class C Notes shall rank *pari passu* and *pro rata* without preference or priority amongst themselves with respect to the repayment of principal; and (ii) starting from any Payment Date (included) on which Pro-Rata Cessation Event has occurred and on each Payment Date thereafter until the Cancellation Date, the Class A1 Notes, the Class A2 Notes, the Class B Notes and the Class C Notes shall rank in accordance with paragraph (2) above with respect to the repayment of principal.

(4) In respect of the obligation of the Issuer to pay interest and repay principal on the Notes after the delivery of an Enforcement Notice: (i) the Class A1 Notes and the Class A2 Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves and in priority to the Class B Notes and the Class C Notes; (ii) the Class B Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves and in priority to the Class C Notes but subordinated to the Class A Notes; and (iii) the Class C Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves but subordinated to the Class A Notes and the Class B Notes.

Unless notice has been given to the Issuer declaring the Most Senior Class of Notes due and payable, the Notes of the class or classes ranking below shall not be capable of being declared due and payable and the Noteholders of the Most Senior Class of Notes shall be entitled to determinate the remedies to be exercised. Remedies pursued by the Noteholders of the Most Senior Class of Notes could be adverse to the interests of the Noteholders of the class or classes ranking below.

### **Projections, Forecasts and Estimates**

Estimates of the expected average lives of the Notes included herein, together with any other projections, forecasts and estimates 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, actual results may vary from the projections, and the variations may be material.

### **No Independent Investigation in relation to the Portfolio**

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 investigations, searches or other actions to verify the details of the Portfolio sold (or to be sold) by the Originator to the Issuer nor has any such person undertaken, nor will any of them undertake, any investigations, searches or other actions to establish the creditworthiness of any Lessee.

### **Yield and Payment Considerations**

The yield to maturity of the Notes of each class will depend on, *inter alia*, the amount and timing of repayment of principal (including prepayments and proceeds from the sale of the Assets upon termination of the Lease Contracts) on the Receivables and on the actual date of exercise (if any) of the optional redemption right of the Issuer pursuant to Condition 7.3 (*Optional Redemption*).

Such yield may be adversely affected by higher or lower rates of prepayment, delinquency and default on the Receivables. The respective rates of prepayment, delinquency and default on the Receivables cannot be predicted and are influenced by a wide variety of economic, social and other factors.

### **Right to Future Receivables**

The Transfer Agreement provides also the transfer by the Originator to the Issuer, in addition to the claims in respect of the lease rentals under the Lease Contracts, of the following claims: (a) any claim relating to any additional amount payable as lease rental pursuant to the Lease Contracts as a result of any amendment of such Lease Contracts (the "**Rental Increase Claim**") and (b) the claims relating to any indemnities due in respect of the Lease Contracts, any penalty or other amounts due by each Lessee in relation to the early termination of the relevant Lease Contract (the "**Indemnities Claims**"). Moreover, under the Transfer Agreement, the Originator has transferred to the Issuer also the claims relating to the purchase price due for the sale of the Asset leased under a Lease Contract which is terminated up to certain amounts specified thereunder (the "**Price Claims**").

In the event that the Originator is or becomes insolvent, the court will treat the Issuer's claims to the Rental Increase Claims, the Indemnities Claims and the Price Claims 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 might not be effective and enforceable against the insolvency receiver of the Originator.

### **Claims of Unsecured Creditors of the Issuer**

By operation of Italian law and of the Transaction Documents, 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 (to the extent identifiable) 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 derived 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 any further Securitisation or with any of the activities in which the Transaction Documents provide and envisage that the Issuer shall engage.

To the extent that there are other creditors of the Issuer, the Issuer has established the Issuer Expenses Account and the funds therein may be used for the purposes of paying the ongoing fees, costs, expenses and taxes of the Issuer to third parties other than the Other Issuer Creditors in respect of the Securitisation.

Notwithstanding the foregoing, there can be no assurance that if any bankruptcy proceedings were to be commenced against the Issuer, the Issuer would be able to meet all of its obligations under the Notes.

### **Limited Enforcement 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 Rules of the Organisation of the Noteholders limit the ability of individual Noteholders to commence proceedings against the Issuer by conferring on the Meeting of the Organisation of the Noteholders the power to resolve on the ability of any Noteholder to commence any such individual actions.

### **Rights of Set-Off and Other Rights of Lessees**

Under the general principles of Italian law, the Lessees are entitled to exercise rights of set-off in respect of amounts due under any Lease Contract against any amounts payable by the Originator to the relevant Lessee if and to the extent that such counterclaims have arisen before the publication of the notice of the assignment in the Italian Official Gazette pursuant to Article 58, Paragraph 2 of the Consolidated Banking Act and registration of such assignment with the competent Register of Companies. Under the terms of the Warranty and Indemnity Agreement, the Originator has agreed to indemnify the Issuer from and against all damages and losses arising from the failure to collect or recover Receivables as a consequence of claims for set-off against the Originator brought by a Lessee and/or Obligor.

Notice of the assignment of the Receivables comprised in the Initial Portfolio pursuant to the Transfer Agreement was published in the Official Gazette on 22 May 2006 and registered with the Register of Companies of Brescia on 19 May 2006; and notice of the assignment of the Receivables comprised in each Subsequent Portfolio will be published in the Italian Official Gazette and registered in the competent Register of Companies promptly after the Purchase Date of each such Subsequent Portfolio, and the Principal Component of the Initial Purchase Price of such Subsequent Portfolio will be paid by the Issuer only after such notice has been published and such registration has been effected.

### **Historical Information**

The historical financial and other Information set out in the section headed "*The Originator*", "*The Portfolio*" and "*Collection and Recovery Procedures*", including the information in respect of the delinquency and default rates, represents the historical experience of Fineco Leasing. There can be no assurance that the future experience and performance of Fineco Leasing as Servicer of the Portfolio will be similar to the experience shown in this Offering Circular.

## Italian Usury Law

The Usury Law introduced legislation preventing lenders from applying interest rates equal to or higher than the thresholds set on a quarterly basis pursuant to a decree issued by the Italian Treasury (the “**Usury Thresholds**”). Subsequent judgements issued by the Italian Supreme Court (*Corte di Cassazione*) during 2000 held that the Usury Law, in addition to being applicable to loans and any other credit facilities advanced after the Usury Law came into force, may also apply with respect to loans or other credit facilities advanced prior to the date on which the Usury Law came into force. Moreover, according to one interpretation of the Usury Law, if at any point in time the rate of interest payable on a loan or any other credit facilities (including those entered into before the entry into force of the Usury Law or those which, when entered into, were in compliance with the Usury Law), exceeded the then applicable Usury Thresholds, the contractual provision providing for the borrower’s obligation to pay interest on the relevant loan or credit facility becomes null and void in its entirety.

The Italian Government intervened with law decree No. 394 (“**Decree 394/2000**”), converted into Law No. 24 by the Italian Parliament on 28 February 2001, which provides, *inter alia*, that interest will be deemed to be usurious only if the interest rate agreed by the parties exceeded the Usury Rate applicable at the time when the relevant agreement was reached. Decree 394/2000 also provided that as an extraordinary measure due to the exceptional fall in interest rates in 1998 and 1999, interest rates due on instalments payable after 2 January 2001 on fixed rate loans (other than subsidised loans) already entered into on the date such decree came into force (such date being 31 December 2000) are to be substituted, except where the parties have agreed to more favourable terms, with a lower interest rate set in accordance with parameters fixed by such decree by reference to the average gross yield of multi-annual treasury bonds (*Buoni Tesoro Poliennali*) in the period from January 1986 to October 2000.

The interpretation of the Usury Law given by Decree 394/2000 as well as the interpretation of Law No. 24 by which Decree 394/2000 was ratified by the Italian Parliament have been challenged before the Italian Constitutional Court by certain consumers’ associations on the grounds that they would not comply with the principles set out in the Italian Constitution. By decision No. 29 of 14 February 2002, the Italian Constitutional Court has stated, *inter alia*, that Decree 394/2000 complies with the principles set out in the Italian Constitution except for such provisions of Decree 394/2000 providing that interest rates due on instalments payable after 2 January 2001 on loans are to be substituted with lower interest rates fixed in accordance with Decree 394/2000. By such decision, the Italian Constitutional Court has established that lower interest rates fixed in accordance with Decree 394/2000 are to be substituted on instalments payable from the date on which Decree 394/2000 came into force (such date being 31 December 2000) and not on instalments payable after January 2001.

Prospective Noteholders should note that under the terms of the Warranty and Indemnity Agreement, the Originator has represented and warranted to the Issuer, *inter alia*, that the terms and conditions of each Lease Contract comply with applicable law from time to time into force, including usury provisions and has undertaken to indemnify the Issuer from and against all damages, loss, claims, liabilities, costs and expenses incurred by it arising from the application of the Usury Law in relation to interest accrued, or to accrue, on Lease Contracts (see section entitled “Description of the Warranty and Indemnity Agreement”).

## Compounding of Interest (*Anatocismo*)

According to Article 1283 of the Italian Civil Code, in respect of a monetary claim or receivable, accrued interest can be capitalised after a period of not less than six months provided that the capitalisation has been agreed after the date on which it has become due and payable or from the date when the relevant legal proceedings are commenced in respect of that monetary claim or receivable. According to Article 1283 of the Italian Civil Code, such provision may be derogated from only in the event that there are recognised customary practices (*usi*) to the contrary. Traditionally, capitalisation of interest (including the capitalisation of interest on bonds and other debt instruments) in Italy is a common market practice on the grounds that such

practice should be characterised as a customary rule (*uso normativo*). According to certain recent judgements from Italian courts (including judgement No. 2374/99 of the Italian Supreme Court), such practice has been re-characterised as an agreed clause (*uso negoziale*) and as such, has been deemed not to permit derogation from the aforementioned provisions of the Italian Civil Code.

Prospective Noteholders should note that under the terms of the Warranty and Indemnity Agreement, the Originator has represented that all Lease Contracts originated by it have been executed and performed in compliance with the provisions of Article 1283 of the Italian Civil Code and has furthermore undertaken to indemnify the Issuer from and against all damages, loss, claims, liabilities, costs and expenses incurred by it arising from the non-compliance of the terms and conditions of any Lease Contract with the provisions of Article 1283 of the Italian Civil Code (see section entitled “*Description of the Warranty and Indemnity Agreement*”).

### **Servicing of the Receivables**

The Initial Portfolio and each Subsequent Portfolio will be serviced by the Servicer pursuant to the Servicing Agreement. Previously the Portfolio had always been serviced by Fineco Leasing as owner of the Portfolio. The net cash flows from the Portfolio may be affected by decisions made, actions taken and the recovery procedures adopted pursuant to the provisions of the Servicing Agreement by the Servicer.

The Servicer has undertaken to prepare and submit to, amongst others, the Issuer and the Calculation Agent a quarterly report in the form set out in the Servicing Agreement on each Report Date, containing information as to the Collections made in respect of the Portfolio during the preceding Collection Period. A firm of internationally recognised auditors acceptable to the Representative of the Noteholders will prepare a semi-annual report in respect of the information and data contained in the last two Servicer Reports.

### **Credit Risk of Fineco Leasing and Other Parties**

The ability of the Issuer to make payments in respect of the Notes will depend to a significant extent upon the due performance by Fineco Leasing and the other parties to the Transaction Documents of their respective obligations thereunder. In particular, amongst other things, the timely payment of amounts due on the Notes will depend on the ability of the Servicer to service the Portfolio and recover any Defaulted Receivables, on the ability of the Originator to comply with its indemnification obligations under the Warranty and Indemnity Agreement and the continued availability of hedging under the Swap Agreement.

In particular, the Issuer is subject to the risk of failure by the Servicer to collect sufficient funds in respect of the Receivables in order to enable the Issuer to discharge all amounts payable under the Notes when due. In any case there can be no assurance that the levels of Collections and recoveries, in respect of the Portfolio, will be adequate to ensure timely and full receipt of all the amounts due under the Notes. In addition, the ability of the Issuer to make payments in respect of the Notes may depend to an extent upon the due performance by Fineco Leasing of its obligations under the Warranty and Indemnity Agreement and by the Swap Counterparty of its obligations under the Swap Agreement. In each case, the performance by the Issuer of its obligations thereunder is dependent on the solvency of Fineco Leasing and the Swap Counterparty (or any permitted successors or assigns appointed under the Servicing Agreement and the Swap Agreement).

It is not certain that a suitable alternative servicer could be found to service the Portfolio should the Servicer become insolvent or fail to fulfil its obligations pursuant to the terms of the Servicing Agreement. If such an alternative servicer were to be found it is not certain whether it would agree to service the Portfolio on the same terms as are provided for in the Servicing Agreement. In such circumstances, the Issuer could attempt to sell the Portfolio, but there is no assurance that the amount received on such a sale would be sufficient to repay in full all amounts due to the Noteholders.

The performance of the Italian economy has a significant impact on Fineco Leasing as 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 and the financial condition of Fineco Leasing which could in turn affect its ability to perform its obligations under the Transaction Documents to which it is a party.

### **Benefit of the Leased Assets**

Under financial lease contracts, such as the Lease Contracts, the lessor (*i.e.* Fineco Leasing) is the owner of the leased assets. Under the Transfer Agreement, the ownership over the leased Assets is not transferred by Fineco Leasing to the Issuer together with the Receivables. In spite of this, the Issuer can nevertheless obtain the benefit of the proceeds generated by the sale of the leased Assets in the event that a Lease Contract is terminated. This is provided through the assignment by Fineco Leasing to the Issuer, in the event of any early termination of a Lease Contract, of the proceeds from the sale of the relevant leased Asset up to an amount agreed thereunder.

If Fineco Leasing chooses not to sell the relevant leased Asset but to lease it again by entering into a new Lease Contract, Fineco Leasing shall pay to the Issuer the above mentioned sum, subject to certain conditions specified under the Transfer Agreement (for further details, see "*Description of the Transfer Agreement*").

It should however be noted that in the event of any bankruptcy or compulsory liquidation of Fineco Leasing, the assignment of the benefit of the leased Assets, as described above might not be effective and enforceable against the relevant insolvency receiver of Fineco Leasing.

### **Risks Associated with Lease Receivables**

The Italian Insolvency Law does not regulate the impact of insolvency of the lessee in financial lease contracts, such as the Lease Contracts. However, Articles 72 to 80 of the Italian Insolvency 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 before the insolvency of either party to the Lease Contracts and which are still being performed at the time of declaration of insolvency. The effects of lessee's insolvency on the Lease Contracts must therefore be determined on the basis of case law and academic literature, applying the principles which have already been established for ongoing relationships.

### **Terms of the Lease Contracts**

The Lease Contracts entered into by the Originator with the Lessees were entered into on the standard terms of the Originator which include, *inter alia*, (i) prohibition for the Lessee to terminate the Lease Contract earlier than its stated expiration date, (ii) upon the expiration of each Lease Contract, right of the Lessee to purchase the relevant Assets by paying the Residual Instalment and (iii) obligation of the Lessee to maintain the Assets in good working order and conditions and to bear all costs of managing and maintaining the Assets. Under The Warranty and Indemnity Agreement, the Originator has represented that the Lease Contracts conform to their respective standard forms of lease contracts as from time to time adopted.

### **Interest Rate Risk**

The Receivables include interest payments calculated at interest rates, and fixed at times, which will be different from the interest rates and times applicable to interest in respect of the Notes. The Notes will bear interest at a rate based on Euribor for three month Euro deposits determined on each Interest Determination Date, subject to and in accordance with Condition 6 ("*Interest*"). Accordingly, there could be an interest rate mismatch between the Notes and the Portfolio. As a result, an increase in the level of Euribor for three month Euro deposits could adversely impact the ability of the Issuer to make payments under the Notes. In order to try and reduce the impact of this potential interest rate mismatch, the Issuer has entered into the Swap Agreement. However, the Swap Agreement will not provide any interest rate protection to the Issuer in the event of early termination of the Swap Agreement, including termination upon the failure of the Swap

Counterparty to perform its obligations thereunder. In the event of the insolvency of the Swap Counterparty, the Issuer will be a general and unsecured creditor of the Swap Counterparty.

### **Further Securitisations**

The Issuer may purchase and securitise further portfolios of monetary claims in addition to the Portfolio provided that the then current ratings of the Notes will not be adversely affected by such further securitisation.

Under the terms of Article 3 of the Securitisation Law, the assets relating to each securitisation transaction will by operation of law and of the Transaction Documents be segregated for all purposes from all other assets of the company that purchases the receivables. 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 receivables 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.

### **The Representative of the Noteholders**

The Conditions and the Intercreditor Agreement contain provisions requiring the Representative of the Noteholders, in respect of all its powers, authorities, duties and discretion, to have regard to the interests of the holders of each class of Notes 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. Remedies pursued by the Representative of the Noteholders in such circumstances may be adverse to the interest of the holders of the lower ranking class(es) of Notes.

### **Limited Nature of Credit Ratings Assigned to the Notes**

Each credit rating assigned to the Notes reflects the relevant Rating Agency's assessment only in relation to the likelihood of timely payment of interest and the ultimate payment of principal on or before the final maturity date and not that such payments will be paid when expected or scheduled. These ratings are based, among other things, on the Rating Agencies' determination of the value of the Portfolio, the reliability of the payments on the Portfolio and the availability of credit enhancement.

The ratings do not address the following:

- the possibility of the imposition of Italian or European withholding tax;
- the marketability of the Notes, or any market price for the Notes; or
- whether an investment in the Notes is a suitable investment for the Noteholder.

*A rating is not a recommendation to purchase, hold or sell the Notes.*

Any Rating Agency may lower its ratings or withdraw its rating if, in the sole judgement of that Rating Agency, the credit quality of the Notes has declined or is in question. If any rating assigned to the Notes is lowered or withdrawn, the market value of the Notes may be affected.

### **Legal Proceedings**

Fineco Leasing is subject to a variety of claims and it is party to a number of legal proceedings arising in the ordinary course of business. Fineco Leasing's management does not believe that such proceedings, if determined against Fineco Leasing, are likely, individually or in the aggregate, to have a material adverse

effect on the Fineco Leasing's financial position or results of operations.

### **Potential Conflicts of Interest**

Capitalia is the Sole Arranger and Manager in respect of the issue of the Notes. Capitalia is also acting as Calculation Agent pursuant to the Cash Allocation, Management, Payments and Agency Agreement. Fineco Leasing is the Originator pursuant to the Transfer Agreement, Servicer pursuant to the Servicing Agreement and Subordinated Lender pursuant to the Subordinated Loan Agreement. Fineco Leasing is the Cash Manager pursuant to the Cash Allocation, Management, Payments and Agency Agreement. Fineco Leasing is a member of the *Capitalia Gruppo Bancario*. Conflicts of interest may potentially exist or may arise as a consequence of the various *Capitalia Gruppo Bancario* group companies having different roles in this transaction. However the management board and senior management of Capitalia and Fineco Leasing act independently from each other. The activities of Fineco Leasing as Servicer are furthermore subject to auditing by an independent auditor pursuant to the terms of the Servicing Agreement.

### **Substitute Tax under the Notes**

Payments under the Notes may in certain circumstances, described in the section headed "*Taxation*" of this Offering Circular, be subject to a Decree 239 Withholding. In such circumstance, any beneficial owner of an interest payment relating to the Notes of any Class will receive amounts of interest payable on the Notes net of a Decree 239 Withholding. At the date of this Offering Circular, such Decree 239 Withholding is levied at the rate of twelve point five per cent. (12.5%), or such lower rate as may be applicable under the relevant double taxation treaty.

In the event that any Decree 239 Withholding or any other deduction or withholding for or on account of tax is imposed in respect of payments to Noteholders of amounts due pursuant to the Notes, neither the Issuer nor any other person will not be obliged to gross-up or otherwise compensate Noteholders for the lesser amounts the Noteholders will receive as a result of the imposition of any such deduction or withholding, or otherwise to pay any additional amounts to any of the Noteholders.

In the event that any Notes of any Class are redeemed in whole or in part prior to the expiry of the eighteen month period from the Issue Date, the Issuer will be obliged to pay an additional amount in Italy which, at the date of this Offering Circular, is equal to 20% of all interest and other proceeds accrued on such principal amount repaid early up to the relevant repayment date. See "*Taxation*".

### **Tax Treatment of the Issuer**

Taxable income of the Issuer is determined without any special rights in accordance with Italian Presidential Decree No. 917 of 22 December 1986, as subsequently amended. 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.

In this respect, on 24 October 2002, the Revenue Agency – Regional Direction of Lombardy (the "**Agency**"), released a private ruling with reference to some aspects concerning the Italian taxation of a securitisation vehicle. According to the private ruling, the Agency has 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 Agency, with Circular No. 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 above mentioned 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.

The 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 Issuer Collection Account, the Issuer Payments Account, the Issuer Principal Accumulation Account, the Issuer Expenses Account, the Issuer Transaction Account and the Issuer Cash Reserve 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%

### **Withholding Tax under the Notes**

Payments of interest under the 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 No. 350 of 25 September 2001, converted into law with amendments by Law No. 409 of 23 November 2001 ("**Decree No. 350**"), any non-Italian resident who is the beneficial owner of a payment of interest or other proceeds relating to the 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 No. 239 and the relevant application rules in order to benefit from the exemption from substitute tax, will receive amounts payable on the Notes net of Italian substitute tax. See also the section entitled "Taxation" below.

At the date of this Offering Circular such substitute tax is levied at the rate of 12.5%, 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 Noteholders of amounts due pursuant to the Notes, neither the Issuer nor any other person will be obliged to gross-up or otherwise compensate Noteholders for the lesser amounts the Noteholders will receive as a result of the imposition of substitute tax.

In the event that any Notes are redeemed in whole or in part prior to the expiry of eighteen months after the Issue Date, the Issuer will be obliged to pay an additional amount in Italy which, at the date of this Offering Circular, is equal to 20% of all interest and other proceeds accrued on such principal amount repaid early up to the relevant repayment date. See also the section entitled "*Taxation*" below.

### **European Withholding Tax Directive**

On 3 June 2003, the EU Council of Economic and Finance Ministers adopted a new directive (EU Directive 2003/48/CE) regarding the taxation of savings income which proposes that each EU Member State will be required to provide to tax authorities of another EU 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 will instead apply a withholding system for a transitional period in relation to such payments. The Italian Government has implemented the aforesaid directive No. 2003/48/CE with the Legislative Decree No. 84 of 18 April 2005. For further details, see section headed "Taxation".

## **Change of Law**

The structure of the transaction and, *inter alia*, the issue of the Notes and ratings assigned to the Notes are based on Italian law, tax and administrative practice in effect at the date hereof, and 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.

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

## THE PORTFOLIO

The Initial Portfolio comprises Receivables arising from No. 15,306 Lease Contracts originated by Fineco Leasing. Pursuant to the Transfer Agreement, during the Revolving Period, the Originator may sell to the Issuer, and the Issuer shall purchase, additional Receivables comprised in Subsequent Portfolios (and, together with the Initial Portfolio, the “**Portfolio**”), subject to the satisfaction of certain conditions.

As at 30 April 2006, the aggregate Outstanding Principal Balance of the Receivables comprised in the Initial Portfolio was Euro 1,019,029,515.97 and the outstanding amount due by each Lessee overall did not exceed Euro 2,800,000 (or 0.27% of the Outstanding Principal Balance of the Initial Portfolio as of such date).

### Governing law of the Receivables

The Receivables are governed by Italian law.

### The Assets

The assets underlying the Lease Contracts (the “**Assets**”) comprised in the Initial Portfolio and in each Subsequent Portfolio may be classified into three pools:

- (A) the “**Auto Pool**” comprises Receivables arising from Lease Contracts relating to motor cars, commercial vehicles and heavy vehicles registered in the *Pubblico Registro Automobilistico*;
- (B) the “**Equipment Pool**” comprises Receivables arising from Lease Contracts relating to tools and machinery, specifically built machinery and other industrial equipment not registered in any public register; and
- (C) the “**Real Estate Pool**” comprises Receivables arising from Lease Contracts relating to real estate assets.

Of the Receivables comprised in the Initial Portfolio, approximately 26.70% belong to the Auto Pool, approximately 7.40% belong to the Equipment Pool and approximately 65.9% belong to the Real Estate Pool, in terms of Outstanding Principal Balance of such Receivables as of 30 April 2006.

The Residual Instalments (*riscatto*) due under the Lease Contracts comprised in the Initial Portfolio have not been (or, in the case of the Lease Contracts comprised in each Subsequent Portfolio, will not be) transferred to the Issuer.

### Initial Portfolio Eligibility Criteria

The Initial Portfolio comprises Receivables – excluding any receivables in respect of each lessee to whom the overall amount disbursed by Fineco Leasing (*i.e.* the original financed amount including all advance payments and Residual Instalments) under lease contracts (entered into and not otherwise terminated or discharged), outstanding as at the Initial Portfolio Effective Date exceeds (a) Euro 5,000,000 for assets belonging to all three Pools, or (b) Euro 1,000,000 for assets belonging to the Equipment Pool – which at the Initial Portfolio Effective Date meet the following Initial Portfolio Eligibility Criteria:

- (a) the relevant Lease Contract has been entered into with individual persons having their residence in Italy or legal entities (*persone giuridiche*), including *ditte individuali*, companies, foundations (*fondazioni*), associations (whether or not recognised) (*associazioni riconosciute e non*), partnerships (*studi associati*) and, in general, any other legal entity (other than public entities) having their registered office in Italy;
- (b) the relevant Lease Contract has not been entered into with a company or entity which, at the time

the Lease Contract was entered into, was part of the Capitalia Banking Group;

- (c) the relevant Asset has already been delivered to and accepted by the relevant Lessee;
- (d) if the relevant Asset is a real estate property, its construction has been completed;
- (e) the relevant Asset is: (i) if a real estate property, located in the territory of the Republic of Italy, and (ii) if a registered movable Asset, registered on the Pubblico Registro Automobilistico (PRA);
- (f) no written report in relation to theft has been submitted to the Originator in respect of the relevant Asset;
- (g) the relevant Lease Contract has been entered into with an entity: (i) which has not been declared insolvent or subjected to any insolvency, administration or forced reorganisation proceedings, and (ii) in respect of which, Fineco Leasing has never interrupted invoicing the relevant Borrower;
- (h) no claw-back action (revocatoria) (whether ordinary or in relation to insolvency) is pending or threatened in writing in connection with the relevant Asset;
- (i) the Instalments of the relevant Lease Contract are denominated in Euro (including any Lease Contracts whose Instalments were originally denominated in Italian Lira);
- (j) if the relevant Lease Contract has a floating interest rate, such floating interest rate is not subject to any cap or floor;
- (k) if the relevant Lease Contract has a floating interest rate, such floating interest rate is based either on 3-month Euribor/365 or 3-month Euribor/360;
- (l) if the relevant Lease Contract has a fixed interest rate, such interest rate is higher than 4%;
- (m) if the relevant Lease Contract has a floating interest rate, the interest spread is higher than 0.7%;
- (n) the payment of the Instalments under the relevant Lease Contract is to be made by direct debit and with a monthly, bi-monthly or quarterly frequency;
- (o) at least one Instalment has already been paid by the Lessee under the relevant Lease Contract;
- (p) the relevant Lease Contract has no Instalments in arrears;
- (q) the relevant Lease Contract does not have any form of public subsidy or contribution;
- (r) the Lease Contract does not classify as "E-Carus" "Full Leasing" (*i.e.* a lease contract which include, in addition to the financing, certain ancillary services provided by Europcar or other companies for the management of the assets registered in the *Pubblico Registro Automobilistico*);
- (s) the relevant Lease Contract does not relate to a syndicated transaction;
- (t) the due date of the last Instalment (excluding, for the avoidance of doubt, the Residual Instalment) of the relevant Lease Contract does not fall before 1 July 2006 or after 1 July 2023;
- (u) the relevant Lease Contract does not relate to Assets which have been leased to new lessees after the termination of a preceding lease;
- (v) arising out and/or in relation to contracts under which the aggregate amount of all the relevant outstanding Instalments (excluding, for the avoidance of doubt, the Residual Instalment) does not exceed Euro 2,800,000;

## Subsequent Portfolio Eligibility Criteria

Each Subsequent Portfolio comprises Receivables – excluding any receivables in respect of each lessee to whom the overall amount disbursed by Fineco Leasing (*i.e.* the original financed amount including all advance payments and Residual Instalments) under lease contracts (entered into and not otherwise terminated or discharged), outstanding as at the Subsequent Portfolio Effective Date exceeds (a) Euro 5,000,000 for assets belonging to all three Pools, or (b) Euro 1,000,000 for assets belonging to the Equipment Pool – which at the Subsequent Portfolio Effective Date meet the following Subsequent Portfolio Eligibility Criteria:

- (a) the relevant Lease Contract has been entered into with individual persons having their residence in Italy or legal entities (*persone giuridiche*), including *ditte individuali*, companies, foundations (*fondazioni*), associations (whether or not recognised) (*associazioni riconosciute e non*), partnerships (*studi associati*) and, in general, any other legal entity (other than public entities) having their registered office in Italy;
- (b) the relevant Lease Contract has not been entered into with a company or entity which, at the time the Lease Contract was entered into, was part of the Capitalia Banking Group;
- (c) the relevant Asset has already been delivered to and accepted by the relevant Lessee;
- (d) if the relevant Asset is a real estate property, its construction has been completed;
- (e) the relevant Asset is: (i) if a real estate property, located in the territory of the Republic of Italy, and (ii) if a registered movable Asset, registered on the *Pubblico Registro Automobilistico* (PRA);
- (f) no written report in relation to theft has been submitted to the Originator in respect of the relevant Asset;
- (g) the relevant Lease Contract has been entered into with an entity: (i) which has not been declared insolvent or subjected to any insolvency, administration or forced reorganisation proceedings, and (ii) in respect of which, Fineco Leasing has never interrupted invoicing the relevant Borrower;
- (h) no claw-back action (*revocatoria*) (whether ordinary or in relation to insolvency) is pending or threatened in writing in connection with the relevant Asset;
- (i) the Instalments of the relevant Lease Contract are denominated in Euro (including any Lease Contracts whose Instalments were originally denominated in Italian Lira);
- (j) the relevant Lease Contract does not have a fixed interest rate;
- (k) the floating interest rate due under the relevant Lease Contract is not subject to any cap or floor;
- (l) the floating interest rate due under the relevant Lease Contract is based either on 3-month Euribor/365 or 3-month Euribor/360;
- (m) the floating interest rate due under the relevant Lease Contract is higher than 0.7% (spread to be specified);
- (n) the payment of the Instalments under the relevant Lease Contract is to be made by direct debit and with a monthly, bi-monthly or quarterly frequency;
- (o) at least one Instalment has already been paid by the Lessee under the relevant Lease Contract;
- (p) the relevant Lease Contract has no Instalments in arrears;

- (q) the relevant Lease Contract does not have any form of public subsidy or contribution;
- (r) the Lease Contract does not classify as “E-Carus” “Full Leasing” (*i.e.* a lease contract which include, in addition to the financing, certain ancillary services provided by Europcar or other companies\_for the management of the assets registered in the *Pubblico Registro Automobilistico*);
- (s) the relevant Lease Contract does not relate to a syndicated transaction;
- (t) the due date of the last Instalment (excluding, for the avoidance of doubt, the Residual Instalment) of the relevant Lease Contract does not fall after 1 July 2023;
- (u) the relevant Lease Contract does not relate to Assets which have been leased to new lessees after the termination of a preceding lease;
- (v) arising out and/or in relation to contracts under which the aggregate amount of all the relevant outstanding Instalments (excluding, for the avoidance of doubt, the Residual Instalment) does not exceed Euro 2,800,000;
- (w) under the relevant Lease Contract, at least one Instalment (excluding, for the avoidance of doubt, the Residual Instalment) is due and the due date of the last Instalment does not fall before (date to be specified); and
- (x) the relevant Lease Contracts have been entered into between (date to be specified) and (date to be specified).

#### **Description of the Initial Portfolio**

The following tables provided by the Originator set out the details of the Initial Portfolio. The information in the tables reflects the position of the Initial Portfolio as at 30 April 2006. The characteristics of the Initial Portfolio as at the Issue Date may vary from those set out in the tables as a result, *inter alia*, of Collections in respect of the Lease Contracts or termination of the Lease Contracts prior to the Issue Date.

	General Portfolio	
Number of lease contracts	#	15,306
Number of borrowers	#	10,287
Total Outstanding Principal Balance	Euro mln	1,019
Average loan size	Euro	66,577
Real Estate Pool	%	65.91
Auto Pool	%	26.69
Equipment Pool	%	7.40
Floating Rate Contracts	%	96.96
Fixed Rate Contracts	%	3.04
Floating Rate Contracts indexed to 3m Euribor	%	100.00
Monthly Payment Frequency Contracts	%	97.0
Payment Method = Direct Debit	%	100.00
Weighted Average Maturity	years	8.85
Weighted Average Seasoning	years	1.67
Weighted Average Remaining Maturity	years	7.18
Weighted Average Spread Total Ptf	bps	232
Weighted Average Rate	bps	742
Weighted Average Current LTV	%	66.19
Northern Regions	%	74.71
Central Regions	%	18.95
Southern Regions	%	6.34
<b>Concentration (as at issue date)</b>		
Top Debtor	%	0.27
Top 10 Debtors	%	2.54
Top 20 Debtors	%	4.69

1. **“Weighted Average Current LTV”** (loan-to-value) is the Outstanding Principal Amount to Original Cost ratio weighted by the Outstanding Principal Amount.
2. **“Original Cost”** means the purchase price of the leased Asset net of value added tax.
3. **“Weighted Average Seasoning”** is expressed in years and weighted by the Outstanding Principal Amount.
4. **“Weighted Average Remaining Term”** is expressed in years and weighted by the Outstanding Principal Amount.
5. **“Weighted Average Spread”** means the spread of Lease Contracts under floating interest rates (the **“Floating Rate Contracts”**) weighted by Outstanding Principal Amount.
6. **“Weighted Average Rate”** means the interest rate of the Lease Contracts under fixed interest rates (the **“Fixed Rate Contracts”**) weighted by Outstanding Principal Amount.

The tables below provide a breakdown of the Initial Portfolio as at 30 April 2006 by (i) pool; (ii) outstanding value; (iii) origination date; (iv) maturity; (v) remaining maturity; (vi) seasoning; (vii) region; (viii) geographical distribution; (ix) payment frequency; (x) interest rate; (xi) gross spread; (xii) gross yield; (xiii) residual balance and (xiv) current loan-to-value.

#### BREAKDOWN OF INITIAL PORTFOLIO BY POOL

*Amounts in Euro*

Pool	No. of Lease Contracts	%	Outstanding Principal Amount	%
Auto	11,576	75.63	272,009,853.20	26.69
Equipment	1,636	10.69	75,361,347.75	7.40
Real Estate	2,094	13.68	671,658,315.02	65.91
<b>Total</b>	<b>15,306</b>	<b>100.00</b>	<b>1,019,029,515.97</b>	<b>100.00</b>

#### BREAKDOWN OF INITIAL PORTFOLIO BY OUTSTANDING VALUE

*Amounts in Euro*

Outstanding Value	No. of Lease Contracts	%	Outstanding Principal Amount	%
>0 <=10,000	2,906	18.99	19,468,867.96	1.91
>10,000 <=20,000	4,464	29.17	65,555,068.72	6.43
>20,000 <=50,000	4,381	28.62	132,690,935.11	13.02
>50,000 <=100,000	1,668	10.90	116,408,687.37	11.42
>100,000 <=500,000	1,516	9.90	331,472,751.03	32.53
>500,000 <=1,000,000	261	1.71	182,537,093.06	17.91
>1,000,000 <=2,000,000	89	0.58	121,946,302.94	11.97
>2,000,000 <=3,000,000	21	0.14	48,949,809.78	4.80
>3,000,000	0	0.00	0.00	0.00
<b>Total</b>	<b>15,306</b>	<b>100.00</b>	<b>1,019,029,515.97</b>	<b>100.00</b>

#### BREAKDOWN OF INITIAL PORTFOLIO BY ORIGINATION DATE

*Amounts in Euro*

Years	No. Of Lease Contracts	%	Outstanding Principal Amount	%
<=1996	0	0.00	0.00	0.00
1997	1	0.01	1,570,886.57	0.15
1998	13	0.08	785,565.93	0.08
1999	28	0.18	11,019,957.09	1.08
2000	51	0.33	25,357,631.55	2.49
2001	95	0.62	30,758,610.61	3.02
2002	318	2.08	103,322,537.84	10.14
2003	612	4.00	74,841,411.29	7.34
2004	2,810	18.36	231,020,902.55	22.67
2005	8,447	55.19	422,264,434.66	41.44
2006	2,931	19.15	118,087,578	11.59
<b>Total</b>	<b>15,306</b>	<b>100.00</b>	<b>1,019,029,515.97</b>	<b>100.00</b>

### BREAKDOWN OF INITIAL PORTFOLIO BY MATURITY

Amounts in Euro

Years	No. Of Lease Contracts	%	Outstanding Principal Amount	%
2006	307	2.02	1,813,948.80	0.18
2007	1,747	11.47	20,459,121.08	2.01
2008	4,784	31.41	92,778,026.58	9.10
2009	3,641	23.91	102,569,113.44	10.07
2010	2,377	15.61	119,149,723.84	11.69
2011	475	3.12	40,646,711.43	3.99
2012	271	1.78	69,590,458.26	6.83
2013	321	2.11	84,539,801.75	8.30
2014	353	2.32	130,538,191.15	12.81
2015	271	1.78	94,408,395.06	9.26
2016	235	1.54	82,633,402.40	8.11
2017	310	2.04	97,882,488.72	9.61
2018	20	0.13	16,303,024.36	1.60
2019	7	0.05	3,748,710.99	0.37
2020	110	0.72	39,345,299	3.86
2021	77	0.51	22,623,099	2.22
<b>Total</b>	<b>15,306</b>	<b>100.00</b>	<b>1,019,029,515.97</b>	<b>100.00</b>

### BREAKDOWN OF INITIAL PORTFOLIO BY REMAINING MATURITY

Amounts in Euro

Years	No. Of Lease Contracts	%	Outstanding Principal Amount	%
>=0 <=0.5	194	1.27	910,221.39	0.09
>0.5 <=1.0	640	4.18	5,330,384.25	0.52
>1.0 <=1.5	874	5.71	10,885,411.37	1.07
>1.5 <=2	1,132	7.40	18,892,193.75	1.85
>2.0 <=2.5	2,924	19.10	56,762,912.11	5.57
>2.5 <=3.0	2,487	16.25	57,080,004.00	5.60
>3.0 <=3.5	1,661	10.85	48,752,537.41	4.78
>3.5 <=4.0	1,319	8.62	50,791,190.79	4.98
>4.0 <=4.5	1,163	7.60	58,730,866.24	5.76
>4.5 <=5.0	860	5.62	56,862,118.31	5.58
>5.0 <=10.0	1,345	8.79	413,648,930.98	40.59
>10.0	707	4.62	240,382,745.37	23.59
<b>Total</b>	<b>15,306</b>	<b>100.00</b>	<b>1,019,029,515.97</b>	<b>100.00</b>

### BREAKDOWN OF INITIAL PORTFOLIO BY SEASONING

Amounts in Euro

Years		No. Of Lease Contracts	%	Outstanding Principal Amount	%
>=0	<=0.5	5,180	33.84	231,816,785.36	22.75
>0.5	<=1.0	5,009	32.73	222,921,362.21	21.88
>1.0	<=1.5	1,739	11.36	138,825,475.21	13.62
>1.5	<=2.0	1,582	10.34	126,722,232.06	12.44
>2.0	<=2.5	828	5.41	66,073,295.93	6.48
>2.5	<=3.0	313	2.04	42,394,503.12	4.16
>3.0	>3.5	331	2.16	76,711,953.31	7.53
>3.5	<=4.0	106	0.69	25,158,684.93	2.47
>4.0	<=4.5	67	0.44	27,254,119.99	2.67
>4.5	<=5.0	40	0.26	16,705,073.98	1.64
>5.0		111	0.73	44,446,029.87	4.36
<b>Total</b>		<b>15,306</b>	<b>100.00</b>	<b>1,019,029,515.97</b>	<b>100.00</b>

### BREAKDOWN OF INITIAL PORTFOLIO BY REGION

Amounts in Euro

Region	No. Of Lease Contracts	%	Outstanding Principal Amount	%
Lombardy	7,217	47.15	468,343,547.58	45.96
Veneto	1,191	7.78	111,571,111.77	10.95
Piedmont	408	2.67	32,865,632.37	3.23
Emilia Romagna	1,058	6.91	93,291,775.53	9.15
Liguria	326	2.13	19,872,453.63	1.95
Friuli Venezia Giulia	142	0.93	5,078,231.16	0.50
Valle D'Aosta	22	0.14	1,582,587.78	0.16
Trentino Alto Adige	396	2.59	28,669,019.15	2.81
Tuscany	955	6.24	56,248,537.95	5.52
Lazio	999	6.53	54,279,669.97	5.33
Abruzzo	257	1.68	11,732,442.81	1.15
Marche	721	4.71	64,566,245.62	6.34
Umbria	64	0.42	6,276,856.68	0.62
Campania	764	4.99	35,283,304.12	3.46
Molise	145	0.95	5,178,191.74	0.51
Puglia	221	1.44	7,539,758.43	0.74
Calabria	78	0.51	2,654,688.04	0.26
Sicily	86	0.56	3,535,655.46	0.35
Sardinia	177	1.16	8,801,552.04	0.86
Basilicata	79	0.52	1,658,254.14	0.16
<b>Total</b>	<b>15,306</b>	<b>100.00</b>	<b>1,019,029,515.97</b>	<b>100.00</b>

### BREAKDOWN OF INITIAL PORTFOLIO BY GEOGRAPHICAL DISTRIBUTION

Amounts in Euro

Region	No. Of Lease Contracts	%	Outstanding Principal Amount	%
Northern Regions*	10,760	70.30	761,274,358.97	74.71
Central Regions**	2,996	19.57	193,103,753.03	18.95
Southern Regions***	1,550	10.13	64,651,403.97	6.34
<b>Total</b>	<b>15,306</b>	<b>100.00</b>	<b>1,019,029,515.97</b>	<b>100.00</b>

\*Northern Regions include: Lombardy, Veneto, Emilia Romagna, Piedmont, Trentino Alto Adige, Liguria, Friuli Venezia Giulia, Valle D'Aosta.

\*\*Central Regions include: Marche, Abruzzo, Lazio, Umbria and Tuscany.

\*\*\*Southern Regions include: Campania, Sicily, Sardinia, Puglia, Molise, Calabria and Basilicata.

### BREAKDOWN OF INITIAL PORTFOLIO BY PAYMENT FREQUENCY

Amounts in Euro

Payment Frequency	No. Of Lease Contracts	%	Outstanding Principal Amount	%
Monthly	15,063	98.41	988,533,699.99	97.01
Bi-Monthly	52	0.34	1,201,861.55	0.12
Quarterly	191	1.25	29,293,954.43	2.87
<b>Total</b>	<b>15,306</b>	<b>100.00</b>	<b>1,019,029,515.97</b>	<b>100.00</b>

### BREAKDOWN OF INITIAL PORTFOLIO BY INTEREST RATE

Amounts in Euro

Interest rate type	No. Of Lease Contracts	%	Outstanding Principal Amount	%
Fixed	2,193	14.33	30,954,252.45	3.04
Floating (3m Euribor)	13,113	85.67	988,075,263.52	96.96
<b>Total</b>	<b>15,306</b>	<b>100.00</b>	<b>1,019,029,515.97</b>	<b>100.00</b>

### BREAKDOWN OF INITIAL PORTFOLIO BY GROSS SPREAD

Amounts in Euro

Gross Spread	No. Of Lease Contracts	%	Outstanding Principal Amount	%
>0 <=1.0	15	0.11	9,190,331.69	0.93
>1.0 <=2.0	1,949	14.86	499,263,072.29	50.53
>2.0 <=3.0	3,113	23.74	275,987,683.17	27.93
>3.0 <=4.0	3,141	23.95	101,090,637.59	10.23
>4.0 <=5.0	2,695	20.55	65,012,457.81	6.58
>5.0 <=6.0	1,393	10.62	26,534,421.75	2.69
>6.0 <=7.0	649	4.95	9,122,692.68	0.92
>7.0 <=8.0	143	1.09	1,774,475.07	0.18
>8.0 <=10.0	9	0.07	63,538.16	0.01
>10.0	6	0.05	35,953.31	0.00
<b>Total</b>	<b>13,113</b>	<b>100.00</b>	<b>988,075,263.52</b>	<b>100.00</b>

**BREAKDOWN OF INITIAL PORTFOLIO BY GROSS YIELD**

*Amounts in Euro*

Interest Rate		No. Of Lease Contracts	%	Outstanding Principal Amount	%
>4.0	<=5.0	37	1.69	1,714,945.06	5.54
>5.0	<=6.0	200	9.12	4,310,086.54	13.92
>6.0	<=7.0	621	28.32	10,709,190.68	34.60
>7.0	<=8.0	457	20.84	6,289,256.43	20.32
>8.0	<=9.0	242	11.04	2,500,739.85	8.08
>9.0	<=10.0	220	10.03	1,872,403.00	6.05
>10.0	<=11.0	79	3.60	757,324.37	2.45
>11.0	<=12.0	123	5.61	1,079,895.54	3.49
>12.0	<=13.0	214	9.76	1,720,410.98	5.56
>13.0		0	0.00	0.00	0.00
<b>Total</b>		<b>2,193</b>	<b>100</b>	<b>30,954,252.45</b>	<b>100</b>

**BREAKDOWN OF INITIAL PORTFOLIO BY CURRENT LOAN –TO-VALUE**

*Amounts in Euro*

% Residual Value		No. Of Lease Contracts	%	Outstanding Principal Amount	%
>0	<=20	370	2.42	2,934,120.07	0.29
>20	<=30	581	3.80	7,627,426.93	0.75
>30	<=40	868	5.67	28,235,007.77	2.77
>40	<=50	1,429	9.34	90,766,697.02	8.91
>50	<=60	2,251	14.71	226,766,271.63	22.25
>60	<=70	2,871	18.76	257,177,386.92	25.24
>70	<=80	3,299	21.55	213,312,898.85	20.93
>80	<=85	1,558	10.18	80,569,941.25	7.91
>85	<=90	1,230	8.04	65,855,824.59	6.46
>90	<=100	849	5.55	45,783,940.94	4.49
<b>Total</b>		<b>15,306</b>	<b>100.00</b>	<b>1,019,029,515.97</b>	<b>100.00</b>

**Capacity to produce funds**

Based on the information above and subject to the risks set out in the section entitled “*Risk Factors*”, the Receivables have characteristics that demonstrate capacity to produce funds to service any payments due under the Notes.

### The Real Estate Pool

The tables below provide a breakdown of the Initial Portfolio in relation to the Real Estate Pool as at 30 April 2006 by (i) outstanding value; (ii) origination date; (iii) maturity; (iv) remaining maturity; (v) seasoning; (vi) interest rate; (vii) spread; and (viii) fixed interest rate.

#### BREAKDOWN OF REAL ESTATE POOL BY OUTSTANDING VALUE

*Amounts in Euro*

Outstanding Value		No. Of Lease Contracts	%	Outstanding Principal Amount	%
>0	<=10,000	10	0.48	64,422.33	0.01
>10,000	<=20,000	17	0.81	255,692.84	0.04
>20,000	<=50,000	126	6.02	4,781,536.55	0.71
>50,000	<=100,000	333	15.90	25,468,943.76	3.79
>100,000	<=500,000	1,240	59.22	289,304,596.96	43.07
>500,000	<=1,000,000	258	12.32	180,887,009.86	26.93
>1,000,000	<=2,000,000	89	4.25	121,946,302.94	18.16
>2,000,000	<=3,000,000	21	1.00	48,949,809.78	7.29
>3,000,000		0	0.00	0.00	0.00
<b>Total</b>		<b>2,094</b>	<b>100</b>	<b>671,658,315</b>	<b>100</b>

#### BREAKDOWN OF REAL ESTATE POOL BY ORIGINATION DATE

*Amounts in Euro*

Years	No. Of Lease Contracts	%	Outstanding Principal Amount	%
<=1996	0	0.00	0.00	0.00
1997	1	0.05	1,570,886.57	0.23
1998	13	0.62	785,565.93	0.12
1999	25	1.19	10,720,255.00	1.60
2000	51	2.44	25,357,631.55	3.78
2001	78	3.72	30,586,445.00	4.55
2002	227	10.84	102,786,475.38	15.30
2003	167	7.98	69,897,291.39	10.41
2004	636	30.37	186,081,677.66	27.70
2005	781	37.30	209,038,460.63	31.12
2006	115	5.49	34,833,626	5.19
<b>Total</b>	<b>2,094</b>	<b>100</b>	<b>671,658,315</b>	<b>100</b>

**BREAKDOWN OF REAL ESTATE POOL BY MATURITY**

*Amounts in Euro*

<b>Years</b>	<b>No. Of Lease Contracts</b>	<b>%</b>	<b>Outstanding Principal Amount</b>	<b>%</b>
2004	5	0.25	130,940.35	0.02
2005	12	0.59	884,708.34	0.13
2006	12	0.59	992,706.02	0.15
2007	26	1.29	3,279,316.64	0.49
2008	49	2.43	12,605,628.68	1.88
2009	43	2.13	15,132,880.09	2.25
2010	249	12.35	67,723,159.81	10.08
2011	315	15.62	83,426,364.30	12.42
2012	353	17.50	130,538,191.15	19.44
2013	271	13.44	94,408,395.06	14.06
2014	235	11.65	82,633,402.40	12.30
2015	310	15.37	97,882,488.72	14.57
2016	20	0.99	16,303,024.36	2.43
2017	7	0.35	3,748,710.99	0.56
2018	110	5.45	39,345,299	5.86
2019	77	3.82	22,623,099	3.37
2020	5	0.25	130,940.35	0.02
2021	12	0.59	884,708.34	0.13
<b>Total</b>	<b>2,094</b>	<b>100</b>	<b>671,658,315</b>	<b>100</b>

**BREAKDOWN OF REAL ESTATE POOL BY REMAINING MATURITY**

*Amounts in Euro*

<b>Years</b>	<b>No. Of Lease Contracts</b>	<b>%</b>	<b>Outstanding Principal Amount</b>	<b>%</b>
>=0 <=0,5	2	0.10	14,851.29	0.00
>0,5 <=1,0	5	0.24	175,402.27	0.03
>1,0 <=1,5	6	0.29	639,047.95	0.10
>1,5 <=2,0	9	0.43	540,674.28	0.08
>2,0 <=2,5	5	0.24	432,881.06	0.06
>2,5 <=3,0	8	0.38	395,399.48	0.06
>3,0 <=3,5	12	0.57	2,256,889.98	0.34
>3,5 <=4,0	16	0.76	3,676,268.39	0.55
>4,0 <=4,5	17	0.81	4,951,657.04	0.74
>4,5 <=5,0	36	1.72	11,135,636.46	1.66
>5,0 <=10,0	1,271	60.70	407,056,861.45	60.60
>10,0	707	33.76	240,382,745.37	35.79
<b>Total</b>	<b>2,094</b>	<b>100</b>	<b>671,658,315</b>	<b>100</b>

**BREAKDOWN OF REAL ESTATE POOL BY SEASONING**

*Amounts in Euro*

Years		No. Of Lease Contracts	%	Outstanding Principal Amount	%
>=0	<=0,5	313	14.95	87,368,630.64	13.01
>0.5	<=1,0	378	18.05	98,017,610.28	14.59
>1.0	<=1,5	372	17.77	102,600,517.40	15.28
>1.5	<=2,0	329	15.71	100,745,093.20	15.00
>2.0	<=2,5	174	8.31	54,700,224.77	8.14
>2.5	<=3,0	95	4.54	39,984,174.71	5.95
>3.0	>3,5	178	8.50	75,439,606.09	11.23
>3.5	<=4,0	58	2.77	24,873,247.04	3.70
>4.0	<=4,5	53	2.53	27,108,211.47	4.04
>4.5	<=5,0	36	1.72	16,674,671.64	2.48
>5.0		108	5.16	44,146,327.78	6.57
<b>Total</b>		<b>2,094</b>	<b>100.00</b>	<b>671,658,315.02</b>	<b>100.00</b>

**BREAKDOWN OF REAL ESTATE POOL BY INTEREST RATE**

*Amounts in Euro*

Interest rte type	No. of Lease Contracts	%	Outstanding Principal Amount	%
Floating (3m Euribor)	2,086	99.62	670,300,791.63	99.80
Fixed	8	0.38	1,357,523.39	0.20
<b>Total</b>	<b>2,094</b>	<b>100.00</b>	<b>671,658,315.02</b>	<b>100.00</b>

**BREAKDOWN OF REAL ESTATE POOL BY SPREAD**

*Amounts in Euro*

Gross Spread		No. of Lease Contracts	%	Outstanding Principal Amount	%
>0	<=1.0	15	0.72	9,190,331.69	1.37
>1.0	<=2.0	1,260	60.40	456,259,765.69	68.07
>2.0	<=3.0	705	33.80	180,039,872.86	26.86
>3.0	<=4.0	93	4.46	22,055,634.52	3.29
>4.0	<=5.0	10	0.48	2,638,329.34	0.39
>5.0	<=6.0	1	0.05	81,321.63	0.01
>6.0	<=7.0	1	0.05	32,865.96	0.00
>7.0	<=8.0	0	0.00	0.00	0.00
>8.0	<=10.0	1	0.05	2,669.94	0.00
>10.0		0	0.00	0.00	0.00
<b>Total</b>		<b>2,086</b>	<b>100.00</b>	<b>670,300,791.63</b>	<b>100.00</b>

**BREAKDOWN OF REAL ESTATE POOL BY FIXED INTEREST RATE**

*Amounts in Euro*

<b>Gross Yield</b>		<b>No. of Lease Contracts</b>	<b>%</b>	<b>Outstanding Principal Amount</b>	<b>%</b>
>4.0	<=5.0	1	12.50	1,011,901.38	74.54
>5.0	<=6.0	1	12.50	90,426.88	6.66
>6.0	<=7.0	3	37.50	227,919.58	16.79
>7.0	<=8.0	0	0.00	0.00	0.00
>8.0	<=9.0	3	37.50	27,275.55	2.01
>9.0	<=10.0	0	0.00	0.00	0.00
>10	<=11.0	0	0.00	0.00	0.00
>11	<=12.0	0	0.00	0.00	0.00
>12	<=13.0	0	0.00	0.00	0.00
>13		0	0.00	0.00	0.00
<b>Total</b>		<b>8</b>	<b>100.00</b>	<b>1,357,523.39</b>	<b>100.00</b>

## The auto pool

The tables below provide a breakdown of the Initial Portfolio in relation to the Auto Pool as at 30 April 2006 by (i) outstanding value; (ii) origination date; (iii) maturity; (iv) remaining maturity; (v) seasoning; (vi) interest rate; (vii) spread; and (viii) fixed interest rate.

### BREAKDOWN OF AUTO POOL BY OUTSTANDING VALUE

*Amounts in Euro*

Outstanding Value		No. of Lease Contracts	%	Outstanding Principal Amount	%
>0	<=10,000	2,597	22.43	17,515,368.35	6.44
>10,000	<=20,000	4,121	35.60	60,488,109.04	22.24
>20,000	<=50,000	3,729	32.21	110,991,675.33	40.80
>50,000	<=100,000	1,018	8.79	68,894,721.93	25.33
>100,000	<=500,000	111	0.96	14,119,978.55	5.19
<b>Total</b>		<b>11,576</b>	<b>100</b>	<b>272,009,853</b>	<b>100</b>

### BREAKDOWN OF AUTO POOL BY ORIGINATION DATE

*Amounts in Euro*

Years	No. of Lease Contracts	%	Outstanding Principal Amount	%
2001	14	0.12	56,645.73	0.02
2002	91	0.79	536,062.46	0.20
2003	418	3.61	4,086,359.80	1.50
2004	1,946	16.81	33,433,932.07	12.29
2005	6,622	57.20	167,552,705.82	61.60
2006	2,485	21.47	66,344,147	24.39
<b>Total</b>	<b>11,576</b>	<b>100</b>	<b>272,009,853</b>	<b>100</b>

### BREAKDOWN OF AUTO POOL BY MATURITY

*Amounts in Euro*

Years	No. of Lease Contracts	%	Outstanding Principal Amount	%
2006	286	2.47	1,526,684.00	0.56
2007	1,663	14.37	18,434,797.04	6.78
2008	4,376	37.80	81,704,622.99	30.04
2009	3,132	27.06	79,800,756.39	29.34
2010	1,767	15.26	72,809,930.10	26.77
2011	328	2.83	16,065,193.39	5.91
2012	20	0.17	1,187,494.91	0.44
2013	4	0.03	480,374.38	0.18
<b>Total</b>	<b>11,576</b>	<b>100</b>	<b>272,009,853</b>	<b>100</b>

### BREAKDOWN OF AUTO POOL BY REMAINING MATURITY

Amounts in Euro

Years		No. of Lease Contracts	%	Outstanding Principal Amount	%
>=0	<=0,5	184	1.59	859,990.79	0.32
>0,5	<=1,0	611	5.28	4,874,194.60	1.79
>1,0	<=1,5	829	7.16	9,593,871.94	3.53
>1,5	<=2,0	1,038	8.97	16,201,102.45	5.96
>2,0	<=2,5	2,668	23.05	49,890,212.61	18.34
>2,5	<=3,0	2,264	19.56	49,697,443.01	18.27
>3,0	<=3,5	1,389	12.00	36,080,459.23	13.26
>3,5	<=4,0	1,088	9.40	35,534,689.94	13.06
>4,0	<=4,5	849	7.33	36,767,563.58	13.52
>4,5	<=5,0	591	5.11	28,389,092.80	10.44
>5,0	<=10	65	0.56	4,121,232.25	1.52
>10,0		0	0.00	0.00	0.00
<b>Total</b>		<b>11,576</b>	<b>100</b>	<b>272,009,853</b>	<b>100</b>

### BREAKDOWN OF AUTO POOL BY SEASONING

Amounts in Euro

Years		No. of Lease Contracts	%	Outstanding Principal Amount	%
>=0	<=0.5	4,238	36.61	114,749,408.58	42.19
>0.5	<=1.0	4,001	34.56	98,424,668.80	36.18
>1.0	<=1.5	1,202	10.38	27,282,607.04	10.03
>1.5	<=2.0	1,119	9.67	19,521,730.82	7.18
>2.0	<=2.5	600	5.18	8,658,480.63	3.18
>2.5	<=3.0	205	1.77	2,000,097.37	0.74
>3.0	>3.5	148	1.28	1,026,631.09	0.38
>3.5	<=4.0	48	0.41	285,437.89	0.10
>4.0	<=4.5	12	0.10	50,601.72	0.02
>4.5	<=5.0	3	0.03	10,189.26	0.00
>5.0		0	0.00	0.00	0.00
<b>Total</b>		<b>11,576</b>	<b>100</b>	<b>272,009,853</b>	<b>100</b>

### BREAKDOWN OF AUTO POOL BY INTEREST RATE

Amounts in Euro

Interest rate type	No. of Lease Contracts	%	Outstanding Principal Amount	%
Fixed	2,084	18.00	27,763,183.51	10.21
Floating (3m Euribor)	9,492	82.00	244,246,669.69	89.79
<b>Total</b>	<b>11,576</b>	<b>100</b>	<b>272,009,853</b>	<b>100</b>

### BREAKDOWN OF AUTO POOL BY SPREAD

*Amounts in Euro*

Gross Spread		No. of Lease Contracts	%	Outstanding Principal Amount	%
>0	<=1.0	0	0.00	0.00	0.00
>1.0	<=2.0	438	4.61	21,893,871.18	8.96
>2.0	<=3.0	2,024	21.32	71,031,343.78	29.08
>3.0	<=4.0	2,687	28.31	65,436,743.79	26.79
>4.0	<=5.0	2,363	24.89	52,694,352.33	21.57
>5.0	<=6.0	1,238	13.04	23,121,010.09	9.47
>6.0	<=7.0	599	6.31	8,419,061.70	3.45
>7.0	<=8.0	130	1.37	1,561,718.29	0.64
>8.0	<=10.0	7	0.07	52,615.22	0.02
>10.0		6	0.06	35,953.31	0.01
<b>Total</b>		<b>9,492</b>	<b>100.00</b>	<b>244,246,669.69</b>	<b>100</b>

### BREAKDOWN OF AUTO POOL BY FIXED INTEREST RATE

*Amounts in Euro*

Gross Yield		No. of Lease Contracts	%	Outstanding Principal Amount	%
>4.0	<=5.0	33	1.58	602,764.38	2.17
>5.0	<=6.0	182	8.73	3,500,587.98	12.61
>6.0	<=7.0	591	28.36	9,993,245.57	35.99
>7.0	<=8.0	433	20.78	5,983,980.39	21.55
>8.0	<=9.0	223	10.70	2,365,849.19	8.52
>9.0	<=10.0	208	9.98	1,770,889.07	6.38
>10.0	<=11.0	77	3.69	745,560.41	2.69
>11.0	<=12.0	123	5.90	1,079,895.54	3.89
>12.0	<=13.0	214	10.27	1,720,410.98	6.20
>13.0		0	0.00	0.00	0.00
<b>Total</b>		<b>2,084</b>	<b>100.00</b>	<b>27,763,183.51</b>	<b>100.00</b>

## The equipment pool

The tables below provide a breakdown of the Initial Portfolio in relation to the Equipment Pool as at 30 April 2006 by (i) outstanding value; (ii) origination date; (iii) maturity; (iv) remaining maturity; (v) seasoning; (vi) interest rate; (vii) spread; and (viii) fixed interest rate.

### BREAKDOWN OF EQUIPMENT POOL BY OUTSTANDING VALUE

*Amounts in Euro*

Outstanding Value		No. of Lease Contracts	%	Outstanding Principal Amount	%
>0	<=10,000	299	18.28	1,889,077.28	2.51
>10,000	<=20,000	326	19.93	4,811,266.84	6.38
>20,000	<=50,000	526	32.15	16,917,723.23	22.45
>50,000	<=100,000	317	19.38	22,045,021.68	29.25
>100,000	<=500,000	165	10.09	28,048,175.52	37.22
>500,000	<=1,000,000	3	0.18	1,650,083.20	2.19
<b>Total</b>		<b>1,636</b>	<b>100</b>	<b>75,361,348</b>	<b>100</b>

### BREAKDOWN OF EQUIPMENT POOL BY ORIGINATION DATE

*Amounts in Euro*

Years	No. of Lease Contracts	%	Outstanding Principal Amount	%
<=1996	0	0.00	0.00	0.00
1997	0	0.00	0.00	0.00
1998	0	0.00	0.00	0.00
1999	3	0.18	299,702.09	0.40
2000	0	0.00	0.00	0.00
2001	3	0.18	115,519.88	0.15
2002	0	0.00	0.00	0.00
2003	27	1.65	857,760.10	1.14
2004	228	13.94	11,505,292.82	15.27
2005	1,044	63.81	45,673,268.21	60.61
2006	331	20.23	16,909,805	22.44
<b>Total</b>	<b>1,636</b>	<b>100</b>	<b>75,361,348</b>	<b>100</b>

### BREAKDOWN OF EQUIPMENT POOL BY MATURITY

*Amounts in Euro*

Years	No. of Lease Contracts	%	Outstanding Principal Amount	%
2006	16	0.98	156,324.45	0.21
2007	72	4.40	1,139,615.70	1.51
2008	396	24.21	10,080,697.57	13.38
2009	483	29.52	19,489,040.41	25.86
2010	561	34.29	33,734,165.06	44.76
2011	104	6.36	9,448,637.95	12.54
2012	2	0.12	679,803.54	0.90
2013	2	0.12	633,063.07	0.84
<b>Total</b>	<b>1,636</b>	<b>100</b>	<b>75,361,348</b>	<b>100</b>

### BREAKDOWN OF EQUIPMENT POOL BY REMAINING MATURITY

Amounts in Euro

Years		No. of Lease Contracts	%	Outstanding Principal Amount	%
>=0	<=0,5	8	0.49	35,379.31	0.05
>0,5	<=1,0	24	1.47	280,787.38	0.37
>1,0	<=1,5	39	2.38	652,491.48	0.87
>1,5	<=2,0	85	5.20	2,150,417.02	2.85
>2,0	<=2,5	251	15.34	6,439,818.44	8.55
>2,5	<=3,0	215	13.14	6,987,161.51	9.27
>3,0	<=3,5	260	15.89	10,415,188.20	13.82
>3,5	<=4,0	215	13.14	11,580,232.46	15.37
>4,0	<=4,5	297	18.15	17,011,645.62	22.57
>4,5	<=5,0	233	14.24	17,337,389.05	23.01
>5,0	<=10	9	0.55	2,470,837.28	3.28
>10		0	0.00	0.00	0.00
<b>Total</b>		<b>1,636</b>	<b>100</b>	<b>75,361,348</b>	<b>100</b>

### BREAKDOWN OF EQUIPMENT POOL BY SEASONING

Amounts in Euro

Years		No. of Lease Contracts	%	Outstanding Principal Amount	%
>=0	<=0.5	629	38.45	29,698,746.14	39.41
>0.5	<=1.0	630	38.51	26,479,083.13	35.14
>1.0	<=1.5	165	10.09	8,942,350.77	11.87
>1.5	<=2.0	134	8.19	6,455,408.04	8.57
>2.0	<=2.5	54	3.30	2,714,590.53	3.60
>2.5	<=3.0	13	0.79	410,231.04	0.54
>3.0	>3.5	5	0.31	245,716.13	0.33
>3.5	<=4.0	0	0.00	0.00	0.00
>4.0	<=4.5	2	0.12	95,306.80	0.13
>4.5	<=5.0	1	0.06	20,213.08	0.03
>5.0		3	0.18	299,702.09	0.40
<b>Total</b>		<b>1,636</b>	<b>100</b>	<b>75,361,348</b>	<b>100</b>

### BREAKDOWN OF EQUIPMENT POOL BY INTEREST RATE

Amounts in Euro

Interest rate type	No. of Lease Contracts	%	Outstanding Principal Amount	%
Fixed	101	6.17	1,833,545.55	2.43
Floating (3m Euribor)	1,535	93.83	73,527,802.20	97.57
<b>Total</b>	<b>1,636</b>	<b>100</b>	<b>75,361,348</b>	<b>100</b>

**BREAKDOWN OF EQUIPMENT POOL BY SPREAD**

*Amounts in Euro*

Gross Spread		No. of Lease Contracts	%	Outstanding Principal Amount	%
>0	<=1.0	0	0.00	0.00	0.00
>1.0	<=2.0	251	16.35	21,109,435.42	28.71
>2.0	<=3.0	384	25.02	24,916,466.53	33.89
>3.0	<=4.0	361	23.52	13,598,259.28	18.49
>4.0	<=5.0	322	20.98	9,679,776.14	13.16
>5.0	<=6.0	154	10.03	3,332,090.03	4.53
>6.0	<=7.0	49	3.19	670,765.02	0.91
>7.0	<=8.0	13	0.85	212,756.78	0.29
>8.0	<=10.0	1	0.07	8,253.00	0.01
>10.0		0	0.00	0.00	0.00
<b>Total</b>		<b>1,535</b>	<b>100.00</b>	<b>73,527,802.20</b>	<b>100.00</b>

**BREAKDOWN OF EQUIPMENT POOL BY FIXED INTEREST RATE**

*Amounts in Euro*

Gross Yield		No. of Lease Contracts	%	Outstanding Principal Amount	%
>4.0	<=5.0	3	2.97	100,279.30	5.47
>5.0	<=6.0	17	16.83	719,071.68	39.22
>6.0	<=7.0	27	26.73	488,025.53	26.62
>7.0	<=8.0	24	23.76	305,276.04	16.65
>8.0	<=9.0	16	15.84	107,615.11	5.87
>9.0	<=10.0	12	11.88	101,513.93	5.54
>10.0	<=11.0	2	1.98	11,763.96	0.64
<b>Total</b>		<b>101</b>	<b>100.00</b>	<b>1,833,545.55</b>	<b>100.00</b>

## ORIGINATION, CONTRACT MANAGEMENT, COLLECTION AND RECOVERY PROCEDURES

### ORIGINATION PROCEDURES

#### Underwriting Procedures

Fineco Leasing's underwriting procedures consist of the following main stages:

- stage 1: receipt of proposal in relation to a lease contract;
- stage 2: investigation (*Istruttoria*); and
- stage 3: approval (*Delibera*).

#### Stage 1

During Stage 1 the agency collects from the potential lessee basic documentation on the proposed transaction and works out the preliminary financial terms of the lease, as negotiated with the client. All this information is sent to Fineco Leasing, together with all associated documentation.

#### Stage 2

Fineco Leasing's credit department (the "**Credit Department**") is in charge of the investigation phase and performs the following main investigations:

- client credit analysis;
- technical evaluation of the asset to be purchased by Fineco Leasing and to be leased to the client;
- supplier analysis; and
- potential guarantors analysis.

The Credit Department usually assesses the client's, supplier's and guarantor's creditworthiness by checking the following documentation:

- Chamber of Commerce Certificates (*Certificati della Camera di Commercio Industria Artigianato e Agricoltura*);
- documentation certifying that the client is authorised to enter into contracts for the stated amounts (*poteri di firma*);
- for corporate clients, their financial statements;
- for corporate clients, the Credit Department re-classifies the client's financial statements, according to standards used by Fineco Leasing, if the proposed amount to be financed exceeds Euro 500,000;
- details available on the CERVED system (credit scoring system, corporate information); and
- information gathered from the "*Centrale dei Rischi*" of the Bank of Italy, the "*Centrale dei Rischi Associativa*" databases and CRIF database (this latter only for individual persons), to verify the counterparty's total exposure in relation to other financial institutions and other leasing companies.

The valuation of the asset takes into account the following two main aspects:

- verification of the value of the asset. This activity is performed by checking price lists, comparing the specific asset with similar ones, obtaining direct information from suppliers and mainly by special investigations performed by reliable external experts, who verify:
  - all equipment worth more than Euro 25,000;
  - all second hand equipment worth more than Euro 15,000 (assessment carried out by an on-site visit);
  - each real estate asset; and
  - all the assets where there are valid reasons to doubt the price indicated;
- verification of the technical properties of the asset. For real estate assets, this activity requires verification of the registration of the asset in the land registry (*visura catastale*) together with an investigation to ascertain that there are no limitations as to full ownership of the property. In relation to equipment, an external technical consultant is asked to verify the asset's compliance with any applicable legislation.

In addition, an analysis in relation to the supplier is carried out and typically involves the following:

- an analysis of information available at the Chamber of Commerce;
- a check that the supplier is not listed in an internal "black-list", where the legal department registers those suppliers with which Fineco Leasing has had problems in prior relationships (frauds, supply of goods where the amount of defaults is higher than the average); and
- an analysis of the supplier's financial statements.

If the client and the supplier belong to the same group of companies, the application is usually rejected.

If guarantors are offered or required on the application, the creditworthiness of these counterparts is also investigated.

### Stage 3

Once the investigation is completed, the proposal is submitted to the relevant bodies for approval.

The table below shows current approval powers:

Party	Amount  (overall exposure, taking into account also the outstanding balance of previous lease contracts)	Expected loss  (to be applied only to rated counterparty)	Maximum Class	Scoring
Board of Directors	In excess of Euro 30 million	In excess of Euro 210,000	No limit	
Executive Committee	Up to a maximum of Euro 30 million	Up to a maximum of Euro 210,000	No limit	
Credit Committee	Up to a maximum of Euro 8 million	Up to a maximum of Euro 55,000	No limit	
Chief of Executive	Up to a maximum of Euro 1.3 million	Up to a maximum of Euro 9 million	No limit	
General Manager	Up to a maximum of Euro 1,000,000	Up to a maximum of Euro 7,000	No limit	
Credit Area Manager	Up to a maximum of Euro 750,000	Up to a maximum of Euro 5,000	17	
Credit Department Officials	Up to a maximum of Euro 400,000	Up to a maximum of Euro 2,800	15	

## Insurance

With respect to insurance on the leased assets, Fineco Leasing offers its standard insurance policy, which covers the following:

- real estate: civil liability, fire insurance, third party claims;
- equipment: fire and theft insurance, civil liability; and
- vehicles: fire and theft insurance.

The insurance premium is payable by the lessee by various methods.

In the event that the insurance policy is executed by the lessee, the policy is pledged in favour of Fineco Leasing as beneficiary until the leasing contract expires.

## CONTRACT MANAGEMENT PROCEDURES

During the life of the contract, in specific situations, it may become necessary or suitable to allow for variation of the original lease contract terms.

All actions to be taken, as clearly described in Fineco Leasing's internal procedure manual, are carefully evaluated, in compliance with prudent financial practice, in order to protect Fineco Leasing's interests.

Renegotiation and restructuring events permitted for F-E Gold Receivables are described in the Servicing Agreement.

Regarding early termination of a Lease Contract, the minimum price for sale is equal to the total outstanding credit of the relevant lease contract, which is the sum of the outstanding principal value plus possible arrears. In normal cases, Fineco Leasing also requires a penalty, to recover the part of the future interest which will not be collected following the end of the contract. Assuming there are no arrears, the amount asked of the lessee is obtained by the present value of future instalments and residual value, at a rate comprised between (i) the Euribor rate multiplied by 0,10 and (ii) the relevant Lease Contract rate.

The following table shows in detail the limits on powers:

<b>Party</b>	<b>Amount</b> (overall exposure)	<b>Max Rate</b> (to be used for present value)
Board of Directors	In excess of Euro 30 million	Contract interest gross rate
Executive Committee	Up to a maximum of Euro 30 million	Contract interest gross rate
Credit Committee	Up to a maximum of Euro 15 million	Contract interest gross rate
Chief of Executive and General Manager	Up to a maximum of Euro 8 million	Contract interest gross rate
Credit Manager	Up to a maximum of Euro 4 million	Contract interest gross rate
Operation Manager	Up to a maximum of Euro 1 million	Contract interest gross rate
Other Officials	Up to a maximum of Euro 1 million	Euribor

## COLLECTION PROCEDURES

Fineco Leasing receives payments from the lessees primarily through automated debit systems (the RID system). Relevant authorisation for debiting the lessees' bank accounts through the RID system is obtained by Fineco Leasing at the time of entering into the lease contracts. Any changes to the bank accounts from

which lease payments are to be debited are subject to prior approval by Fineco Leasing. Fineco Leasing receives information on the payments via “home banking systems” and monitors the payments made by lessees under the lease contracts on a continuous and daily basis.

### **Classification of Receivables**

An instalment will be classified as “in arrears” (*insoluto*) if Fineco Leasing has not received the relevant payment on or after the due date for such payment pursuant to the relevant lease contract, or if there is a default in relation to a previously recorded payment (for example, a cheque bounces or a RID payment defaults).

## **RECOVERY PROCEDURES**

### **Management of arrears**

Fineco Leasing receives information in relation to its bank account transactions on a daily basis through the “home banking” system. This information system processes the data received and automatically registers any arrears on the relevant lessee’s statement of account.

The Administration Department (*Funzione Contabilità Generale*) verifies that all arrears have been duly registered and, if necessary, reconciles any discrepancies.

Fineco Leasing’s information system produces a list of all instalments which are due but unpaid as at the previous day on a daily basis. The list is then analysed by the Legal Department. If the delay in payment is due to “technical” reasons, i.e. the delay was not the fault of the lessee, an agreement is generally reached with the lessee for payment of the instalment due plus, in certain cases, default interest and/or expenses incurred by Fineco Leasing.

If, however, the delay in payment is not due to “technical” reasons, a letter is sent to the lessee to solicit payment, giving the lessee fifteen days to make such payment. If the due instalments are not paid by the end of the fifteen day period, a further letter will be sent by registered post specifying that in the absence of payment within a further eight days, legal action will be taken by Fineco Leasing.

During the initial thirty day period of any instalment in arrears, the recovery process is managed by the agency which entered into the relevant lease contract. Each agency receives from head office a daily list of all lease contracts entered into by the branch and in respect of which letters have been sent to solicit payments. The agency will then contact the lessee and take all appropriate action to investigate the reasons for the default and to obtain payment from the lessee.

Upon receipt by the agency of any instalment in arrears, including default interest, default payment expenses and recovery expenses incurred, this amount will be paid into Fineco Leasing’s account. Recovery expenses are paid over to the branch as compensation for its intervention.

### ***Delegation to external credit recovery agency***

If the instalments in arrears are not paid by the lessee within the initial thirty day period, the Legal Department, after having considered the information provided by the branch, contacts the lessee and/or the lessee’s bank with a view to resolving the situation before deciding whether to delegate the matter to an external recovery agency.

Such external recovery agency normally receives a mandate to recover the instalments in arrears over a thirty day period and is, furthermore, given authority to negotiate the return of the leased asset. The intervention of an external recovery agent may result in:

- the recovery of the instalments in arrears, including amounts for default interest, default payment

expenses and recovery expenses incurred;

- the recovery of the leased asset: if the recovery of the leased asset has been agreed with the lessee, the file will be returned to Fineco Leasing's Legal Department which arranges for the termination of the lease contract and other resulting steps. The leased asset is then valued and put on sale.

If neither of the above objectives is achieved, the recovery agent submits a report on the lessee to Fineco Leasing Legal Department, with recommendations of suggested steps to be taken. If appropriate, such report may be submitted by the recovery agent prior to the expiry of its mandate, in order to speed up the termination of the related lease contract.

Fineco Leasing relies on several experienced external recovery agencies. Most of the external recovery agencies are also directly linked to Fineco Leasing's centralised information system, in order to ensure a full and timely exchange of information.

The external recovery agencies receive a fee calculated as a percentage of the recovered amount, in addition to a series of lump-sum reimbursements based on the activities performed.

### **Legal procedures**

If the external recovery agency is not successful in recovering the instalments in arrears or the asset in question, the file is returned to Fineco Leasing's Legal Department which will, based on the information available, make a proposal of appropriate legal action to be taken to the competent body.

The lease contract is terminated upon the commencement of insolvency proceedings in relation to the lessee. Termination of the contract is resolved upon by the corporate bodies of Fineco Leasing with the necessary powers; the table below shows the current termination limits:

<b>Party</b>	<b>Amount (overall exposure)</b>
Board of Directors	In excess of Euro 12 million
Executive Committee	Up to a maximum of Euro 12 million
Credit Committee	Up to a maximum of Euro 10 million
Chief of Executive	Up to a maximum of Euro 6 million
General Manager	Up to a maximum of Euro 3 million
Legal Department Manager	Up to a maximum of Euro 1,500,000
Legal Department Official	Up to a maximum of Euro 500,000

The lessee and any obligor are promptly informed of the termination of the lease contract.

The file may be managed by external legal counsel or, alternatively, by the recovery agency which has handled the initial recovery phase.

Following the termination of the lease contract, Fineco Leasing's principal objective is to recover the leased asset and accordingly, legal action will be taken by Fineco Leasing to obtain its recovery if the leased asset is not returned promptly by the lessee or otherwise made available to Fineco Leasing during the insolvency proceedings.

Legal action is taken on the basis of the specific situation of the client, the chances of recovering the asset, the existence or non-existence of security and, more generally, the particular circumstances of each case. Fineco Leasing may bring criminal charges, seek an injunction or begin general civil litigation against the obligor in accordance with the normal procedures provided by law. Such action is resolved upon by the appropriate corporate body with necessary powers, on the basis of the recommendations of the Legal

Department.

If the necessary conditions are met, when the contract is terminated the client may be classified as “in default” (*in sofferenza*) under the applicable regulations of the Bank of Italy, with all relevant consequences.

The lease contract may be re-activated upon recovery of the overdue amounts and if there is satisfactory evidence of future performance of the obligations under the lease contract by the lessee.

Internal procedures also set out the competent body in charge of the following actions, based on the outstanding credit:

- allowance of extension of payment term;
- credit restructuring (definition of amount of the instalments, maturity date);
- provisions and write-off.

### ***Recovery and sale of the leased assets; loss recognition***

Upon the recovery of the leased asset, the asset is, where relevant, and unless the transportation and assembly costs are overly onerous, moved to a warehouse and appraised, with a view to subsequent disposal.

The sale of the leased asset must be authorised by corporate bodies with the necessary powers; the table below shows the current selling limits:

<b>Party</b>	<b>Amount (<i>loss amount</i>)</b>
Board of Directors	In excess of Euro 2 million loss
Executive Committee	In excess of Euro 2 million
Credit Committee	Up to a maximum of Euro 500,000
Chief of Executive	Up to a maximum of Euro 150,000
General Manager	Up to a maximum of Euro 100,000
Legal Department Manager	Up to a maximum of Euro 20,000
<i>In the event of a gain, the Legal Department Manager is in charge of assessing a fair price</i>	

Notwithstanding the occurrence of a loss, Fineco Leasing will take all appropriate steps to enforce its rights at a later stage if it becomes aware that a recovery is possible.

Fineco Leasing may also decide to lease the asset under a new lease contract instead of selling the asset.

### ***Default interest***

Default interest is calculated on instalments in arrears, in accordance with the conditions set out in the lease contract.

The information system updates the amount of any default interest on a daily basis and this is then invoiced to the lessee at the time of actual payment. Any default interest recovered is registered in compliance with the provisions set out in Article 1194 of the Italian Civil Code.

### ***Closure of file***

The file on each lease contract is closed when:

- all available actions have been exhausted; or

- the unpaid amount has been recovered (either from the lessee or upon the sale of the leased asset) and/or following ascertainment of the impossibility of obtaining payment (and consequential loss).

This is, however, without prejudice to Fineco Leasing's rights to recover the relevant amount at a later stage if it becomes aware that a recovery is possible.

## CAPITALIA

Capitalia S.p.A. (hereinafter also referred to as “**Capitalia**”) is the Rome-based holding company of the Capitalia Group, the fourth largest banking group in Italy with its year end 2005 assets of Euro 134 billion. For the year ending December 31, 2005, the Capitalia Banking Group reported Total revenues of Euro 5.17 billion, a net profit of Euro 1.028 billion, and shareholders’ equity of Euro 8.78 billion.

### **The Capitalia Banking Group**

Formed on July 1, 2002, the Capitalia Group was the result of the merger of the former Bancaroma and Bipop Carire groups. At 31 December 2005, the Capitalia Group’s direct funding totalled Euro 90.2 billion (6.4% of the Italian national total), while its credits to customers totalled Euro 82.4 billion (5.4% of the Italian national total). Assets under management exceeded Euro 34 billion (5.8% of the Italian national total).

The Capitalia Group has a national presence in Italy through its roughly 1,950 branches operated by three commercial banks: Banca di Roma, Banco di Sicilia and Bipop Carire. The three banks offer a full range of commercial banking services and products to retail, private, corporate and institutional customers. Outside Italy the Group has branch offices and representative offices in 26 countries. Services and products tailor-made for corporate customers, including acquisition and project finance, leasing and factoring, industrial long-term loans, government subsidized development loans, and export finance are offered by MCC, independently but also through the commercial banking networks. Online banking, online brokerage services, mortgage and personal finance services, and credit card processing are provided by FinecoBank, one of the largest on-line banks in Europe,

Capitalia is listed on the Milan Stock Exchange and is currently rated A2/Stable/P1 by Moody’s and A-/Positive/F2 by Fitch.

### *Group Rationalisation*

With the approval of the 2005-2007 Business Plan by the Capitalia Board of Directors on July 4, 2005, the organisational and corporate rationalisation of the Capitalia Group was advanced significantly further, following the prior 2003-2005 Business Plan that saw a radical reshaping of the Group. The goals of the 2005-2007 Business Plan included strengthening group governance, simplifying decision-making processes and pursuing additional cost and revenue synergies. The rationalisation, of which all the various steps were completed as of January 1, 2006, involved:

- the merger of Fineco S.p.A. into Capitalia S.p.A., to leverage specialist skills and disseminate best practices across the Group, while reducing staff overlap and costs;
- the focusing of MCC on more sophisticated credit business (export, project and acquisition finance, industrial credit, subsidised credit, leasing and factoring), with a view to strengthening operations and distribution capacity for mid-corporate customers. MCC’s product range was, in fact, altered to address the mid-corporate needs, through its merger with Capitalia Leasing & Factoring, and its integration of Fineco Leasing. MCC also spun off to Capitalia other activities no longer consistent with its new orientation, including capital market and investment banking activities; and,
- the centralisation at the parent company of the real estate properties of the three retail banks and Capitalia Leasing & Factoring, as well as the facility management of the Group’s entire real estate properties in a company hold 100% by Capitalia (i.e. Capitalia Solutions).

## Corporate Governance

Capitalia since its birth in 2002 has completely renewed its corporate governance and internal procedures and organisation so as to conform to best Italian practice. The following illustrate i) the main shareholders of Capitalia as of 1 May 2006; ii) the members of Capitalia's Board of Directors; iii) the Board of Statutory Auditors and iv) the Senior Management.

### Main Shareholders

Main shareholders ( ≥ ) 2		No. of shares	%	
ABN-AMRO Bank (Luxembourg) S.A.	(1)	117,133,575	4.52	
ABN-AMRO Bank N.V.	(1)	53,365,351	2.06	} 7.67
ALGEMENE BANK NEDERLAND B.V.	(1)	28,114,964	1.09	
FONDAZIONE CASSA DI RISPARMIO DI ROMA		130,409,704	5.04	
FONDAZIONE MANODORI		100,459,893	3.88	
FONDIARIA - SAI SPA	(2)	60,411,042	2.33	} 3.13
MILANO ASSICURAZIONI SPA	(2)	20,642,448	0.80	
REGIONE SICILIANA		73,746,225	2.85	
FONDAZIONE BANCO DI SICILIA		70,875,000	2.74	
LIBYAN ARAB FOREIGN BANK		66,873,409	2.58	
TT International Investment Management		56,518,243	2.18	
TOSINVEST S.A.	(3)	54,633,051	2.11	
OTHER SHAREHOLDERS		1,755,878,130	67.82	

(1) Subsidiary of ABN-AMRO Holding N.V.

(2) Subsidiary of PREMAFIN FINANZIARIA S.p.A.

(3) Subsidiary of SPA DI ANTONIO ANGELUCCI S.A.P.A S.C.A

### Board of Directors

The bank's by-laws establish that its administration shall be entrusted to a Board of Directors composed of between 11 and 21 members. Directors shall hold office for three financial years and shall be eligible for re-election.

*Position at Capitalia & Other Companies*

<i>Name</i>	<i>Position</i>	<i>Position at other companies</i>
Cesare Geronzi	Chairman	Deputy Chairman and Member of Executive Committee of Mediobanca S.p.A.
Coenraad Hendrik	Deputy Chairman	Director of ABN AMRO Bank N.V.
Adolph Collee		Chairman of the Supervisory Board of ABN AMRO Bouwfonds Nederlandse Gemeenten N.V. Director of Kereskedelmi & Hitelbank Rt Member of the Supervisory Board of Delta Lloyd ABN AMRO Verzekeringen N.V. Member of the Supervisory Board of The Netherlands Development Finance Company (FMO)
Mario Federici	Deputy Chairman	
Matteo Arpe	Managing Director	Director and Member of the Executive Committee of Mediobanca S.p.A. Director and Member of the Executive Committee of Banca di Roma S.p.A. Director of MCC S.p.A. Director of Fineco Vita S.p.A.
Giampaolo Angelucci	Director	Managing Director of Tosinvest S.A.
Pasquale Cannatelli	Director	Managing Director of Fininvest S.p.A. Director of Mediolanum S.p.A. Director of Mediaset S.p.A. Director of Arnoldo Mondadori Editore S.p.A.
Carlo Colaiacovo	Director	Managing Director of Colacem S.p.A. Chairman of Colabeton S.r.l. Chairman of Fondazione Cassa di Risparmio di

		Perugia
		Director of Financo S.r.l.
		Member of Steering Committee of Cassa
		Depositi e Prestiti S.p.A.
Roberto Colaninno	Director	Chairman of Omniaholding S.p.A.
		Chairman of Omniainvest S.p.A.
		Chairman of Omniapartecipazioni S.p.A.
		Chairman of Immsi S.p.A.
		Chairman of Piaggio Holding Netherlands B.V.
		Chairman of Piaggio & C. S.p.A.
		Chairman of RCN Finanziaria S.p.A.
		Director of Mediobanca S.p.A.
		Director of Efibanca S.p.A.
		Director of Rodriguez Cantieri Navali S.p.A.
		Chairman of Immobiliare Regis S.r.l.
Salvatore Cuffaro	Director	
Paolo Fresco	Director	Senior Advisor Credit Suisse First Boston
Jonella Ligresti	Director	Chairperson of FONDIARIA-SAI S.p.A.
		Chairperson of SAI Holding Italia S.p.A.
		Deputy Chairperson of ATAHOTELS S.p.A.
		Deputy Chairperson of Premafin Finanziaria S.p.A. HdP
		Deputy Chairperson of Gilli S.r.l.
		Director of Milano Assicurazioni S.p.A.
		Director of Finadin S.p.A.
		Director of Mediobanca S.p.A.
		Director of RCS MediaGroup S.p.A.
Alfio Marchini	Director	Chairman and Managing Director of Astrim S.p.A.
		Chairman of Keryx S.p.A.

		Chairman of FI.MAR. S.p.A.
		Director of Cementir – Cementerie del Tirreno S.p.A.
		Director of SO.FI.MAR. International S.A.
		Director of STM S.p.A.
		Managing Director of Lujan S.r.l.
Gabriel M. Marino	Director	
Paolo Mariotti	Director	
Ahmed A. Menesi	Director	Minister of the Treasury of Libya
Carlo Alessandro Puri Negri	Director	Chairman of Pirelli & C. Real Estate Opportunities SGR S.p.A.
		Chairman of Pirelli & C. Real Estate SGR S.p.A.
		Chairman of Pirelli & C. Real Estate Franchising Holding S.r.l.
		Chairman of Fratelli Puri Negri S.p.A.
		Chairman of Partecipazioni Finanziarie S.r.l.
		Chairman Partecipazioni Real Estate S.p.A.
		Deputy Chairman and Managing Director of Pirelli & C. Real Estate S.p.A.
		Deputy Chairman and Managing Director of Pirelli & C. Ambiente Holding S.p.A.
		Deputy Chairman of Pirelli & C. S.p.A.
		Deputy Chairman of Camfin S.p.A.
		Deputy Chairman of Sacra S.p.A.
		Managing Director of GPI – Gruppo Partecipazioni Industriali S.p.A.
		Director of Aon Italia S.p.A.
		Director of Eurostazioni S.p.A.
		Director of Olimpia S.p.A.
		Director of Telecom Italia S.p.A.

Alberto Rossetti	Director	Director of TAV - Treno Alta Velocità S.p.A.
Carlo Saggio	Director	
Giuliano Tagliavini	Director	
Pierluigi Toti	Director	

The term of office of the current directors expires on 4 December, 2006.

### ***Board of Statutory Auditors***

The table below sets out the name and position of the members of Capitalia's Board of Statutory Auditors.

<i>Name</i>	<i>Position</i>
Umberto Bertini	Chairman
Franco Luciano Tutino	Acting Auditor
Michele Galeotti	Acting Auditor
Francesco Colombi	Substitute Auditor
Stefano Ciccioriccio	Substitute Auditor
Marcello Mingrone	Substitute Auditor

### ***Senior Management***

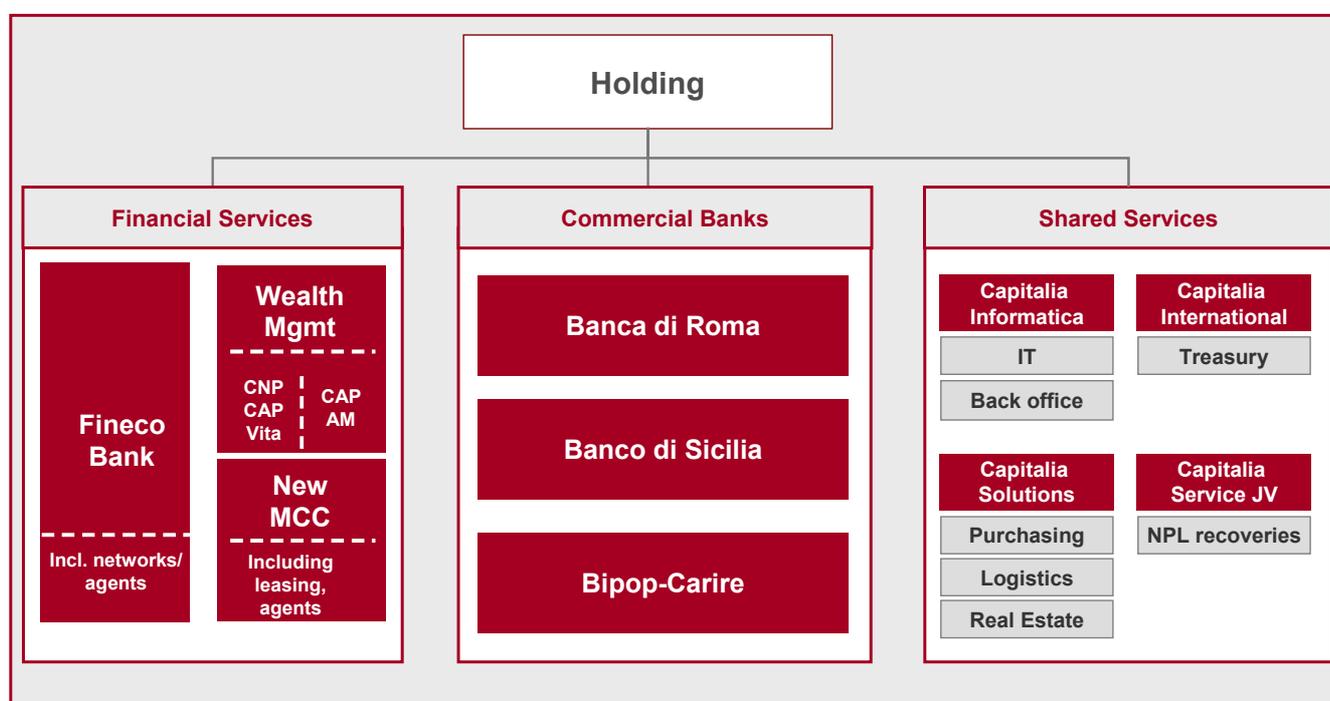
The table below sets out the name and position of Capitalia's senior management.

<i>Name</i>	<i>Position</i>
Matteo Arpe	Managing Director
Carmine Lamanda	General Manager
Fabio Gallia	Co-General Manager
Alberto Giordano	Co-General Manager
Guido Bastianini	Deputy General Manager
Giuseppe Cannizzaro	Deputy General Manager
Jurgen Dennert	Deputy General Manager
Carmine De Robbio	Deputy General Manager

## Description of the Business Activities of the Group

With the completion of reorganisation of operations under the 2005-2007 Business Plan, the Group's structure may be summarised as follows:

- the Parent Company, Capitalia S.p.A.
- 3 macro areas activity:
  - commercial banks
  - financial services, and
  - shared service companies.



### Capitalia S.p.A.

Capitalia S.p.A. is the parent company for the Capitalia Banking Group and, as such, responsible for delineating group wide governance guidelines, credit and risk policy, finance, monitoring commercial activities as well as general corporate functions such as procurement/operations, personnel policy, accounting and tax policies, legal and corporate counsel, internal audit and, not least of all, group strategy. The banking subsidiaries are responsible for the development of the business with customers, along the lines determined by Capitalia. Under the 2005-2006 Business Plan, capital markets activities were transferred to Capitalia's Finance Department from MCC, while the investment banking activities (also formerly in MCC) and the responsibility for client management of large corporate were concentrated in a newly created Corporate Department in Capitalia.

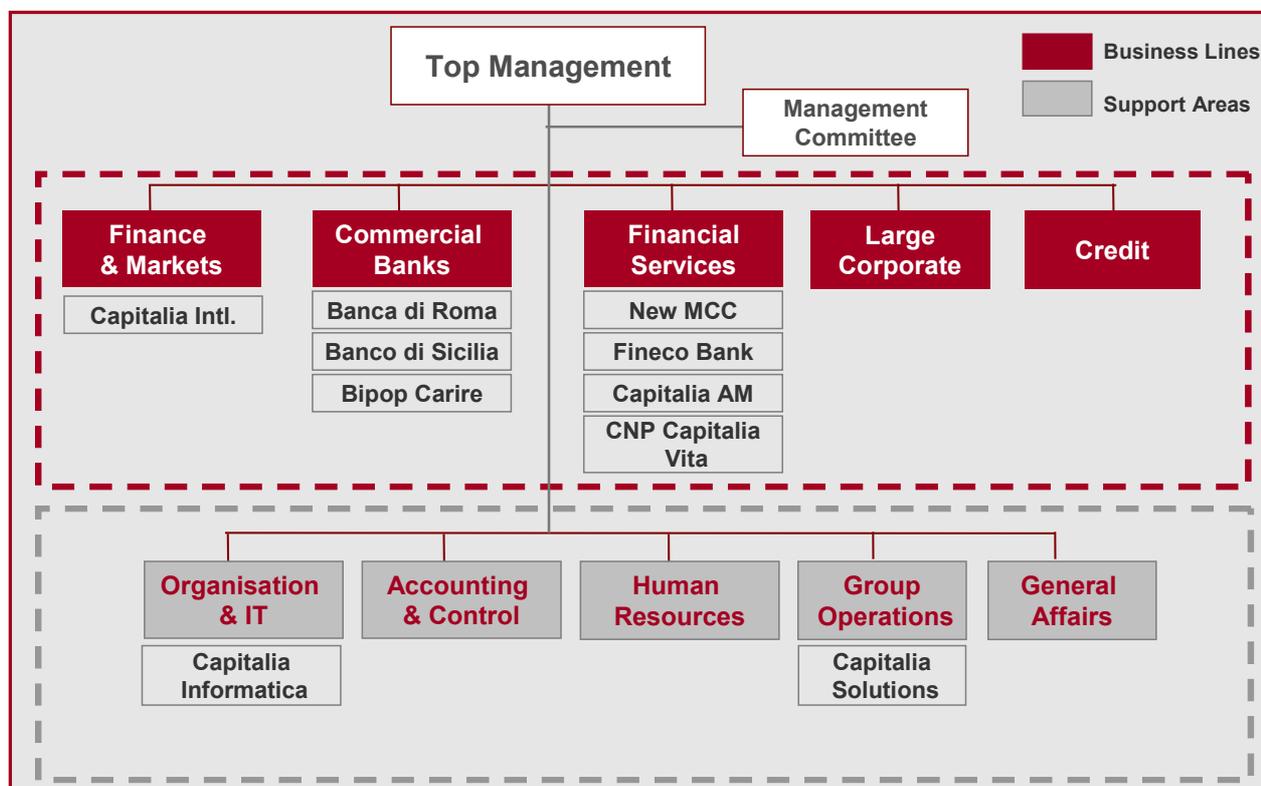
### Organization of the Parent Company and Group Business Line

The structure of the holding company set out in the Business Plan envisages that the Parent Company guides the following lines of business:

- Finance, including capital market activities
- Commercial banks
- Financial services
- Large corporate and
- Credit

In addition, in Capitalia there are the corporate functions of Organization and IT, Accounting and Control, Human Resources, Group Operations, and General Affairs. Capitalia also has seven staff areas, including Internal Audit and Risk Measurement and Control.

To aide the coordination between the Group companies and evaluate on a continuous basis the competitive position of the Group, Capitalia established a Management Committee in staff of the CEO, composed of all the operating heads of the principal banks and operating companies.



#### *Finance & Markets*

In 2002 all the Group management of funding and finance activities were centralised in Capitalia. The operating companies collect deposits from retail, corporate and institutional clients, while the Parent company issues its securities on the domestic and international capital markets and is the primary interbank operator for the Group. The Capitalia Finance and Markets Department also oversees the Asset & Liability Management for the Group as well as proprietary trading and trade execution on behalf of clients. Finally, the Capital Management and Ratings function, also within the Finance and Markets Department, serves as the internal rating agency for the Group, co-ordinating with the operating subsidiaries, in addition to undertaking the analysis and planning of capital utilisation in the Group within the framework of the Basle 2 Guidelines.

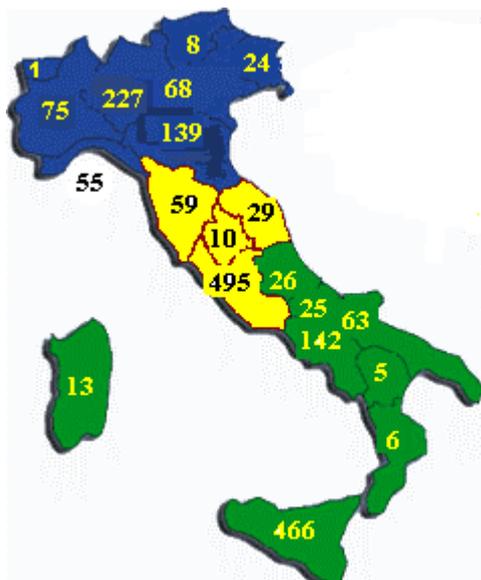
#### *Commercial Banks*

Capitalia conducts traditional banking business in Italy through the networks of the three wholly-owned

commercial banks, operating through their local networks under their own brands: Banca di Roma, Banco di Sicilia and Bipop Carire.

The three banks have significant regional presence, with Banca di Roma concentrated in Central and Southern Italy, Banco di Sicilia in Southern Italy (particularly Sicily) and Bipop Carire in Northern Italy.

The table below illustrate the current geographical distribution of the Group's traditional banking branches in Italy.



<b>BANCA DI ROMA</b>	<i>Branches</i>	<i>%</i>
Total Italy	1,120	100.0
North	266	23.8
Center	550	49.1
South	304	27.1

<b>BIPOP CARIRE</b>	<i>Branches</i>	<i>%</i>
Total Italy	293	100.0
North	277	94.5
Center	16	5.5
South	-	-

<b>BANCO DI SICILIA</b>	<i>Branches</i>	<i>%</i>
Total Italy	523	100.0
North	54	10.3
Center	27	5.2
South	442	84.5

<b>TOTAL</b>	<i>Branches</i>	<i>%</i>
Total Italy	1,936	100.0
North	597	30.9
Center	593	30.6
South	746	38.5

With reference to the international network, Capitalia's subsidiaries carry out also international activities through an international network that includes branches in the following financial centres:

- Europe: Bucharest, Dublin, Frankfurt, Istanbul, London, Madrid and Paris;
- United States: New York;
- Other: Beirut, Hong Kong, Shanghai, Singapore and Tokyo.

Banca di Roma maintains also representative offices in Beijing, Brussels, Moscow and Tunis.

### *Financial Services*

The Capitalia Group offers specialized financing primarily aimed at mid-corporates through MCC, based in Rome. After the reorganization carried out at the end of 2005, MCC now offers: industrial credit; leasing e factoring; structured finance, acquisition finance, real estate finance, project finance and export finance as well as all forms of naval financing; and, a complete range of services, incentives and subsidized financing in support of economic development in underdeveloped areas of Italy.

FinecoBank S.p.A. (98.78%) offers direct internet banking and on-line brokerage. FinecoBank is Italy's largest on-line broker and one of the largest in Europe, based on numbers of transactions executed. FinecoBank also has other personal finance services, including the distribution of mortgages and salary guaranteed personal loans. In addition, FinecoBank boasts a network of circa 1,300 financial advisors located throughout Italy.

The product factories for the Group include: Capitalia Asset Management SGR S.p.A. (100%), Capitalia Investimenti Alternativi SGR S.p.A. (95%), CNP Capitalia Vita (38.8%) and Fineco Assicurazioni (wholly owned). Capitalia AM is the Group's principal asset management company, while Ivestimenti Alternativi manages hedge funds for the Group. CNP Capitalia Vita (formerly Fineco Vita), owned 57.5% by Compagnie Nationale di Previdencia. 3.7% Cardif and 38.8% by Capitalia, distributes its life insurance policies (both indexed and unit-linked) principally via the commercial banks of the Group and the financial advisors of FinecoBank. Fineco Assicurazioni writes casualty insurance policies, primarily offered in connection with residential home mortgages sold through the commercial banks or FinecoBank.

### *Large Corporate*

As foreseen in the Business Plan, the management of the largest corporate customers of the Group has been centralized in Capitalia, starting in September 2005. At that time the investment banking activity was passed to Capitalia from MCC and the personnel that maintains the relationships with the Group's most important clients were transferred to the Parent company. This new organization ensures more effective coverage of our client base and quicker response time to meet their needs and requests, concentrating the most sophisticated and competent capabilities in one company. In this manner, the day to day operational responsibility for treasury and funds movement remains with the commercial banks, while the holding company concentrates on providing the highest quality strategic and corporate finance services to this important client segment.

### *Credit*

The Credit Policy function in Capitalia is responsible for setting out and coordinating group-wide credit policy and strategy and for monitoring the development of credit activity of the Group. The various banks and operating companies of the Group have adopted the guidelines and structures laid out by the parent company to ensure a coherent approach and application of the policies set out by Capitalia. Thus, while the operating companies are responsible for client relationship management, except in the case of Large Corporates, and enjoy autonomy in

the day to day management of credit activities, they must co-ordinate with the Parent Company. This is the particular case when Group-wide exposure to a client is significant (over Euro 50 million) or the exposure of the Group is predominant relative to banking system's exposure.

#### *Shared Service Companies*

To provide a more efficient, cost effective service across the Group, Capitalia decided to centralise several functions in separate companies which respond directly to the Parent company. These include:

- Capitalia Solutions: providing a full-service property management package, including maintenance, utilities, other services necessary for the functioning of premises, and the procurement of goods and equipment. Such service was combined with the transfer of Banca di Roma, Banco di Sicilia, Bipop Carire, Capitalia L&F, and other company properties to Capitalia at the end of 2005,
- Capitalia Informatica: specialising in the management of IT and back office operations of the three main banks of the Group and Capitalia S.p.A.,
- Capitalia Service JV: managing the Group's credit recovery operations for non-performing loans between Euro 50,000 and Euro 20,000,000.

#### ***Segment Reporting and Key Financial Results by Business Area***

In parallel with the managerial structured adopted in the 2005-2007 Business Plan, Capitalia now provides segment reporting data along the following lines:

1. Retail
2. Corporate
3. Wholesale & Investment Banking
4. Financial Services
5. Corporate Centre

The Retail segment data includes the retail and small business activities of the Commercial Banks. The segment is the largest for the Group, accounting for 50% of total revenues (equally distributed between interest income and income from services) and approximately 63% of operating costs. Its importance is also reflected in the balance sheet, where retail accounts for 26% of total customer loans and 38% of deposits.

The Corporate business segment includes the mid-corporate activities of the commercial banks and activities of the foreign branch network. Segment's Income Statement and Balance Sheet reflect the fact that its predominant business is the financing of companies. Accounting for 14% of total Group revenues, the corporate segment revenues are 80% composed of interest margin. Corporate loans account for almost 30% of total customer loans, while corporate deposits account for only 6% of Group funding.

The results from Large Corporate and Institutional clients, Investment Banking activities, and Finance (including such activities carried out in Capitalia and the operating subsidiaries) are included in the Wholesale & Investment Banking segment. This segment accounts for 13% of total revenues, of which approximately 80% are derived from services, while its operating costs equal 5% of total operating costs—among the lowest among the Business Areas. Loans and deposits from W&I account for 13% of Group totals.

Financial Services, which includes the specialised financial institutions and the product factories, represent approximately 15% of Group revenues, and are characterised by revenues from non-interest income being higher than interest income.

Finally, the Corporate Centre, is composed of Group Treasury, Parent Company functions (participations, real estate, non-performing loans), as well as some minor group companies. This segment accounting also includes infragroup compensation. It accounts for circa 9% of Group revenues and operating costs.

### **Key Financial Results by Business Area**

December 31, 2005	(€) Capitalia Group	Retail	Corporat	Wholesale & investmen	Financial service	Corporate Center
<b>PROFIT &amp; LOSS</b>						
<b>Net Interest</b>	<b>2,521.0</b>	1,263.2	581.4	130.9	313.4	232.1
Services	<b>2,649.3</b>	1,284.4	158.4	534.8	454.3	217.4
<b>Total</b>	<b>5,170.3</b>	2,547.6	739.8	665.7	767.7	449.5
Total Operating	<b>(3,171.7)</b>	(1,981.7)	(409.5)	(164.9)	(343.3)	(272.3)
<b>Gross Operating</b>	<b>1,998.6</b>	565.9	330.3	500.8	424.4	177.2
Total Provisions and value	<b>(588.5)</b>	(98.1)	(124.1)	5.1	(81.0)	(290.4)
<b>Net Operating</b>	<b>1,410.1</b>	467.8	206.2	505.9	343.4	(113.2)
Realised gains and losses on sales of	<b>82.6</b>	0.0	0.0	17.9	0.4	64.3
<b>Profit Before</b>	<b>1,492.7</b>	467.8	206.2	523.8	343.8	(48.9)
Income	<b>(460.3)</b>	(241.4)	(97.1)	(187.3)	(127.4)	192.9
Profit from discontinued	<b>1.5</b>	0.0	0.0	0.0	0.0	1.5
Income /loss pertaining o minority	<b>(5.9)</b>	0.0	0.0	0.0	0.0	(5.9)
<b>Net Profit</b>	<b>1,028.0</b>	<b>226.4</b>	<b>109.1</b>	<b>336.5</b>	<b>216.4</b>	<b>139.6</b>

December 31, 2005	(€) Capitalia Group	Retail	Corporate	Wholesale & Investment	Financial service	Corporate Center
<b>ASSETS/LIABILITIES</b>						
<b>Customers loans</b>	<b>82,381</b>	21,040	24,364	11,342	22,264	3,371
<b>Deposits</b>	<b>90,206</b>	34,114	5,652	10,697	5,230	34,513

### **Significant Recent Events of Capitalia**

In 2006, following the partial non-proportional spin-off of MCC S.p.A. into Capitalia as well as the exercise of certain warrants, the Parent Company undertook several share capital increases. As of March 31, 2006, Capitalia's share capital, which is fully subscribed and paid up, equaled Euro 2,587,989,335, divided into 2,587,989,335 ordinary shares with a par value of Euro 1 each.

Following the decrease in the Toro Assicurazioni Group's stake locked up in the Capitalia Shareholders' Pact (from 2.1% to 1.01%), as previously announced, and the company's subsequent waiver of its right to be represented on the Board of Directors, Antonio Belloni resigned from Capitalia's Board of Directors effective on February 10, 2006.

On February 21, Chairman Cesare Geronzi was informed by the Tribune of Parma that a legal suspensionary ordinance had been issued temporarily prohibiting him from exercising managerial offices. The next day the

Board of Directors, the Statutory Board of Auditors and the Shareholders' Pact expressed solidarity, esteem and confidence in the Chairman.

On March 10, Capitalia communicated that it has notified both Consob and Banca Intesa, as legally required, of the acquisition of 2.02% of the Ordinary shares of Banca Intesa.

On March 20, the Capitalia's Board of Directors co-opted Pasquale Cannatelli, Chief Executive of Fininvest S.p.A., as new board director.

As of April 12, 2006, Capitalia's share capital, which is fully subscribed and paid up, equaled Euro 2,589,061,035, divided into 2,589,061,035 ordinary shares with a par value of Euro 1 each.

On April 20, Ordinary Shareholders' Meeting of Capitalia confirmed the appointment to the Board of Pasquale Cannatelli, who replaces Director Antonio Belloni. Antonio Belloni resigned on February 10, 2006, following the Toro Group's decision to reduce its shareholding locked up in the Shareholders' Pact and to renounce its right to a representative on the Capitalia Board of Directors.

### ***Judicial proceedings of Capitalia***

Capitalia has not been involved with governmental, judicial or arbitration proceedings (including any such proceedings which are pending or threatened of which Capitalia is aware) during the 12 months before the date of this Prospectus, which may have now, or have had in the recent past, at Capitalia's evaluation, significant effect on the financial position or profitability of Capitalia and/or its Group.

Notwithstanding the above, the more relevant criminal proceedings concerning directors and managers of the Bank are listed here below:

#### **a) Capitalia/Cirio: Court of Rome**

In the context of the proceedings pending before the Court of Rome relating to Cirio Group's default, some members of the former Banca di Roma (now Capitalia) are defendant for criminal offences of fraud and contribution in bankruptcy and the Judge of the preliminary hearing shall decide upon the possible dismissal of the charge or the committal for trial of some members of the board of directors and managers.

#### **b) Capitalia/Cirio: Court of Milan**

Investigations are carried out by the Public Prosecutor at the Court of Milan for contribution in fraud relating to Cirio's bond issue in relation to some directors of the Banca di Roma (now Capitalia). The Public Prosecutor at the Court of Milan has not formalized any request yet.

#### **c) Court of Parma. Declaration of insolvency of Parmalat Group.**

The Public Prosecutor at the Court of Parma has investigated on the default of Parmalat Group, including some members of the board of directors and managers of the former Banca di Roma (now Capitalia). The investigations have determined two different proceedings concerning two transactions made by Parmalat: in the proceedings related to transaction "Eurolat" (purchase of Cirio Group's milk business) the charge is contribution in bankruptcy; in the proceedings related to "Ciappazzi" (purchase of Ciappazzi's mineral water business) the charge is contribution in bankruptcy and usury.

In relation to "Eurolat" the investigations have been just completed: the Public Prosecutor has requested the discharge for two of the above mentioned members, while for the third one the Public Prosecutor has not taken

any decision yet.

In relation to “Ciappazzi” the Judge of the preliminary hearing shall decide upon the possible dismissal of the charge or the committal for trial of the above mentioned members and managers.

Within this last proceedings the Chairman of Capitalia has been temporarily suspended from his office and upon expiration of such suspension he has been confirmed and reintegrated into his office from the shareholders' meeting.

## FINECO LEASING

### Overview

Fineco Leasing performs financial leasing activities on an exclusive basis by offering services related to three main categories of assets: vehicles, equipment and real estate assets. Fineco Leasing also carries out all activities connected to the basic leasing service.

Fineco Leasing is a company limited by shares incorporated under the laws of Italy, with registered office at 42/A, Via Marsala, Brescia, Italy and is registered with the companies' registry in Brescia under registration number 01582970152; in the register held by *Ufficio Italiano Cambi* pursuant to Article 106 of the Consolidated Banking Act under number 478; and in the special section of the register held by the Bank of Italy pursuant to Article 107 of the Italian Banking Act under number 19201.

Fineco Leasing was established in December, 1980 on the initiative of a group of private entrepreneurs. In 1992, Bipop became Fineco Leasing's major shareholder with 99.99% of Fineco Leasing's share capital. In the following years, Fineco Leasing began a program of expansion, transforming itself from a small provincial company into a large nation-wide originator, and implementing a decentralisation policy with the support and creation of autonomous agencies.

From 1 July 2002, when Bipop Carire was transferred to Capitalia, the shares previously owned by Bipop Carire was sold to Fineco Group S.p.A. (later called Fineco S.p.A.), an integrated financial services holding company, listed on the Milan Stock Exchange, of which 44.7% was owned by Capitalia Banking Group.

At the end of 2005, following the guidelines announced in the strategic business plan for the period 2005-2007, Capitalia acquired 100% of Fineco S.p.A. shares and merged it into Capitalia. As a result, Fineco Leasing S.p.A. is now under the direct control of Capitalia S.p.A..

### Business Activity

As at 31 December 2005, Fineco Leasing held a portfolio of assets worth Euro 4.8 billion, which were leased to nearly 45,000 customers with a 2.1% increase in comparison to 2004; in addition, over approximately assets worth Euro 0.75 billion are under construction (mainly real estate), which will become financial leasing contracts at the end of their construction phase.

During 2005, Fineco Leasing entered into 15,478 new contracts for a total amount of Euro 1,402 million. As a result, as at 31 December 2005, Fineco Leasing was the 9<sup>th</sup> ranking Italian leasing company, with a 3.2% market share.

The growth of the company during recent years has been characterised by a high level of efficiency, which allowed it to reach a net income of Euro 29.3 million in 2005, with a return on equity of 22.11%.

The table below shows a breakdown of the lease contracts originated by Fineco Leasing during the financial year ending on 31 December 2005, by type of leased asset.

Type of leased asset	31/12/2005		31/12/2004	
	No. of Lease Contracts	Financed Amount (€/000)	No. of Lease Contracts	Financed Amount (€/000)
<i>Auto Vehicles</i>	12,130	422,797	13,086	428,271
<i>Equipment</i>	1,968	124,422	2,086	141,428
<i>Real Estate</i>	1,380	855,190	1,591	902,373
<b>TOTAL</b>	<b>15,478</b>	<b>1,402,409</b>	<b>16,763</b>	<b>1,472,072</b>

The average life of the contracts entered into in 2005 is equal to 97 months (60 excluding contracts for assets under construction). The average amount of each contract is equal to approximately Euro 91,000.

### Geographical Presence and Distribution Channels

Fineco Leasing's activity during the financial year ending on 31 December 2005 was mainly based in Northern Italy, with approximately 72% of total leasing contracts being executed in this area, while nearly 23% of the leasing contracts were executed in Central Italy and only approximately 5 % in Southern Italy and the Islands.

The table below shows the geographical distribution of the contracts that Fineco Leasing entered into in 2005:

Area	Financed Amount (€/mln)
North Italy	1,007
Central Italy	318
South Italy and Islands	77
<b>Total</b>	<b>1,402</b>

Fineco Leasing's distribution strategy relies upon an external commercial network, which is divided into 35 General Agencies and 35 Leasing Points located across Italy. The network employs over 500 resources in terms of agents, sub-agents and Back Office personnel.

As mentioned above, the commercial network's geographical location highlights a greater concentration of Fineco Leasing's business activity in the regions of Northern Italy (Lombardy, Veneto, Emilia Romagna and Piedmont), an important presence in the central regions (Tuscany, Lazio, Marche) and a less significant presence in the South of Italy.

### Employees

The following table shows the average number Fineco Leasing's employees during 2004 and 2005.

Year	2005	2004
Managers	4	5
Executives	13	10
Officers and other employees	106	100
<b>Total</b>	<b>123</b>	<b>115</b>

As at 31 December 2005, Fineco Leasing had 122 employees (the same number as at 31 December 2004).

### Share Capital

As at 31 December 2005, Capitalia S.p.A. held 99.99% of Fineco Leasing's share capital. The remaining 0.01% is held by individual investors.

### Board of Directors

The Board of Directors of Fineco Leasing is currently composed as follows:

Chairman	Enrico Cotta Ramusino
Vice Chairman	Maurizio Caprari
C.E.O.	Paolo Alberto De Angelis
Director	Andrea Sergio Gnetti
Director	Pierfrancesco Latini
Director	Armando Artoni
Director	Giorgio Gnutti

### Balance sheet as at 31 December 2005

The financial statement for 2005 has been prepared in conformity with the recognition and measurement criteria established by the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission under the procedure envisaged by Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament and the Council of 19 July 2002. The regulation has been fully transposed into Italian law following the enactment of Legislative Decree 38 of 28 February 2005, which came into force on 22 March 2005.

<b>BALANCE SHEET</b>		<b>2005-12-31</b>	<b>2005-01-01</b>	<b>2004-12-31 (*)</b>
	<b>Assets</b>			
<b>10.</b>	Cash and highly liquid assets	1.201.900	1.034.101	1.034.101
<b>20.</b>	Financial assets held for trading	-	-	-
<b>30.</b>	Financial assets designated at fair value	-	-	-
<b>40.</b>	Available-for-sale financial assets	-	-	-
<b>50.</b>	Held-to-maturity investments	-	-	13.165.148
<b>60.</b>	Loans and receivables	5.889.479.680	5.751.873.048	2.943.331.136
<b>70.</b>	Derivatives used for hedging	-	-	-
<b>80.</b>	Fair value changes of generically hedged items	-	-	-
<b>90.</b>	Investments in associates, subsidiaries and joint ventures	-	-	-
<b>100.</b>	Tangible assets	15.873.874	14.042.220	14.042.220
<b>110.</b>	Intangible assets	457.684	473.520	473.520
<b>120.</b>	Tax assets	36.459.845	60.785.291	53.979.505
	a) current	4.116.921	26.836.754	26.836.754
	b) deferred	32.342.924	33.948.537	27.142.751
<b>130.</b>	Non-current assets and groups of assets being disposed	-	-	-
<b>140.</b>	Other assets	55.285.087	205.617.134	260.029.312
	<b>TOTAL ASSETS</b>	<b>5.998.758.070</b>	<b>6.033.825.314</b>	<b>3.286.054.942</b>

(\*) figures reconstructed excluding IAS 32 and IAS 39

	<b>Liabilities and Shareholders' Equity</b>	<b>2005-12-31</b>	<b>2005-01-01</b>	<b>2005-12-31 (*)</b>
<b>10.</b>	Due to banks and customers	5,627,916,561	5,666,064,815	2,922,120,805
<b>20.</b>	Debt securities issued	-	-	-
<b>30.</b>	Financial liabilities held for trading	119,623	237,276	-
<b>40.</b>	Financial liabilities designated at fair value	-	-	-
<b>50.</b>	Derivatives used for hedging	1,098,624	2,602,783	102,789
<b>60.</b>	Fair value changes of generically hedged financial liabilities	-	-	-
<b>70.</b>	Tax liabilities	4,297,573	30,863,012	28,957,516
	a) current	4,284,972	28,503,471	28,503,471
	b) deferred	12,601	2,359,541	454,045
<b>80.</b>	Liabilities associated with activities being sold	-	-	-
<b>90.</b>	Other liabilities	226,930,405	207,378,403	200,283,879
<b>100.</b>	Staff severance pay provision	565,301	1,227,605	1,227,605
<b>110.</b>	Provision for liabilities and contingencies	5,586,391	3,100,000	3,100,000
	<b>TOTAL LIABILITIES</b>	<b>5,866,514,478</b>	<b>5,911,473,894</b>	<b>3,155,792,594</b>
<b>120.</b>	Share Capital	62,952,000	62,952,000	62,952,000
<b>130.</b>	Treasury stock (-)	-	-	-
<b>150.</b>	Share Premium account	2,582,285	2,582,285	2,582,285
<b>160.</b>	Reserves	6,742,783	26,140,781	12,260,453
<b>170.</b>	Revaluation reserves	30,676,354	30,676,354	30,676,354
<b>180.</b>	Income (Loss) for the period	29,290,170		21,791,256
	<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>132,243,592</b>	<b>122,351,420</b>	<b>130,262,348</b>
	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>5,998,758,070</b>	<b>6,033,825,314</b>	<b>3,286,054,942</b>

(\*) figures reconstructed excluding IAS 32 and IAS 39

Reserves at 01/01/2005 include the net income at 12/31/2004 calculated in conformity with the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS), including IAS 32 and IAS 39.

## INCOME STATEMENT

	<b>Item</b>	<b>2005</b>	<b>2004 (*)</b>
<b>10.</b>	Interest income and similar revenues	247,867,957	127,780,650
<b>20.</b>	Interest expense and similar changes	(143,819,957)	(81,831,078)
	<b>NET INTEREST INCOME</b>	<b>104,048,000</b>	<b>45,949,572</b>
<b>30.</b>	Commission income	-	812,423
<b>40.</b>	Commission expense	(13,586,483)	(27,654,953)
	<b>NET COMMISSIONS</b>	<b>(13,586,483)</b>	<b>(26,842,530)</b>
<b>50.</b>	Dividends and other similar income	-	-
<b>60.</b>	Income (loss) on financial assets and liabilities held for trading (net)	117.653	-
<b>70.</b>	Income (loss) from hedging activities (net)	(839.244)	-
	<b>GROSS INCOME</b>	<b>89,739,926</b>	<b>19,107,042</b>
<b>110.</b>	Net value adjustments on:	(31,653,856)	(47,910,066)
	a) loans and receivables	(31,653,856)	(47,910,066)
<b>120.</b>	General and administrative expenses:	(14,511,396)	(15,927,740)
	a) staff costs	(7,361,917)	(6,884,836)
	b) other administrative expenses	(7,149,479)	(9,042,904)
<b>130.</b>	Amortisation and depreciation of tangible fixed assets	(698,883)	(1,539,705)
<b>140.</b>	Amortisation and depreciation of intangible fixed assets	(327,466)	(356,366)
<b>160.</b>	Provisions for risks and charges	(2,486,391)	(2,900,000)
<b>170.</b>	Other loss	(17,760,146)	(20,481,895)
<b>180.</b>	Other income	30,443,357	107,672,452
	<b>OPERATING INCOME (LOSS)</b>	<b>52,745,145</b>	<b>37,663,722</b>
<b>190.</b>	Income (loss) from equity investments	-	-
<b>200.</b>	Income (loss) from disposal of investments	-	-
	<b>INCOME (LOSS) BEFORE TAXES FROM CONTINUING OPERATIONS</b>	<b>52,745,145</b>	<b>37,663,722</b>
<b>210.</b>	Tax expenses (income) related to profit or loss from continuing operations	(23,454,975)	(15,872,466)
	<b>INCOME (LOSS) AFTER TAXES FROM CONTINUING OPERATIONS</b>	<b>29,290,170</b>	<b>21,791,256</b>
<b>220.</b>	Profit (loss) after taxes from discontinued assets being sold	-	-
	<b>NET PROFIT (LOSS) FOR THE PERIOD</b>	<b>29,290,170</b>	<b>21,791,256</b>

(\*) figures reconstructed excluding IAS 32 and IAS 39

## Financial Highlights

As at End of year, 31 December,									
	1997	1998	1999	2000	2001	2002	2003	2004 (*)	2005 (*)
<i>(Euro in millions)</i>									
Lease Portfolio									
- leased	845.7	1,241.4	1,778.3	2,243.3	3,039.4	3,889.3	4,439.0	4,717.1	4,818.7
- to be leased	117.7	227.7	359.3	519.2	637.6	600.1	793.3	715.2	767.5
<b>Total</b>	<b>963.5</b>	<b>1,469.1</b>	<b>2,137.6</b>	<b>2,762.6</b>	<b>3,677.0</b>	<b>4,489.4</b>	<b>5,231.3</b>	<b>5,432.3</b>	<b>5,586.2</b>
Net Worth	120.5	126.2	130.4	133.8	132.3	128.1	123.6	122.4	132.2
Interest Margin	47.5	50.8	60.1	66.4	67.2	33.0	57.4	105.3	104.0
Operating Profit	33.7	36.1	41.6	45.3	44.8	61.3	74.8	88.4	89.2
<b>Net income</b>	<b>11.8</b>	<b>16.8</b>	<b>21.0</b>	<b>22.2</b>	<b>20.0</b>	<b>24.0</b>	<b>18.0</b>	<b>23.5</b>	<b>29.3</b>

(\*) Ias/lfrs (including Ias 32 and Ias 39) applied

## THE ISSUER

### Introduction

The Issuer was incorporated on 18 February 2005 in the Republic of Italy pursuant to the Securitisation Law as a limited liability company, registered in the Register of Companies of Brescia under No. 02620480984 and in the general register held by *Ufficio Italiano Cambi* pursuant to Article 106 of the Consolidated Banking Act under No. 36625 and registered in the special register held by the Bank of Italy pursuant to Article 107 of the Consolidated Banking Act.

The Issuer was established under the commercial name of SPV Project 52 S.r.l. and subsequently changed it into F-E Gold S.r.l. on 24 March 2006. It operates under Italian Law and shall expire on 31 December 2050.

Since the date of its incorporation, the Issuer has not engaged in any business other than the purchase of the Initial Portfolio, no dividends have been declared or paid and no indebtedness, other than the Issuer's costs and expenses of incorporation and the Initial Purchase Price of the Initial Portfolio and, upon draw-down under the Subordinated Loan Agreement, the Subordinated Loan, has been incurred by the Issuer.

The Issuer is a limited liability company (*società a responsabilità limitata*) and its equity capital is represented by quotas. The authorised, issued and fully paid up equity capital of the Issuer is Euro 10,000 as at the date of this Offering Circular.

At the date of this final Offering Circular, the sole quotaholder of the Issuer is Stichting F-E Red.

### Issuer Principal Activities

The Issuer has been established as a special purpose vehicle for the purpose of issuing asset-backed securities. The principal corporate object of the Issuer, as set out in Article 3 of its by-laws (*statuto*), is to acquire monetary claims in the context of securitisation transactions.

Save as provided for in the Conditions, so long as any of the Notes remain outstanding, the Issuer shall not, without the consent of the Representative of the Noteholders, incur any other indebtedness for borrowed moneys or engage in any business (other than acquiring and holding the Receivables and any other 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 equity 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 or issue any *quota*.

The Issuer will covenant to observe, *inter alia*, those restrictions which are detailed in Condition 4 (*Covenants*).

### Board of Directors and Employees

The Issuer Board of Directors is formed by: (i) Mr Luigi Passeri, born in Bergamo (Italy) on 22 June 1962 and domiciled (for the purpose of his office) at the registered office of the Issuer; (ii) Mr Matteo Passeri, born in Bergamo, on 9 May 1966 and domiciled (for the purpose of his office) at the registered office of the Issuer and (iii) Mr Marcello Messina, born in Torre Pellice (Italy) on 5 February 1952 and domiciled, (for the purpose of his office) at the registered office of the Issuer.

The Board of Directors has been appointed on 24 March 2006.

The Issuer has no employees.

The Issuer's registered office is at Via Romanino No. 1, 25122 Brescia, Italy.

The Issuer's telephone number is +39 02 7788051.

### **Financial Information**

The capitalisation of the Issuer as at the date of this Offering Circular, adjusted for the issue of the Notes being issued on the Issue Date, is as follows:

<i>CAPITAL</i>	<i>EURO</i>
A quota capital of Euro 10,000 (fully paid up)	10,000
<i>LOAN CAPITAL</i>	<i>EURO</i>
Euro 203,800,000 Class A1 Asset Backed Floating Rate Notes due July 2025	203,800,000
Euro 749,000,000 Class A2 Asset Backed Floating Rate Notes due July 2025	749,000,000
Euro 56,000,000 Class B Asset Backed Floating Rate Notes due July 2025	56,000,000
Euro 10,200,000 Class C Asset Backed Floating Rate Notes due July 2025	10,200,000
Subordinated Loan	31,589,000
<b><i>Total Loan Capital</i></b>	<b><i>1,050,589,000</i></b>
<b>Total Capitalisation and Indebtedness</b>	<b>1,050,599,000</b>

### *Total Capitalisation and Indebtedness*

Save for the foregoing, at the date of this document, the Issuer has no other borrowings or indebtedness in the nature 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**

The following is the translation from the original Italian text of the financial statements prepared by the Issuer as at 31 December 2005 (together with the relevant Issuer's directors report) and of the auditor's report received by the Directors. The auditors to the Issuer, are set out below. The Issuer's accounting reference date is 31 December, with the first financial statement drawn up to 31 December 2005. Under Italian law and the Issuer's by-laws, the financial statements are to be prepared by the Issuer within 120 calendar days of following the financial year end.

(Beginning of translation)

**“Financial Statements as at 31 December 2005**

*Company Activity*

The Company, incorporated under Law no. 130 of 30 April 1999, on 18 February 2005 with the deed drawn up by G.B. Calini, Notary Public, Brescia Rep. no. 73485 and Coll. no. 19002, was entered on 29 April 2005 as no.36625 in the general register of intermediaries operating in the financial sector under Article 106 of Lgs. D. no. 385 of 1 September 1993 (Banking and Credit Consolidation Act).

On 24 March 2006, with the deed drawn up by G. Condò, Notary Public, in Milan, the Quotaholders' Meeting resolved to adopt the new company name “F-E GOLD S.r.l.”.

*Form and content of the Financial Statements*

The company Financial Statements as at 31 December 2005 was prepared in Euros, on the basis of the schemes laid down in Legislative Decree no. 87 of 27 January 1992 and of the Instructions set out in the Bank of Italy Order of 31 July 1992.

The values set out in the Balance Sheet, Income Statement and Notes to the Accounts are expressed in Euro units. Amounts expressed in euro cents have been posted to the Financial Statements in Euro units by rounding off the relevant values.

The algebraic sum of the differences arising from rounding items off is shown, when necessary, in Other assets/liabilities in the Balance Sheet and in Extraordinary income/charges in the Income Statement:

The Financial Statements are comprised of:

Balance Sheet (A.1)

Income Statement (A.2)

Notes to the Accounts (A-3)

**A.1 BALANCE SHEET**

**31 December 2005**

**ASSETS**

20 Receivables from banking institutions	439
a) on demand	439
90 Intangible fixed assets	1,542
of which:	
- start-up costs	1,542
110 Subscribed capital not paid in	7,500
130 Other assets	1,294

<b>Total Assets</b>	<b>10,775</b>
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**LIABILITIES**

50 Other liabilities	775
120 Capital stock	10,000
170 Profit/loss for the year	0
<b>Total Liabilities</b>	<b>10,775</b>

**A.2 INCOME STATEMENT**

**31 December 2005**

**COSTS**

10 Interest paid and similar charges	58
40 Administrative expenses	852
b) other administrative expenses	852
50 Value adjustments on intangible and tangible fixed assets	385
<b>Total costs</b>	<b>1,295</b>

**REVENUES**

10 Interest earned and similar proceeds	2
70 Other operating income	1,293
<b>Total Revenues</b>	<b>1,295</b>

**A.3 NOTES TO THE ACCOUNTS**

*The Notes to the Accounts contain:*

*Part A – Valuation Criteria*

*Part B – Information on the Balance Sheet*

*Part C – Information on the Income Statement*

*Part D – Other information*

**Part A – Valuation Criteria**

**Description of the Valuation Criteria**

*The valuation criteria adopted for the preparation of these Financial Statements conform to those of Lgs. D. no. 87/1992 and to the instructions set out in the Bank of Italy Order of 31 July 1992.*

The items in the Financial Statements were valued in accordance with general criteria of prudence and on an accrual basis, in view of the continuity of the business.

**1) Receivables and payables**

Receivables are entered at their presumed break-up value and may possibly be determined by making direct value adjustments of their nominal value.

Payables are entered at their nominal value.

**2) Intangible fixed assets**

Intangible assets, represented exclusively by start-up costs, are entered as fixed assets and are amortised over a period of five years, pursuant to the laws in force.

**3) Costs and Revenues**

Costs and revenues are entered in observance of the principle of accruals basis accounting, indicating accruals, deferrals and provisions.

**Part B –Balance Sheet Data**

**20. Receivables from banking institutions**

The item is listed as:

a) on demand 439

This is represented by a positive balance on a current account at a bank

**90. Intangible fixed assets**

The item listed has a balance of 1,542 Euro and refers entirely to costs incurred in the company's start-up phase.

**Annual changes in intangible fixed assets**

Movements during the financial year can be summarised as follows:

Amount at beginning of financial year	-
Increases for the financial year	1,927
Value adjustments:	
a) amortisation during the financial year	(385)
Final amount	1,542

**110. Subscribed capital not paid in**

Capital subscribed but not paid in is divided as follows:

Zenith Holding S.r.l.	Euro 3,000
Zenith Service S.p.A. a s.u.	<u>Euro 4,500</u>
Total	Euro 7,500

### **130. Other Assets**

The item, which has a value of 1,294 Euros is made up – to value of 1,293 Euros – of receivables from the entity that undertook the responsibility to reimburse expenditure incurred by the company in the preliminary securitisation arrangement phase and – to the value of 1 Euro – of receivables from the tax authority for advance withholdings on bank interest income.

### **50. Other Liabilities**

The item amounts to 775 Euros and is represented by advances made for and on behalf of Zenith Service S.p.A.

### **120. Capital stock**

At the time of incorporation, the Capital stock was subscribed by the following:

- 40% by “Zenith Holding S.r.l.”, with registered office at 61, Via Guidubaldo del Monte, Rome
- 60% by the sole proprietorship “Zenith Service S.r.l.”, which was incorporated into the sole proprietorship “Zenith Service S.p.a.”, with registered office at 1, Via Romanino, Brescia.

Capital stock to the value of 2,500 Euros was deposited at the time of incorporation.

On 17 March 2006, the quotaholders fulfilled their obligations by making other payments and as of the date of drawing up this year’s Financial Statements, the capital stock has been completely paid.

Finally on 24 March 2006, Stichting F-E Red, a company in Dutch law with registered office at 166 Amsteldijk, 1079 LH Amsterdam (company register no. 34244949), purchased a quota equal to 100% of the capital stock of F-E Gold S.r.l., becoming its sole quotaholder.

### **170. Profit/loss for the year**

The financial year broke even.

### **Securities, commitments and “off balance sheet” transactions**

#### **Securities issued to third parties**

As at 31 December 2005, the company had issued no securities to third parties.

#### **Commitments**

Nothing to note as at 31 December 2005.

#### **“Off balance sheet” transactions**

As of 31 December 2005, the company had no off balance sheet transactions.

## **Foreign currency assets and liabilities**

The balance sheet of the company does not show any foreign currency items as at 31 December 2005.

### **Part C –Income Statement Data**

#### **Costs**

##### **10. Interest paid and similar charges**

This item, with a balance of 58 Euros is represented by bank charges for 46 Euros and interest paid on the bank current account to a value of 12 Euros.

##### **40. Administrative expenses**

This item shows a balance of 852 Euros and is broken down as follows:

Registration of company books	400 Euros
Annual CCIAA dues	373 Euros
Other expenses	79 Euros

##### **50. Value adjustments on intangible and tangible fixes assets**

These adjustments concern start-up costs, amortised at a rate of 20%, in compliance with the regulations laid down in Article 16 of Lgs. D. 87/92.

#### **Revenues**

##### **10. Interest earned and similar proceeds**

The item is represented by interest earned accrued on the company's current account for a value of 2 Euros.

##### **70. Other operating income**

The income in question refers to the amount charged to the entity that accepted responsibility for the costs incurred in managing the Company during the preliminary securitisation arrangement phase.

### **Part D – Other Information**

#### **Remuneration to Directors and Auditors**

No payments were resolved for fees to corporate bodies in respect of the financial year in question.

It must be stated that no receivables exist, nor have any sureties been issued to directors.

#### **Number of Employees**

The company has no employees

7 April 2006, Milan

The Board of Directors

Luigi Passeri (illegible signature)

Marcello Pietro Messina (illegible signature)

Matteo Passeri (illegible signature)”

(End of translation)

(Beginning of translation)

**“DIRECTORS’ REPORT ON OPERATIONS FOR THE FINANCIAL YEAR ENDED ON  
31 DECEMBER 2005**

Dear Quotaholders,

The Company, incorporated on 18 February 2005, with the deed drawn up by G.B. Calini, Notary Public, Brescia Rep. no. 7348 and Coll. no. 19002, was entered on 29 April 2005 as no.36625 in the general register of intermediaries operating in the financial sector under Article 106 of Lgs. D. no. 385 of 1 September 1993 (Consolidated Banking and Credit Act). It has as its sole purpose the performance of one or more securitisation transactions under Law no. 130 of 30 April 1999.

On 24 March 2006, with the deed drawn up by G. Condò, Notary Public, in Milan, the quotaholders’ meeting resolved to adopt the new company name of “F-E GOLD S.r.l.”.

In view of the above, the financial year ended on 31 December 2005 broke even.

**Research and development activity**

No research and development activity was undertaken during the financial year in question.

**Treasury shares or quotas and shares of holding companies**

No information is available in relation to point 2b of Art. 3 of Lgs. D. 87/92.

**Important events after the end of the financial year and foreseeable business developments**

On 27 March 2006, an application was made to the Bank of Italy to be listed in the special register of financial intermediaries, pursuant to Art. 107 of Lgs. D. no. 385/1993.

During the financial year 2006, the Company intends to perform a securitisation transaction in accordance with L.130/99. To this end, the Company will purchase from Fineco Leasing indicatively within 15 May 2006, in bulk and without recourse pursuant to the combined provisions of Articles 1 and 4 of Law 130/99 and Article 58 of the Consolidated Banking Act, performing monetary claims arising from leasing contracts entered into by the aforementioned Fineco Leasing with its own clients.

These contracts will be divided into three macro-categories: i) property leasing, (ii) vehicle leasing, and (iii) capital leasing.

The Company will finance the payment of the receivables portfolio, through the issue of Notes under Law 130/99. The Notes will be listed on the Luxemburg Stock Exchange.

**Relations with Group companies**

*There is no significant information on relations with group companies at this time.*

### **Management and Coordination Activity**

*The holding company does not perform management or coordination activity.*

### **Transition to International Accountancy Principles**

*Legislative Decree no. 38 of 28 February 2005 has transposed E.C. regulation no. 1606/2002 of the European Parliament and Council of 19 July 2002, regarding the adoption of international accountancy principles (IFRS – IAS) when drawing-up consolidated and individual financial statements for the persons specified in art. 2 of the above decree.*

*Once the Company has been included in the special list pursuant to Art. 107 TUB (Consolidated Banking Act), it will be subject to the said regulation; Art.2, paragraph 1, letter c, lists finance companies registered in the special list under art.107 of Legislative Decree no. 385, 1993 (TUB).*

*Art. 4, paragraph 1 of the Decree states that after the financial statements (whether for the year ended or which is still on-going) as at 31 December 2006, the Company shall prepare the financial statements according to international accountancy principles (IFRS-IAS).*

*In the light of the above, the Company will soon begin the review of accounts necessary for the transition to these international accountancy principles.*

*Dear Quotaholders,*

*I would like to draw your attention to the Notes to the Accounts regarding valuation criteria and the principles adopted for drawing up these financial statements, for which we hope to obtain your consent. We therefore invite you to approve these financial statements as at 31 December 2005, which show a break even result.*

*7<sup>th</sup> April 2006, Milan*

*The Board of Directors*

*Luigi Passeri (illegible signature)*

*Marcello Pietro Messina (illegible signature)*

*Matteo Passeri (illegible signature)”*

*(End of translation)*

## Auditors' Report

Reconta Ernst & Young S.p.A. has been appointed as external auditor of the Issuer for the purpose of auditing the financial information set forth in the Issuer's statements of current assets and capital and reserves as at 31 December 2005 referred to below. Reconta Ernst & Young S.p.A. is registered under No. 2 in the Special Register (*Albo Speciale*) maintained by CONSOB and set out in Article 161 of Italian Legislative Decree No. 58 of 24 February 1998 and under No. 70945 in the Register of Accountancy Auditors (*Registro dei Revisori Contabili*), in compliance with the provisions of Italian Legislative Decree No. 88 of 27 January 1992, n. 88.

The address of the auditor's registered offices is as follows: Via Romagnosi No. 18/A – 00196 Rome, Italy

The following is the translation from the original Italian text of the independent auditors' report received by the Quotaholder from Reconta Ernst & Young S.p.A..

The following report has been included herein, in the following form and in this context, with the authorisation and consent of the auditor who has not withdrawn such consent.

*(Beginning of translation)*

### **"INDEPENDENT AUDITORS' REPORT**

*(Translation from the original Italian text)*

*To the Board of Directors*

*of F-E GOLD S.r.l.*

*1. We have audited the financial statements of F-E GOLD S.r.l. as of and for the year ended December 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. This audit report is not a legal requirement for F-E GOLD S.r.l. since the Company is not subject to the provisions of article 2409-bis of the Civil Code, which requires a mandatory audit.*

*2. Our audit was conducted in accordance with auditing standards generally accepted in Italy. In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.*

*The Company was incorporated on February 18, 2005, and December 31, 2005 is the first reporting year end. Therefore, no comparative figures are presented in the financial statements.*

*3. In our opinion, the financial statements of F-E GOLD S.r.l. as of and for the year ended December 31, 2005 comply with Italian regulations governing financial statements; accordingly, they clearly present, and give a true and fair view of the financial position of the Company as of December 31, 2005, and the results of its operations.*

*4. As part of a securitisation transaction, on May 10, 2006 the Company acquired from Fineco Leasing S.p.A. certain performing lease receivables originated by the latter, for a nominal amount of approximately Euro 1.019 million. The acquisition, which will be financed through the issue of asset-backed notes for approximately Euro*

1.019 million, is subject to cancellation if the issue of the above-mentioned notes does not occur.

Milan, May 26, 2006

**RECONTA ERNST & YOUNG S.P.A.**

signed by: *Massimiliano Bonfiglio (Partner)*

*(End of translation)*

### **Legal and Arbitration Proceedings**

To the best of the Issuer knowledge and belief, there have not been in the past twelve months and there are no pending or threatened governmental, legal or arbitration proceedings which may have or have had material effects on the Issuer financial position or profitability.

### **Documents Available for Inspection**

Until full redemption of the Notes, copies of the following documents may be inspected during normal business hours at the registered office of the Issuer and of the Luxembourg Paying Agent:

- (a) the memorandum and articles of association of the Issuer (*atto costitutivo* and *statuto*);
- (b) the Issuer's financial statements, the relevant auditor's report, and all reports, letters, and other documents, historical financial information, valuations and statements (if any) prepared by any expert at the Issuer's request, any part of which is included or referred to this Offering Circular; and
- (c) the historical financial information of the Issuer for the financial year ended on 31 December 2005.

## THE SWAP COUNTERPARTY

The Group (of which BNP Paribas is the parent company) (the “**BNP Paribas Group**”) is one of the top global players in financial services, conducting retail, corporate and investment banking, private banking, asset management, insurance and specialized and other financial activities throughout the world. The BNP Paribas Group is a leading European provider of corporate and investment banking products and services and a leading provider of private banking and asset management products and services throughout the world. It provides retail banking and financial services to over 20 million individual customers worldwide, in particular in Europe and the western United States, and has offices in more than 85 countries. According to rankings published in July 2005 by *The Banker* (based on 2004 figures):

- based on total assets, the BNP Paribas Group was the second largest banking group in France, the fourth largest in Europe and the sixth largest in the world; and
- based on Tier 1 capital, the BNP Paribas Group was the second, fifth and tenth largest banking group in France, Europe and the world, respectively.

At December 31, 2005, the BNP Paribas Group had consolidated assets of €1,258.1 billion (compared to €1,002.5 billion at January 1, 2005), consolidated loans and receivables due from customers of €301.2 billion (compared to €244.2 billion at January 1, 2005), consolidated items due to customers of €247.5 billion (compared to €211.5 billion at January 1, 2005) and shareholders' equity (Group share including income for 2005) of €40.7 billion (compared to €32.3 billion at January 1, 2005). Pre-tax net income for the year ended December 31, 2005 was €8.4 billion (compared to €7.1 billion for the year ended December 31, 2004). Net income, Group share, for the year ended December 31, 2005 was €5.9 billion (compared to €4.9 billion for the year ended December 31, 2004).

The BNP Paribas Group currently has long-term senior debt ratings of “Aa2” with stable outlook from Moody's, “AA” with stable outlook from Standard & Poor's and “AA” with stable outlook from Fitch. Moody's has also assigned the Bank a Bank Financial Strength rating of “B+” and Fitch has assigned the Bank an individual rating of “A/B”.

The BNP Paribas Group has three divisions, as summarized below: Retail Banking, Asset Management and Services and Corporate and Investment Banking, the latter two of which also constitute “core businesses”. Operationally, the Retail Banking division is itself comprised of two core businesses: French Retail Banking and International Retail Banking and Financial Services.

## THE JP MORGAN GROUP

JPMorgan Chase Bank, National Association ("**JPMCB**") is a wholly owned bank subsidiary of JPMorgan Chase & Co. ("**JPMorgan Chase**"), a Delaware corporation whose principal office is located in New York, New York. JPMCB is a commercial bank offering a wide range of banking services to its customers, both domestically and internationally. It is chartered and its business is subject to examination and regulation by the Office of the Comptroller of the Currency.

As of December 31, 2005, JPMorgan Chase Bank, National Association, had total assets of \$1,014.0 billion, total net loans of \$390.9 billion, total deposits of \$552.6 billion, and total stockholder's equity of \$86.4 billion. These figures are extracted from JPMCB's unaudited Consolidated Reports of Condition and Income as at December 31, 2005, which are filed with the Federal Deposit Insurance Corporation.

Additional information, including the most recent Form 10-K for the year ended December 31, 2005, of JPMorgan Chase & Co., the 2005 Annual Report of JPMorgan Chase & Co. and additional annual, quarterly and current reports filed or furnished with the Securities and Exchange Commission by JPMorgan Chase & Co., as they become available, may be obtained without charge by each person to whom this Official Statement is delivered upon the written request of any such person to the Office of the Secretary, JPMorgan Chase & Co., 270 Park Avenue, New York, New York 10017.

As at the date hereof, JPMCB had a long-term unsecured and unsubordinated debt rating of "Aa2" from Moody's, "A+" from Fitch and "AA-" from S&P and short-term unsecured and unsubordinated debt rating of "P-1" from Moody's, "F-1+" from Fitch and "A-1+" from S&P.

The information above relates to and has been obtained from JPMCB. The delivery of this Offering Circular shall not create any implication that there has been no change in the affairs of JPMCB since the date hereof, or that the information contained or referred to in this Offering Circular is correct as of any time subsequent to its date.

JP Morgan Chase & Co. ("**JP Morgan**") has entered into an agreement with the Bank of New York Company, Inc. ("**BNY**") pursuant to which JP Morgan intends to exchange select portions of its corporate trust business, including municipal, corporate and structured finance trusteeships and agency appointments for BNY's consumer, small business and middle-market banking business. This transaction has been approved by both companies' boards of directors and is subjected to regulatory approvals. It is expected to close in the late third quarter or fourth quarter 2006.

## **USE OF PROCEEDS**

The estimated net proceeds from the issue of the Notes, being equal to Euro 1,019,000,000.00, will be applied by the Issuer on the Issue Date to pay to the Originator the sums due as Principal Component of the Initial Purchase Price of the Initial Portfolio due on such date, pursuant to the terms of the Transfer Agreement.

## DESCRIPTION OF THE TRANSFER AGREEMENT

*The description of the Transfer Agreement set out below is a summary of certain features of the agreement and is qualified by reference to the detailed provisions of the Transfer Agreement. Prospective Noteholders may inspect a copy of the Transfer Agreement upon request at the registered office of each of the Representative of the Noteholders and the Luxembourg Paying Agent.*

### *General*

On the Transfer Date the Originator and the Issuer entered into the Transfer Agreement.

Under the Transfer Agreement the Originator assigned and transferred all its rights, title and interest in and to the Receivables comprised in the Initial Portfolio. The Transfer Agreement contains a list of the Receivables deriving from Lease Contracts comprised in the Initial Portfolio. The transfer of the Initial Portfolio has occurred on the Transfer Date with economic effects as of the Initial Portfolio Valuation Date.

### *Subsequent Portfolios*

During the Revolving Period and provided that a Purchase Termination Notice or an Enforcement Notice has not been delivered, the Originator may, at its option, sell to the Issuer, and the Issuer shall be obliged to purchase, Subsequent Portfolios of Receivables, provided that the Performance Conditions, the Concentration Conditions, the Yield Conditions and the Solvency Condition are met. The Originator shall notify, amongst others, the Issuer and the Calculation Agent of its intention to sell a Subsequent Portfolio in the Purchase Report. Such report shall contain a list of the Receivables included in such Subsequent Portfolio proposed to be transferred together with certain details in relation thereto, including, *inter alia*, (i) a complete list of the relevant Subsequent Portfolio Eligibility Criteria, (ii) the nominal value of each Instalment, (iii) the date of execution of the Lease Contracts included in the relevant Subsequent Portfolio, (iv) the Outstanding Principal Balance and the accrued interest amounts of each Lease Contract, (v) the expiry date of each Lease Contract (*i.e.* the date on which the last payment (other than the Residual Instalment) is payable under the Lease Contract), (vi) the Pool in which the relevant Receivables shall be included, (vii) the reference code of each Lease Contract and of the relevant Lessee, (viii) the geographic area where each Lessee is based, and (ix) the amount of the Residual Instalment.

Each Subsequent Portfolio shall have a value so that the Principal Component does not exceed the balance of the Issuer Principal Accumulation Account on the relevant Payment Date, for the sake of clarity after transfer on such account of the Issuer Principal Available Funds in accordance with the Pre-Enforcement Priority of Payments

Upon receipt of the Purchase Report, the Calculation Agent shall, on the basis of the Servicer Report and the Purchase Report, ascertain whether all relevant Performance Conditions, Concentration Conditions and Yield Conditions are satisfied. To the extent that such conditions are satisfied, the Calculation Agent shall send the Confirmation Notice to the Issuer, the Originator, the Rating Agencies and the Representative of the Noteholders.

The Issuer shall not purchase Receivables comprised in any Pool of a Subsequent Portfolio in respect of which the Originator has exercised its put option under the Transfer Agreement if the Performance Conditions of such Pool with reference to the immediately preceding Collection Period End Date are not satisfied. Notwithstanding the foregoing, the Issuer may purchase Receivables comprised in the other Pool(s) of such Subsequent Portfolio if all the conditions precedent for their purchase, including the Performance Conditions, are satisfied. If the Performance Conditions of any Pool are not satisfied as of a Collection Period End Date but are satisfied with reference to a successive Collection Period End Date during the Revolving Period, the Issuer may, subject to the

satisfaction of all other relevant conditions, purchase such Receivables on the Purchase Date following such Collection Period End Date in respect of which the Performance Conditions are satisfied.

The transfer of the Receivables comprised in each of the Subsequent Portfolios shall take place on the relevant Purchase Date (being the date on which the Originator receives the relevant Confirmation Notice of the Calculation Agent) with economic effects as of the relevant Subsequent Portfolio Valuation Date.

*Other features of the sales of Receivables*

The assignment and transfer of the Initial Portfolio has been and of each Subsequent Portfolio will be made without recourse (*pro soluto*) and in accordance with the Securitisation Law. The Receivables comprised in the Initial Portfolio were, and in each Subsequent Portfolio will be, selected on the basis of, respectively, the Initial Portfolio Eligibility Criteria and the Subsequent Portfolio Eligibility Criteria set out in the Transfer Agreement (for further details, see the section "*The Portfolio*").

The Receivables comprised in the Initial Portfolio were (and the Receivables comprised in each Subsequent Portfolio, will be) transferred together with, *inter alia*, all rights to:

- (i) Instalments, including any adjustments thereto as a result of any indexation;
- (ii) interest accrued or which is to mature on all amounts outstanding from the Lessees under the Lease Contracts (for the avoidance of doubt, the amounts herein referred to, are only the amounts transferred to the Issuer according to the other points of this paragraph);
- (iii) penalties or other amounts due as a result of any early termination of such Lease Contracts;
- (iv) any compensation received pursuant to (i) the Insurance Policies or (ii) pursuant to the indemnity provisions in favour of the Originator contained in the Insurance Policies executed by the Lessees, as follows: (a) in respect of any amount due in connection with any Receivable which is unpaid, such unpaid amount; (b) in case the insured event (in respect of which the Insurance Policy has been executed) results in a reduction of the Instalments due under the relevant leased Asset, the amount equal to the present value of such reduction; or (c) in case of an early termination of the relevant Lease Contract, the aggregate of (x) amounts due but unpaid by the Lessee as of the date of termination; and (y) the amount payable by the Lessee pursuant to the Lease Contract upon early termination;
- (v) any variation in Instalments (hereinafter, the "**Instalment Variation**") as a result of any amendment to the Lease Contracts,

in each case, *together with* all the relevant guarantees, connected privileges and pre-emptive rights, and all other ancillary rights (*accessori*) pertaining thereto, as well as any and all other rights, claims and actions (including any action for damages) and defence inherent or otherwise ancillary to such rights, claims and actions and/or to the exercise thereof, in accordance with the provisions of the Lease Contracts and/or all other documents and agreements connected to them and/or pursuant to the applicable law, as well as any other right of the Originator in relation to any and all the Insurance Policies executed in connection with the Receivables and the Lease Contracts, *but excluding, inter alia*, (v) any amount due as value added tax; (w) the Residual Instalment (*riscatto*) due under a Lease Contract payable by the Lessee upon the payment of which the Lessee shall acquire ownership of the leased Asset; (x) any administrative expenses incurred in the collection and in the delivery of Receivables and other ancillary expenses incurred in relation to the Receivables; (y) amounts to be payable by the Lessees in connection with services provided by the Originator and (z) amounts paid by the Lessees by way of insurance premium if such premium is invoiced separately from the Instalments.

The amount of interest accrued on the Residual Instalments will be collected by the Issuer together with the Instalments and will be paid back to Fineco Leasing on each Payment Date out of the Issuer Available Funds in accordance with the applicable Priority of Payments.

#### *Purchase Termination Events*

The Issuer shall refrain from purchasing any further Subsequent Portfolios upon the delivery by the Representative of Noteholders of an Enforcement Notice or a Purchase Termination Notice. For further details, please see section “*Transaction Summary – 6. Transfer and Administration of the Portfolio – Purchase Termination Events*”.

#### *Purchase Price of the Initial Portfolio and Subsequent Portfolios*

The Issuer shall pay an Initial Purchase Price and a Deferred Purchase Price to the Originator as consideration for the transfer of the Initial Portfolio and each Subsequent Portfolio.

The Initial Purchase Price for the Initial Portfolio or, as the case may be, each Subsequent Portfolio, shall be equal to the aggregate amount of (a) the Principal Component, and (b) the Interest Component, in each case, as at the Initial Portfolio Valuation Date or, as the case may be, the relevant Subsequent Portfolio Valuation Date.

The Principal Component of the Initial Purchase Price of the Initial Portfolio being equal to Euro 1,019,029,515.97 shall be paid by the Issuer to the Originator as follows:

- (a) an amount equal to Euro 1,019,000,000.00, will be paid on the Issue Date out of the net proceeds from the issue of the Notes; and
- (b) an amount equal to Euro 29,515.97, will be paid on the First Payment Date out of the Issuer Available Funds and in accordance with the Priority of Payments.

The Principal Component of the Initial Purchase Price of each Subsequent Portfolio will be paid out of the amounts standing to the credit of the Issuer Principal Accumulation Account on the relevant Payment Date, (for the sake of clarity after transfer on such account of the Issuer Principal Available Funds in accordance with the Pre-Enforcement Priority of Payments), following notification by the Originator to the Issuer that a notice of assignment of the relevant Subsequent Portfolio has been: (i) published in the Official Gazette, and (ii) registered with the competent Register of Companies (*Registro delle Imprese*).

The Interest Component of the Initial Purchase Price of the Initial Portfolio will be paid on each Payment Date on which there are Issuer Available Funds available for such purpose, in accordance with the applicable Priority of Payments. The Interest Component of the Initial Purchase Price of each Subsequent Portfolio will be paid on the second Payment Date following the relevant Purchase Date or thereafter on such other Payment Date on which there are Issuer Available Funds available for such purpose, in accordance with the applicable Priority of Payments.

Interest will accrue on the Initial Purchase Price of the Initial Portfolio from the Initial Portfolio Valuation Date until the effective payment of such price at an annual rate of 2.5%. Interest will accrue on the Initial Purchase Price of each Subsequent Portfolio from the relevant Subsequent Portfolio Valuation Date until the effective payment of such price at an annual rate equal to the Euribor applicable to the Notes. The interest accrued on the Initial Portfolio and on each Subsequent Portfolio shall be paid on each Payment Date to the extent that there are Issuer Available Funds available for such purpose in accordance with the applicable Priority of Payments.

The Deferred Purchase Price of the Initial Portfolio and of each Subsequent Portfolio shall be calculated by the

Originator and shall be, for each Collection Period:

- (1) prior to the date on which the Subordinated Loan Agreement has been fully repaid, equal to zero; and
- (2) following the date on which the Subordinated Loan Agreement has been fully repaid, equal to the difference if positive between: (a) the Interest Component of the Instalments due under the Lease Contracts accrued in the relevant Collection Period, including positive or negative indexation amounts, net of any depreciation or loss as calculated by the Servicer at the end of such Collection Period; *plus* (b) default interests and penalties due under the Lease Contracts and collected during such Collection Period; *plus* or *minus* (as the case may be) (c) the net balance of appreciations and depreciations, contingent assets and liabilities and any other positive or negative item received by the Issuer during such Collection Period pursuant to the early cancellation or termination of Lease Contracts or to the sale to third parties of the Assets or to any other cause with respect to the Lease Contracts; *plus* (d) interests and other positive or negative element accrued during such Collection Period on the Accounts (including any investment made by the Issuer or on its behalf); *minus* (e) any operative or financial expenses, costs and charges, whether expected or unexpected, incurred in connection with the Securitisation and incurred during such Collection Period (including current expenditures and taxes, reimbursements due to any entity involved in the Securitisation, payments due under the Swap Agreement, interests due on the Notes, interests collected in respect of the Residual Instalment and thereafter paid back to the Originator, interests paid on the Initial Portfolio Purchase Price and on the Subsequent Portfolio Purchase Prices and any other amount paid in connection with the Securitisation).

#### *Instalment Variations*

In consideration for any Instalment Variation where a Residual Instalment is decreased, the Issuer shall pay the Originator an amount equal to the increase in the Principal Instalments of the relevant Receivables on the Payment Date where there are sufficient Issuer Available Funds to cover such payment in accordance with the applicable Priority of Payments. Where a Residual Instalment is increased and the overall Principal Instalment is decreased, the Originator shall pay the Issuer an amount equal to the decrease in the Principal Instalments of the relevant Receivables, no later than the third Business Day after the date on which such increase has been agreed between the Originator and the relevant Lessees.

#### *Price Adjustments*

The Transfer Agreement provides that if, after the Initial Portfolio Valuation Date or, as the case may be, the Subsequent Portfolio Valuation Date, it transpires that any of the Receivables do not meet the Initial Portfolio Eligibility Criteria or, as the case may be, the Subsequent Portfolio Eligibility Criteria, then it will be deemed not to have been assigned and transferred to the Issuer pursuant to the Transfer Agreement. If, after the Initial Portfolio Valuation Date or, as the case may be, the Subsequent Portfolio Valuation Date, it transpires that any Receivable which meets the Initial Portfolio Eligibility Criteria has not been included in the Initial Portfolio or, as the case may be, that any Receivable which meets the Subsequent Portfolio Eligibility Criteria has not been included in a Subsequent Portfolio, then such Receivable shall be deemed to have been assigned and transferred to the Issuer by the Originator on the Initial Portfolio Valuation Date or, as the case may be, the relevant Subsequent Portfolio Valuation Date.

The Initial Purchase Price of the Initial Portfolio or of the relevant Subsequent Portfolio (as the case may be) shall be adjusted accordingly. In particular, where a Receivable that did not satisfy the Initial Portfolio Eligibility Criteria or Subsequent Portfolio Eligibility Criteria was erroneously transferred to the Issuer, the Originator shall pay an amount equal to (a) the Principal Component of the Receivable and interest accrued thereon at the

relevant applicable Euribor rate plus 100 basis points from the Initial Portfolio Valuation Date or, as the case may be, the relevant Subsequent Portfolio Valuation Date, to the date on which such amount is paid; less (b) all amounts collected in relation to such Receivable since the Initial Portfolio Valuation Date or, as the case may be, the relevant Subsequent Portfolio Valuation Date, and interest accrued thereon at the relevant applicable Euribor rate plus 100 basis points from the date on which such amount was collected until the date on which the sum set out under (a) is paid; *plus* (c) any expenses borne by the Issuer in relation to the recovery of the relevant Receivable and interest accrued thereon at the relevant applicable Euribor rate plus 100 basis points from the date on which such expenses were incurred to the date on which the sum set out under (a) is paid.

If a Receivable which satisfied the Initial Portfolio Eligibility Criteria or, as the case may be, the Subsequent Portfolio Eligibility Criteria, was erroneously not transferred to the Issuer, the Issuer shall pay the Originator an amount equal to (a) the Principal Component of the Receivable and interest accrued thereon at the relevant applicable Euribor rate plus 100 basis points from the Initial Portfolio Valuation Date or, as the case may be, the relevant Subsequent Portfolio Valuation Date until the date on which such amount is paid; *less* (b) all amounts collected in relation to such Receivable from the Initial Portfolio Valuation Date or, as the case may be, the relevant Subsequent Portfolio Valuation Date, and interest accrued thereon at the relevant applicable Euribor rate plus 100 basis points from the date on which such amount has been collected to the date on which the sum set out under (a) is paid.

#### *Sale of Assets and early termination of Lease Contracts*

Under the terms of the Transfer Agreement, the Originator will delegate powers to the Issuer to enable it to sell, during the twenty-four months period preceding the Final Maturity Date, on the Originator's behalf and in the interest of the Issuer, any leased Asset relating to a Lease Contract. The Issuer may exercise such powers of sale only if an expert in the market sector appointed by mutual agreement of the parties, deems the sale price to be adequate. Proceeds from the sale of any leased Asset comprised in the Portfolio shall be applied pursuant to the provisions of the Warranty and Indemnity Agreement.

In the event of an early termination of a Lease Contract, the Originator undertakes to transfer to the Issuer proceeds from the sale of the leased Asset under the relevant Lease Contract for an amount equal to the aggregate amount of (x) amounts due but unpaid by the Lessee as of the termination date of such Lease Contract; (y) the Outstanding Principal Amount of Instalments which would have fallen due after such termination; (w) any additional amount other than Residual Instalment collected by Fineco Leasing as a result of the termination pursuant to the terms of the relevant Lease Contract; and (z) the amount payable by the Issuer pursuant to Article 1526 of the Italian Civil Code.

If the Originator chooses not to sell the relevant leased Asset but to lease it again by entering into a New Lease Contract, the Originator shall pay to the Issuer the above mentioned sum, provided that such amount does not exceed the Outstanding Principal Amount of the new Lease Contract in relation to the Asset of the Lease Contract which has been terminated.

#### *Undertakings*

The Transfer Agreement also contains a number of undertakings by the Originator in respect of its activities relating to the Receivables. The Originator undertakes, *inter alia*, not to assign or transfer the Receivables to any third party or to create any security interest, charge, lien or encumbrance or other right in favour of any third party in respect of the Receivables, in whole or in part, and to refrain from any action which could cause the invalidity of any of the Receivables or of the relevant collateral security until, amongst others, the publication of a notice of the assignment of the Initial Portfolio or any Subsequent Portfolio in the Official Gazette and the

registration of such notice on the Register of Companies (*Registro delle Imprese*) .

The Originator has agreed that its claim for all sums due from the Issuer under the Transfer Agreement (other than for payment of the Principal Component of the Initial Purchase Price of the Initial Portfolio) shall be limited to the lesser of the nominal amount thereof and the amount which may be applied by the Issuer in making such payment in accordance with the applicable Priority of Payments. The Originator has acknowledged and agreed that the obligations of the Issuer contained in the Transfer Agreement will be limited to such sums as aforesaid and any amount that remains unpaid upon completion of all the procedures for the origination, collection and recovery of the Receivables or, in any event, the Final Maturity Date, shall be cancelled.

#### *Governing Law and Jurisdiction*

The Transfer Agreement is governed by Italian law and any disputes arising in respect of the Transfer Agreement shall be settled pursuant to the National Arbitration Rules of the Chamber of National and International Arbitration of Milan.

## DESCRIPTION OF THE WARRANTY AND INDEMNITY AGREEMENT

*The description of the Warranty and Indemnity Agreement set out below is a summary of certain features of that agreement and is qualified by reference to the detailed provisions of the Warranty and Indemnity Agreement. Prospective Noteholders may inspect a copy of the Warranty and Indemnity Agreement upon request at the registered office of each of the Representative of the Noteholders and the Luxembourg Paying Agent.*

The Issuer and Fineco Leasing, in its capacity as Originator, entered into the Warranty and Indemnity Agreement on the Issue Date, pursuant to which the Originator has given certain representations and warranties in favour of the Issuer in relation to the Initial Portfolio as at the Initial Portfolio Valuation Date and the Issue Date as well as in relation to each Subsequent Portfolio to be purchased by the Issuer as at the relevant Subsequent Portfolio Valuation Date.

### *Representations and Warranties*

The Warranty and Indemnity Agreement contains representations and warranties by Fineco Leasing in respect of the following categories:

- (a) Lease Contracts, Receivables and Assets;
- (b) disclosure of information;
- (c) the Securitisation Law and Article 58 of the Consolidated Banking Act; and
- (d) miscellaneous.

Specifically, the Originator has represented and warranted, with reference to the Initial Portfolio, as of the Initial Portfolio Valuation Date and the Issue Date and, with reference to each Subsequent Portfolio, the relevant Subsequent Portfolio Valuation Date, *inter alia*, as follows:

- (i) Each Lease Contract (as amended and/or integrated) is valid and effective and constitutes valid, legal and binding obligations of each party thereto (including the relevant Borrower and/or the relevant Obligor) and enforceable against the receiver (if any) of the Borrower and/or the relevant Obligor in the case of any bankruptcy or insolvency, in accordance with its terms.
- (ii) Each Lease Contract (as amended and/or integrated) has been entered into, executed and performed in accordance with its terms by the Originator in compliance with all applicable laws, rules and regulations from time to time in force, including, without limitation, all laws, rules and regulations relating to financial leasing, usury and personal data protection.
- (iii) Each Lease Contract and any other related agreement, deed or document was entered into and executed without any fraud (*frode*) or wilful misrepresentation (*dolo*) or undue influence by or on behalf of the Originator or its employees.
- (iv) There are no clauses or provisions in the Lease Contracts, or in any other agreement, deed or document connected thereto, pursuant to which the Originator is prevented from transferring, assigning or otherwise disposing of the Receivables (in whole or in part). The transfer of the Receivables to the Issuer pursuant to the Transfer Agreement shall not prejudice or affect in any manner whatsoever the obligation of the relevant Lessee and of any other obligor towards the Originator.
- (v) As at the Initial Portfolio Valuation Date or, as the case may be, each relevant Subsequent Portfolio

Valuation Date, there were (or, as the case may be, will be) no due but unpaid Instalments under the relevant Lease Contract and none of the Lessees was (or, as the case may be, will be) in default of any provision of the relevant Lease Contracts.

- (vi) Up to the Initial Portfolio Valuation Date or, as the case may be, each relevant Subsequent Portfolio Valuation Date, all the amounts due under the relevant Lease Contracts have been fully paid and all the obligations connected thereunder have been performed by the relevant Lessees.
- (vii) Each Lease Contract is a *leasing finanziario traslativo* pursuant to case law of the Italian Supreme Court, according to which a lease contract may be characterised as *leasing finanziario traslativo* if: (a) upon the expiry of the relevant lease contract, the price to be paid by the lessee to exercise his option to purchase the leased asset is substantially lower than the residual value of such asset; and (b) if the rental payments made by the lessee can be deemed to include an element of consideration for the purchase of such asset.
- (viii) Each Lease Contract and the ancillary agreements (if any) are governed by Italian law.
- (ix) The Receivables comprised in the Initial Portfolio are valid and existing in the amount set out in Exhibit “B” of the Transfer Agreement as of the Initial Portfolio Valuation Date. The list of Receivables contained in such Exhibit “B” is an accurate list of all of the Receivables comprised in the Initial Portfolio and shows the Principal Component for each Receivable. The Receivables of each Subsequent Portfolio will be valid and existing as of each relevant Subsequent Portfolio Valuation Date as listed in the relevant Purchase Report.
- (x) Each Receivable (and any related receivable which is not subject to the transfer, *i.e.* value added tax) is fully and unconditionally owned by and available to the Originator and is not subject to any lien (*pignoramento*), seizure (*sequestro*), pledge (*pegno*) or other charges and rights in favour of any third party.
- (xi) Each Receivable is denominated in Euro.
- (xii) No claims have been made for adverse possession (including *usucapione*) in respect of any of the Assets nor are there any prejudicial registrations, annotations (*iscrizioni* or *trascrizioni pregiudizievoli*) or third party claims or pending proceedings for the total or partial expropriation (*espropriazione*) of such Assets.
- (xiii) At the time of the execution of the Lease Contract, the relevant leased real estate Assets were duly registered with the competent land offices or a valid application had been duly submitted for their registration, in compliance with all applicable laws and regulations.
- (xiv) All the real estate Assets are located in Italy or, in the case of movable registered assets, registered in Italy in the *Pubblico Registro Automobilistico*.
- (xv) Each Collateral Security is valid and enforceable, has been duly granted and created and is enforceable against third parties. Such Collateral Security has been relied upon by the Originator and meets all requirements under all applicable laws and regulations.
- (xvi) The Receivables are not secured by any collateral security which has not been transferred to the Issuer pursuant to the Transfer Agreement.
- (xvii) All Collateral Security has been granted at the time of the execution of the relevant Lease Contract or at the time of any integration thereof or at the time of delivery of the relevant Asset.

- (xviii) The Assets are covered by insurance policies entered into by the Originator or by the Lessee but held for the benefit of the Originator.
- (xix) The transfer by the Originator to the Issuer of its rights under the insurance policies does not in any manner prejudice the validity of the policies.
- (xx) The Originator has not, up to (but excluding) the date of execution of the Transfer Agreement in relation to the Initial Portfolio or, as the case may be, the Subsequent Portfolio Valuation Date in relation to any Subsequent Portfolios, waived or discharged any Borrower and/or Obligor from its obligations, nor subordinated its own rights to claims of other creditors thereof, except to the extent of payments made in satisfaction of the relevant Receivables or except where and to the extent it is required in accordance with prudent practice in order to safeguard the position of the Originator as owner of the relevant Receivables.
- (xxi) The books, records, data and documents relating to the Lease Contracts, to the Receivables and to all the Instalments and any other amounts to be paid or repaid thereunder have been duly maintained and are complete, proper and up to date in all material respects, and all such books, records, data and documents are kept by the Originator.
- (xxii) All the data supplied by the Originator to the Issuer and/or its representatives, agents and advisors for the purpose or in connection with the Warranty and Indemnity Agreement, the Transfer Agreement and/or for the purpose of or in relation to the Securitisation, in relation to the Lease Contracts, the Receivables, the Instalments, the Assets, the Collateral Security or the application of the Criteria, are true and accurate in every material respect for the purpose of the Securitisation and no material information in the possession of the Originator has been omitted.
- (xxiii) The Originator has selected the Receivables comprised in the Initial Portfolio pursuant to the Initial Portfolio Eligibility Criteria, and will select the Receivables comprised in each Subsequent Portfolio pursuant to the Subsequent Portfolio Eligibility Criteria, so that they possess specific objective common elements such as to constitute a portfolio of homogenous monetary rights within the meaning and for the purposes of Securitisation Law. The Initial Portfolio Eligibility Criteria and, as the case may be, the Subsequent Portfolio Eligibility Criteria, used by the Originator have been or, as the case may be, will have been, correctly applied in the identification of the Receivables and (i) no Receivables exist which are comprised in the Initial Portfolio or, as the case may be, each Subsequent Portfolio, owned by the Originator which meet the Initial Portfolio Eligibility Criteria or, as the case may be, the Subsequent Portfolio Eligibility Criteria, and accordingly, which should have been included in Exhibit "B" to the Transfer Agreement or in the list of Receivables of each Subsequent Portfolio but have been excluded therefrom; (ii) no Receivables exist which are listed in Exhibit "B" to the Transfer Agreement or the list of Receivables of each Subsequent Portfolio which do not meet the Initial Portfolio Eligibility Criteria or, as the case may be, the Subsequent Portfolio Eligibility Criteria, whose exclusion or, as the case may be, inclusion in such exhibit might prejudice the Securitisation.
- (xxiv) None of the Lease Contracts grants the relevant Lessee the right to prepay the sums due thereunder.

#### *Indemnity*

Pursuant to the Warranty and Indemnity Agreement, the Originator has agreed to indemnify and hold harmless the Issuer or any of its permitted assigns from and against any and all damages, losses, claims, liabilities, costs and expenses awarded against (including, but not limited to, legal fees and disbursement including any value added tax) or incurred by the Issuer or any of its permitted assigns arising from (a) the breach by the Originator

of any provisions contained in the Warranty and Indemnity Agreement; (b) any representations and/or warranties made by the Originator thereunder, being false, incomplete, incorrect or misleading; or (c) failure to collect or recover the Receivables as a consequence of action or counterclaims or claims for set-off (including, without limitation, any claim pursuant to usury regulations or Article 1283 of the Italian Civil Code) against the Originator by a Borrower and/or Obligor (if any) and/or the receiver of the Borrower and/or the Obligor, as the case may be.

The Issuer shall submit to the Originator any claim for indemnity in writing, stating the grounds and amount of such claim and the Originator may, within 30 Business Days from the receipt of such claim, submit any objection thereto and in the absence of any objection, the amount claimed by the Issuer shall be deemed accepted by the Originator. Where the objection by the Originator is not resolved within 30 Business Days, and if the objection regards a question of fact or quantification of the claim, the parties may appoint a primary international accounting firm (the "**Expert**"), which shall determine the amount of damages, losses, claims, liabilities, costs and expenses due to the Issuer under Clause 4.1 of the Warranty and Indemnity Agreement and its determination shall be final and binding on the parties. If the parties fail to agree on the choice of the Expert, such expert shall be appointed by the chairman of the Italian Banking Association (*Associazione Bancaria Italiana*) at the parties' request. On the other hand, if the objection regards a question of law or if the parties fail to agree on the nature of the objection, either party may submit the matter for arbitration. The Originator's indemnity obligations under Clause 4 of the Warranty and Indemnity Agreement shall be limited to the Principal Component of the Receivable to which such indemnity claim is attributable to, plus any accrued interest and expenses incurred by the Issuer in relation to the transfer and collection of the Receivable in question.

Clause 4.5 of the Warranty and Indemnity Agreement furthermore provides that if the indemnity claim of the Issuer is attributable to the failure to collect or recover the Receivables as a consequence of action or counterclaims or claims for set-off brought by a Lessee or Obligor (including, without limitation, any claim pursuant to the Usury Law or Article 1283 of the Italian Civil Code) against the Originator by a Borrower and/or Obligor (if any) and/or the receiver of the Borrower and/or the Obligor, as the case may be, the Originator shall pay to the Issuer the amount claimed by the Borrower or Obligor plus interest. If the Originator does not contest the amount claimed, such payment shall be in satisfaction of the Originator's indemnity obligations under the Warranty and Indemnity Agreement. If the Originator intends to contest the amount claimed, such payment shall be deemed to be a limited recourse loan (a "**Limited Recourse Loan**") advanced by the Originator to the Issuer and shall be repaid to the Originator out of, and to the extent of, the amounts (if any) collected or recovered in respect of the relevant Receivable.

The representations and warranties given, as of the Initial Portfolio Valuation Date or, as the case may be, the Subsequent Portfolio Valuation Date, by the Originator and the Originator's indemnity obligations under the Warranty and Indemnity Agreement shall remain valid and effective until the Final Maturity Date and, for the avoidance of doubt, any claim for indemnity submitted prior to the expiry of such period shall remain valid until such claim is settled and paid in full.

#### *Termination of the Lease Contracts upon Breach by Lessees*

Pursuant to Clause 5 of the Warranty and Indemnity Agreement, in the event that the Issuer is required, in accordance with Article 1526 of the Italian Civil Code, by a court order (including a temporary enforcement order) or a settlement agreement, to repay, in whole or in part, any amount received in relation to a Receivable, the Originator undertakes to make an advance to the Issuer that is equivalent to such amount, provided that proceeds from the sale (if any) of the relevant Asset have not yet been paid to the Issuer pursuant to Clause 9.1 of the Transfer Agreement or the Originator has not paid to the Issuer the amount due under Clause 9.2 of the Transfer Agreement. Any amount so advanced by the Originator to the Issuer shall be repaid by the Issuer out of the proceeds from the sale of the relevant Asset after payment out of such proceeds of the expenses incurred in

connection with such sale. To the extent that the sale proceeds are insufficient to repay the Advance, any residual amounts shall be paid out of the Issuer Available Funds in accordance with the applicable Priority of Payments.

#### *Undertakings of the Issuer*

The Issuer has given certain representations and warranties to the Originator in relation to its due incorporation, solvency and due authorisation, execution and delivery of the Warranty and Indemnity Agreement and the Transfer Agreement. The Issuer has undertaken to indemnify the Originator or any of its permitted assigns from and against any and all damages, losses, claims, liabilities, costs and expenses awarded against (including, but not limited to, legal fees and disbursements including any value added tax) or incurred by the Originator or any of its permitted assigns arising from any representations and/or warranties made by the Issuer thereunder being false, incomplete or incorrect. The Issuer is entitled to contest any indemnity claim requested by the Originator and any dispute in relation thereto shall be settled in accordance with the National Arbitration Rules of the National and International Chamber of Commerce of Milan.

#### *Limited Recourse*

The Warranty and Indemnity Agreement provides that the obligations of the Issuer to make any payments thereunder, including the indemnity obligations of the Issuer shall be limited to the lesser of the nominal amount thereof and the Issuer Available Funds which may be applied by the Issuer in making such payment in accordance with the applicable Priority of Payments. The Originator acknowledges that the obligations of the Issuer contained in the Warranty and Indemnity Agreement will be limited to such sums as aforesaid and that it will have no further recourse to the Issuer in respect of such obligations.

#### *Governing Law and Jurisdiction*

The Warranty and Indemnity Agreement is governed by Italian law and any disputes arising in respect of the Transfer Agreement shall be settled pursuant to the National Arbitration Rules of the Chamber of National and International Arbitration of Milan.

## DESCRIPTION OF THE SERVICING AGREEMENT

*The description of the Servicing Agreement set out below is a summary of certain features of that agreement and is qualified by reference to the detailed provisions of the Servicing Agreement. Prospective Noteholders may inspect a copy of the Servicing Agreement at the registered office of each of the Representative of the Noteholders and the Luxembourg Paying Agent.*

The Issuer and the Servicer entered into the Servicing Agreement on the Transfer Date.

### *Duties of the Servicer*

Pursuant to the terms of the Servicing Agreement, the Servicer has agreed to administer, service and collect the Receivables, including the management of judicial proceedings in relation to the Receivables and Defaulted Receivables on behalf of the Issuer in accordance with the provisions of the Servicing Agreement and the Collection Policy.

The receipt of cash collections in respect of the Receivables is the responsibility of the Servicer who will be the *soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento, della gestione dei procedimenti giudiziari*, pursuant to the Securitisation Law. In its capacity as Servicer, Fineco Leasing is also responsible for ensuring that such operations comply with the provisions of Article 2.3(c) of the Securitisation Law.

For the entire duration of the Servicing Agreement, the Servicer shall collect the Receivables on behalf of the Issuer and shall pay any such Collections into the Issuer Collection Account one Business Day following receipt thereof.

Pursuant to the terms of the Servicing Agreement and the Collection Policy, the Servicer shall carry out, *inter alia*, the following activities:

- (a) manage the Receivables in compliance with the collection policy attached to the Servicing Agreement (the “**Collection Policy**”) and carry out all activities necessary for the administration and collection of such Receivables with due diligence and in compliance with all applicable laws;
- (b) ensure the segregation of the Collections from the other assets of the Servicer, the Issuer and any other party in accordance with the provisions of the Servicing Agreement and the Cash Allocation, Management and Payments Agreement;
- (c) where necessary, commence judicial proceedings and/or participate in pending enforcement proceedings and/or participate in liquidation proceedings in order to maximise the recovery of any amounts;
- (d) negotiate and, if necessary, agree to a settlement in relation to the Receivables, grant extensions or waivers for payments;
- (e) maintain an effective accounting and monitoring system to ensure compliance with its obligations under the Servicing Agreement; and
- (f) ensure compliance with any applicable legislation, including applicable usury legislation with respect to any amounts received from the Lessees, together with any privacy regulations with respect to the transfer of data and information pertaining to the Receivables, the Lessees and/or Obligors.

## *Reports*

The Servicer shall prepare and submit the Servicer Report to, amongst others, the Issuer, the Calculation Agent, the Rating Agencies and the Representative of the Noteholders, on or before each Report Date which shall provide information as set out in the Servicing Agreement. A firm of internationally recognised auditors acceptable to the Representative of the Noteholders shall prepare a semi-annual report (the “**Audit Report**”) in relation to the information and data contained in the last two Servicer Reports.

## *Servicing Fee*

In consideration for the services provided by the Servicer, the Issuer will pay the Servicer a fee calculated pursuant to the terms of the Servicing Agreement (the “**Servicing Fee**”) on each Payment Date. In relation to the Defaulted Receivables, any costs and expenses incurred by the Servicer in connection with the Defaulted Receivables, shall be reimbursed by the Issuer on each Payment Date in accordance with the applicable Priority of Payments.

## *Delegation of Duties*

Under the terms of the Servicing Agreement, the Servicer is expressly authorised by the Issuer to delegate certain activities to third parties, without prejudice, however, to the monitoring responsibilities of the Servicer pursuant to Article 2, paragraph 6 of the Securitisation Law. The Servicer shall remain at all times responsible for any activities delegated by it to third parties.

## *Negative Indexation Amount*

Under the terms of Lease Contracts that have a floating rate interest, Instalments are index-linked to three month Euribor from time to time applicable. Instalments paid during each three-month period are adjusted on the basis of the applicable rate and any excess paid by the Lessee (an “**Individual Negative Indexation Amount**” and the aggregate Individual Negative Indexation Amounts due under all Lease Contracts comprised in the Portfolio, the “**Negative Indexation Amount**”) is to be repaid to the Lessee pursuant to the terms of the Lease Contract.

The Servicer shall calculate, and indicate in the Servicer Report, the Negative Indexation Amount. On each Payment Date the Servicer will receive an amount, as indicated in the most recent Servicer Report, which will be used by the Servicer to pay to each relevant Lessee the respective Individual Negative Indexation Amounts and/or, to the extent that the Servicer has paid in advance, under the terms of the Servicing Agreement, any Individual Negative Indexation Amount to the Lessee(s), by way of reimbursement to the Servicer of the sum so paid.

## *Documentation*

Pursuant to the Servicing Agreement, the Issuer and the Representative of the Noteholders are entitled to inspect and take copies of the documentation and records relating to the Receivables, subject to reasonable notice being given to the Servicer.

## *Variation to Terms of Lease Contracts*

Pursuant to the Servicing Agreement, the Servicer may, in compliance with the Collection Policy and the conservative financial market practice, re-negotiate, agree to an early termination or otherwise amend the Instalment due dates under the Lease Contracts, provided that all the terms and conditions required under the Servicing Agreement are met.

### *Right of Set-off*

Pursuant to the Servicing Agreement whether the Servicer has transferred to the Issuer amounts either by mistake or which have not been then received by the relevant Lessees, it is entitled to hold an equivalent amount out of the future Collections after having provided the Issuer with the relevant documentation.

### *Insurance*

Under the terms of the Servicing Agreement, the Servicer has undertaken to maintain the validity of all insurance policies that cover risks in relation to the leased Assets and Collateral Security (if any), in order to secure repayment of all amounts due under the relevant Lease Contracts and shall, in such connection, take all necessary steps for the renewal of such policies and payment of the relevant insurance premia. Any amounts paid by the Servicer in relation to such insurance policies shall be reimbursed to the Servicer out of the Issuer Available Funds in accordance with the applicable Priority of Payments.

### *Assignment and Termination*

Except as otherwise provided in the Servicing Agreement, the Servicer is not entitled to assign its rights or otherwise transfer its obligations pursuant to the Servicing Agreement without the prior written consent of the Issuer and the Representative of the Noteholders. The Rating Agencies shall be promptly informed in the event of such assignment. The Servicing Agreement will terminate on the earlier of (i) the Final Maturity Date; and (ii) the date on which the appointment of the Servicer has been terminated pursuant to the provisions of the Servicing Agreement (the “**Expiry Date**”).

The Issuer may terminate (or shall terminate, if so required by the Representative of Noteholders), at its own discretion, the appointment of the Servicer and appoint a successor Servicer if, amongst others, one of the following events takes place:

- (i) an order is made by any competent judicial authority providing for the admission of the Servicer to any insolvency proceedings or a resolution is passed by the Servicer for the admission of the Servicer to any insolvency proceedings;
- (ii) the Servicer no longer meets all legal and regulatory requirements to carry out its activities as Servicer of the Securitisation;
- (iii) failure on the part of the Servicer to comply with or perform any obligation under the Servicing Agreement such as to materially prejudice the management and collection or, as the case may be, recovery, of the Receivables or the Defaulted Receivables;
- (iv) the Issuer does not receive, within five Business Days after the due date, the Audit Report as a result of the gross negligence (*colpa grave*) or wilful default (*dolo*) of the Servicer;
- (v) the Issuer and the Calculation Agent do not receive the Servicer Report within 5 Business Days from its due date;
- (vi) a material breach by the Servicer of the representations and warranties given by it under the Servicing Agreement or one or more of such representations and warranties proves to be materially inexact or misleading;
- (vii) the breach by the Servicer of its obligations to credit any amount received in relation to the Receivables to the Issuer Collection Account and such breach continues for more than 5 Business Days; and

- (viii) the failure to substitute the Servicer may cause the downgrading of the credit rating of one or both Classes of Notes by one or more Rating Agencies.

The Servicer may also give written notice to terminate the Servicing Agreement to the Issuer where the Issuer does not comply with its payment obligations towards the Servicer.

*Limited Recourse*

The Servicer has acknowledged and accepted that, subject to any provisions to the contrary in the Servicing Agreement, it does not have any recourse against the Issuer for any damages, claims, liabilities, costs, and/or expenses (including, without limitation, legal fee and expenses) incurred by it as a result of the performance of its activities under the Servicing Agreement, except and to the extent that such damages are caused by the wilful default (*dolo*) or negligence (*colpa*) of the Issuer.

The Servicer has agreed that any claim for payment of sums due from the Issuer under the Servicing Agreement will be limited to the lesser between the amount of such claim and the Issuer Available Funds available to satisfy such claim, in accordance with the applicable Priority of Payments. Any amount which remains unpaid following the completion of all procedures undertaken for the recovery of the Receivables or, in any event, on the Final Maturity Date, shall be deemed to be waived by the Servicer and cancelled.

*Governing Law and Jurisdiction*

The Servicing Agreement is governed by Italian law. Any disputes arising out of or in connection with the Servicing Agreement will be settled pursuant to the National Arbitration Rules of the Chamber of National and International Arbitration of Milan.

## DESCRIPTION OF THE CASH ALLOCATION, MANAGEMENT, PAYMENT AND AGENCY AGREEMENT

*The description of the Cash Allocation, Management, Payment and Agency Agreement set out below is a summary of certain features of that agreement and is qualified by reference to the detailed provisions of the Cash Allocation, Management, Payment and Agency Agreement. Prospective Noteholders may inspect a copy of the Cash Allocation, Management, Payment and Agency Agreement upon request at the registered office of each of the Representative of the Noteholders and the Luxembourg Paying Agent.*

On or about the Issue Date, the Issuer has entered into the Cash Allocation, Management, Payment and Agency Agreement with the Representative of the Noteholders, the Account Banks, the Servicer, the Cash Manager, the Calculation Agent and the Paying Agents.

Pursuant to the Cash Allocation, Management, Payment and Agency Agreement, the Account Banks, the Calculation Agent, the Paying Agents and the Cash Manager will provide the Issuer with certain calculation, notification, payment and reporting services together with account handling and management services in relation to moneys from time to time standing to the credit of the Accounts, and the Luxembourg Paying Agent and the Issuer agreed, *inter alia*, to make available for inspection such documents as may from time to time be required by the rules of the Luxembourg Stock Exchange and to arrange for the publication of any notice to be given to the Noteholders.

### *The Accounts*

The Accounts held with the Account Bank and the Investment Account Bank will be opened in the name of the Issuer and, in the case of the Issuer Collection Account, the Issuer Transaction Account, the Issuer Payments Account, the Issuer Principal Accumulation Account, the Issuer Expenses Account and the Issuer Cash Reserve Account, shall be operated by the Account Bank and in the case of the Issuer Investment Account and the Issuer Securities Account, shall be operated by the Investment Account Bank. The amounts standing to the credit of the Accounts shall be debited and credited in accordance with the provisions of the Cash Allocation, Management, Payment and Agency Agreement, the Mandate Agreement, the Intercreditor Agreement and the Security Documents.

Under the terms of the Cash Allocation, Management, Payment and Agency Agreement, funds standing from time to time to the credit of the Issuer Investment Account may be invested by the Investment Account Bank, upon instructions of the Cash Manager, in Eligible Investments and in accordance with the terms of such agreement. Any return generated by such Eligible Investments shall form part of the Issuer Available Funds.

### *Reporting Requirements*

On or prior to each Report Date, each of the Account Banks shall deliver to the Issuer, the Administrative Services Provider, the Representative of the Noteholders, the Paying Agents, the Servicer, the Cash Manager and the Calculation Agent (i) in case of the Account Bank, a report (the "**Account Bank Report**") which shall contain details of the balance of each of the Accounts held with the Account Bank and interest accrued thereon (if any), and (ii) in case of the Investment Account Bank, a report (the "**Investment Account Bank Report**") which shall contain details of the balance of each of the Accounts held with the Investment Account Bank and interest accrued thereon (if any) as well as the return on any Eligible Investments deriving from funds standing to the credit of the Issuer Investment Account.

Subject to receipt by it of, *inter alia*, the Servicer Report (see "*Description of the Servicing Agreement*"), the Account Bank Report and the Investment Account Bank Report, in each case, referring to the preceding Collection Period and certain further reports from the Originator and the Subordinated Lender, the Calculation

Agent will prepare a Payment Report with respect to such Collection Period, setting out, *inter alia*, payments to be made on the next succeeding Payment Date in accordance with the applicable Priority of Payments. The Calculation Agent shall, no later than the close of business on the Payment Report Date, deliver a copy of the Payment Report to, *inter alios*, the Issuer, the Originator, the Representative of the Noteholders, the Paying Agents, the Account Banks, the Luxembourg Stock Exchange and the Rating Agencies.

In this respect, prospective Noteholders should be aware that as at the Issue Date, the Calculation Agent is Capitalia which directly and indirectly controls the Originator. The Calculation Agent may be substituted in accordance with the terms of the Cash Allocation, Management, Payment and Agency Agreement.

On each Payment Date, payments of interest and/or principal to the Noteholders will be made in accordance with the applicable Priority of Payments and the relevant Payment Report, subject to the relevant amounts being credited to the Issuer Payment Account before 10:00 a.m. (Milan Time) of the second Business Day prior to each Payment Date.

The Account Banks shall, on behalf of the Issuer, maintain or procure the maintenance of records in respect of the Accounts held by each of them.

#### *Representations and Warranties*

The Cash Allocation, Management, Payment and Agency Agreement contains representations and warranties of the Issuer, the Account Banks, the Cash Manager, the Paying Agents and the Calculation Agent in respect of, *inter alia*, their status, powers and authorisations, solvency, non violation and (in the case of the Account Banks) rating.

#### *Liability*

None of the Account Banks, the Cash Manager, the Paying Agents or the Calculation Agent shall be liable in respect of any loss, liability, claim, expense or damage suffered or incurred by any other party to the Cash Allocation, Management, Payment and Agency Agreement as a result of the performance of its obligations thereunder save where such loss, liability, claim, expense or damage is suffered or incurred as a result of any fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*) of such Agent.

#### *Termination*

Upon the occurrence of certain events, the Issuer may, subject to the prior written approval of the Representative of the Noteholders, terminate the appointment of one or both the Account Banks, the Cash Manager, one or both of the Paying Agents and/or the Calculation Agent, as the case may be.

The Account Banks, the Cash Manager, the Paying Agents and the Calculation Agent may resign from their appointment under the Cash Allocation, Management, Payment and Agency Agreement upon giving not less than three months (or such shorter period as the Representative of the Noteholders may agree) prior written notice of termination to the Issuer, the Representative of the Noteholders and the other parties thereto.

The Issuer may, with the prior written approval of the Representative of the Noteholders, terminate the appointment of any of the Account Banks, the Cash Manager, the Paying Agents and the Calculation Agent in any circumstances by giving two months prior written notice of such termination to the relevant party and to the other parties thereto.

All of the above terminations and resignations shall only take effect, subject to certain conditions, including that a substitute account bank, cash manager, paying agent or calculation agent (as the case may be) has been

appointed. Provided that if the above mentioned conditions have not been satisfied within 30 (thirty) calendar days from the date on which the relevant retiring party's appointment would have otherwise been terminated, such retiring party will be entitled to propose a substitute party to the Issuer and the Representative of the Noteholders.

The Cash Allocation, Management, Payment and Agency Agreement contains provisions as to the choice of such substitute account bank, cash manager, paying or calculation agent (as the case may be).

*Governing Law and Jurisdiction*

The Cash Allocation, Management, Payment and Agency Agreement is governed by Italian law and the courts of Milan shall have exclusive jurisdiction in relation to any disputes arising in respect of the Cash Allocation, Management, Payment and Agency Agreement.

## DESCRIPTION OF THE INTERCREDITOR AGREEMENT

*The description of the Intercreditor Agreement set out below is a summary of certain features of that agreement and is qualified by reference to the detailed provisions of the Intercreditor Agreement. Prospective Noteholders may inspect a copy of the Intercreditor Agreement at the registered office of each of the Representative of the Noteholders and the Luxembourg Paying Agent.*

### *General*

On or about the Issue Date, the Originator, the Servicer, the Administrative Services Provider, the Account Bank, the Investment Account Bank, the Stichting Corporate Services Provider, the Quotaholder, the Cash Manager, the Paying Agents, the Lead Manager, the Calculation Agent, the Swap Counterparty, the Subordinated Lender and the Representative of the Noteholders (the “**Other Issuer Creditors**”) for itself and on behalf of the Noteholders and the Issuer shall enter into the Intercreditor Agreement, which agreement shall set out, *inter alia*, the Priority of Payments of payments to be made out of the Issuer Available Funds both prior to and following an Enforcement Event.

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

### *Disposal of the Portfolio following the occurrence of an Enforcement Event*

Pursuant to the Intercreditor Agreement, following the service of an Enforcement Notice and in accordance with the Conditions, the Issuer will be entitled (with the prior consent of the Representative of the Noteholders), or the Representative of the Noteholders will be entitled (or shall if so requested by an Extraordinary Resolution of the holders of the most senior Class of Notes then outstanding) to direct the sale, in whole or in part, of the Portfolio if:

- (a) a sufficient amount would be realised from such disposal to allow discharge in full of all amounts owing to the Noteholders and amounts ranking in priority thereto or *pari passu* therewith or, if such amount would not be realised, a certificate issued by two reputable banks or financial institutions stating that the purchase price for the Portfolio is fair (based upon such bank or financial institution’s evaluation of the Portfolio) has been obtained by the Issuer or by the Representative of the Noteholders;
- (b) the relevant purchaser has obtained all the necessary approvals and authorisations;
- (c) the relevant purchaser has produced:
  - (i) a certificate signed by its legal representative stating that such purchaser is solvent;
  - (ii) a solvency certificate (*certificato di iscrizione nella sezione ordinaria*) issued by the competent Companies Register office and dated not more than ten days before the date on which the Portfolio will be disposed;
  - (iii) a certificate, issued by the Court competent for the territory in which is based the legal office of such purchaser, stating that no applications for commencement of insolvency proceedings against such purchaser has been made in the last five years; and
  - (iv) evidence of its solvency satisfactory to the Representative of the Noteholders.

#### *Disposal of the Portfolio in connection with an Optional Redemption*

Pursuant to the Intercreditor Agreement, in connection with any early redemption of the Notes pursuant to Condition 7.3 (*Optional Redemption*), the Issuer may, or the Representative of the Noteholders may (or shall if so requested by an Extraordinary Resolution of the holders of the most senior Class of Notes then outstanding) direct the Issuer to, dispose of the Portfolio or any part thereof to finance such early redemption of the Notes, if:

- (a) a sufficient amount would be realised from such disposal to allow discharge in full of all amounts owing to the holders of the Notes and amounts ranking in priority thereto or *pari passu* therewith;
- (b) the relevant purchaser has obtained all the necessary approvals and authorisations; and
- (c) the relevant purchaser has produced evidence of its solvency satisfactory to the Representative of the Noteholders.

#### *Disposal of the Portfolio in connection with a Redemption for Taxation*

Pursuant to the Intercreditor Agreement, In connection with any early redemption of the Notes pursuant to Condition 7.4 (*Redemption for taxation*), the Issuer may, or the Representative of the Noteholders may (or shall if so requested by an Extraordinary Resolution of the holders of the most senior Class of Notes then outstanding) direct the Issuer to, dispose of the Portfolio or any part thereof to finance such early redemption of the relevant Notes to be redeemed thereunder if:

- (a) a sufficient amount would be realised from such disposal to allow discharge in full of all amounts owing to the holders of the Notes to be redeemed and amounts ranking in priority thereto or *pari passu* therewith;
- (b) the relevant purchaser has obtained all the necessary approvals and authorisations;
- (c) the relevant purchaser has produced evidence of its solvency satisfactory to the Representative of the Noteholder; and
- (d) the Rating Agencies have previously confirmed in writing that the then current rating of the Notes that would remain outstanding would not be adversely affected.

#### *Repurchase of Portfolio by the Originator*

Pursuant to the Intercreditor Agreement, in connection with any sale by the Issuer of the Portfolio (or part of it) either following the service of any Enforcement Notice, or for the purpose of any early redemption of the Notes pursuant to Condition 7.3 (*Optional Redemption*) or Condition 7.4 (*Redemption for taxation*), the Originator may offer to repurchase such Portfolio (or part of it) only subject to:

- (a) the Portfolio Outstanding Principal Balance being equal to or less than 10% of the lesser of: (i) the Initial Portfolio Outstanding Principal Balance; and (ii) the Initial Purchase Price of the Initial Portfolio; and
- (b) the repurchase price for the Delinquent Receivables and the Defaulted Receivables to be repurchased being equal the relevant market value, as determined by a third party arbitrator appointed jointly by the Issuer and the Originator and, in the absence of agreement between the parties, by the chairman of the Italian Banking Association.

*Governing Law and Jurisdiction*

The Intercreditor Agreement is governed by Italian law and the courts of Milan shall have exclusive jurisdiction in relation to any disputes arising in respect of the Intercreditor Agreement.

## DESCRIPTION OF THE SECURITY DOCUMENTS

*The description of the Italian Deed of Pledge and of the English Deed of Charge set out below is a summary of certain features of such deeds and is qualified by reference to the detailed provisions of such deeds. Prospective Noteholders may inspect a copy of the Italian Deed of Pledge and of the English Deed of Charge at the registered office of each of the Representative of the Noteholders and the Luxembourg Paying Agent.*

### **Deed of Pledge**

On or about the Issue Date the Issuer and the Representative of the Noteholders (acting on behalf of the Noteholders and the Other Issuer Creditors) entered into an Italian law Deed of Pledge.

Pursuant to the Deed of Pledge, the Issuer has pledged in favour of the Noteholders and the Other Issuer Creditors, (i) its monetary claims and rights deriving from certain Transaction Documents (except for the Receivables and the amounts deriving from the collection and recovery of the Receivables) and (ii) any existing or future pecuniary claim and right in connection with any sum credited from time to time to the Issuer Transaction Account, the Issuer Cash Reserve Account, the Issuer Payments Account, the Issuer Expenses Account and the Issuer Principal Accumulation Account.

#### *Governing Law and Jurisdiction*

The Deed of Pledge is governed by Italian law and the courts of Milan shall have exclusive jurisdiction in relation to any disputes arising in respect of the Deed of Pledge.

### **Deed of Charge**

On or about the Issue Date the Issuer and the Representative of the Noteholders (acting on behalf of the Noteholders and the Other Issuer Creditors) entered into an English law Deed of Charge.

Pursuant to the Deed of Charge the Issuer has charged, in favour of the Noteholders and the Other Issuer Creditors, all of the Issuer's rights, title, interest and benefit (present and future) in, to and under the Swap Agreement, the Issuer Investment Account, the Issuer Securities Account, the Eligible Investments and all dividends, interest and other monies payable in respect thereof and all other rights, benefits and proceeds deriving therefrom.

#### *Governing Law and Jurisdiction*

The Deed of Charge is governed by English law and the Courts of England shall have exclusive jurisdiction in relation to any disputes arising in respect of the Deed of Charge.

## DESCRIPTION OF THE MANDATE AGREEMENT

*The description of the Mandate Agreement set out below is a summary of certain features of that agreement and is qualified by reference to the detailed provisions of the Mandate Agreement. Prospective Noteholders may inspect a copy of the Mandate Agreement at the registered office of each of the Representative of the Noteholders and the Luxembourg Paying Agent.*

On or about the Issue Date, the Issuer and the Representative of the Noteholders have entered into the Mandate Agreement pursuant to which, subject to, *inter alia*, an Enforcement Notice being served upon the Issuer and 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 all the Issuer's non-monetary rights arising out of the Transaction Documents to which the Issuer is a party.

### *Governing Law and Jurisdiction*

The Mandate Agreement is governed by Italian law and the Courts of Milan shall have exclusive jurisdiction in relation to any disputes arising in respect of the Mandate Agreement.

## DESCRIPTION OF THE SWAP AGREEMENT

*The description of the Swap Agreement set out below is a summary of certain features of that agreement and is qualified by reference to the detailed provisions of the Swap Agreement. Prospective Noteholders may inspect a copy of the Swap Agreement at the registered offices of each the Representative of the Noteholders and the Luxembourg Paying Agent.*

Pursuant to a swap agreement entered into on or about the Issue Date with the Swap Counterparty in the form of an International Swaps and Derivatives Association, Inc. (“**ISDA**”) 1992 Master Agreement (Multicurrency-Cross Border), together with a Schedule thereto (the “**Master Agreement**”) and the related confirmation, the Issuer will hedge its potential interest rate exposure under the Notes.

### *Payments to be made under the Swap Agreement*

Pursuant to the terms of the Swap Agreement:

- (i) on each Swap Payment Date, the Swap Counterparty will make a payment to the Issuer in an amount equal to the Swap Counterparty Floating Amount multiplied by the Adjustment Factor; and
- (ii) on each Payment Date, the Issuer shall make a payment to the Swap Counterparty in an amount equal to the aggregate of the Issuer Floating Amount and the Issuer Fixed Amount.

### *Termination Date*

The Swap Agreement shall terminate on the earlier of (i) the Final Maturity Date and (ii) the date on which the Principal Amount Outstanding under the Notes is reduced to zero.

The Swap Agreement provides for several termination events, including the service of an Enforcement Notice on the Issuer.

The Swap Agreement requires the Swap Counterparty to take certain actions (which include the posting of adequate credit support, the provisions of guarantees by adequately rated entities or the transfer of the Swap Counterparty’s rights and obligations to a suitable rated and domiciled third party) in case of downgrading of (i) the rating of its long term, unsecured, unsubordinated debt obligations below A by Fitch or A1 by Moody’s; or (ii) the rating of its short term, unsecured, unsubordinated debt obligations below F1 by Fitch or P1 by Moody’s, failing which the Swap Counterparty is required to post adequate credit support. The Swap Agreement requires the Swap Counterparty to take further action (which include the posting of adequate credit support, the provisions of guarantees by adequately rated entities or the transfer of the Swap Counterparty’s rights and obligations to a suitable rated and domiciled third party) in case of downgrading of (i) the rating of its long term, unsecured, unsubordinated debt obligations below BBB+ by Fitch or A3 by Moody’s; or (ii) the rating of its short term, unsecured, unsubordinated debt obligations below F2 by Fitch or P2 by Moody’s, failing which the Swap Agreement s terminated.

### *Governing Law and Jurisdiction*

The Swap Agreement is governed by English law and the Courts of England shall have exclusive jurisdiction in relation to any disputes arising in respect of the Swap Agreement.

## DESCRIPTION OF THE SUBORDINATED LOAN AGREEMENT

*The description of the Subordinated Loan Agreement set out below is a summary of certain features of that agreement and is qualified by reference to the detailed provisions of the Subordinated Loan Agreement. Prospective Noteholders may inspect a copy of the Subordinated Loan Agreement at the registered office of each of the Representative of the Noteholders and the Luxembourg Paying Agent.*

On or about the Issue Date, the Issuer and the Subordinated Lender has entered into the Subordinated Loan Agreement pursuant to which the Subordinated Lender shall make available to the Issuer on the Issue Date the Subordinated Loan in an amount of Euro 31,589,000 (equivalent to 3.10% of the Initial Principal Amount of the Notes) which will be used by the Issuer to provide initial funding to the Cash Reserve.

As consideration for the granting of the Subordinated Loan, the Issuer shall pay to the Subordinated Lender interest at 3% on the outstanding principal amount under the Subordinated Loan plus the Additional Return, on each Payment Date out of the Issuer Available Funds and in accordance with the applicable Priority of Payments.

Under the terms of the Subordinated Loan Agreement, the Issuer shall repay to the Subordinated Lender principal outstanding on the Subordinated Loan on the Final Maturity Date, *provided however that* the Subordinated Lender may, on each Payment Date, elect to receive all or a portion of the Additional Return due on such Payment Date by way of repayment of principal due under the Subordinated Loan.

Under the terms of the Subordinated Loan Agreement, the Subordinated Lender may assign its rights and obligations thereunder to any other party, provided that such other party shall adhere to the Intercreditor Agreement and perform the necessary formalities required under the Deed of Pledge.

### *Governing Law and Jurisdiction*

The Subordinated Loan Agreement will be governed by Italian law and the Courts of Milan shall have exclusive jurisdiction in relation to any disputes arising in respect of the Subordinated Loan Agreement.

## DESCRIPTION OF THE ADMINISTRATIVE SERVICES AGREEMENT

*The description of the Administrative Services Agreement set out below is a summary of certain features of that agreement and is qualified by reference to the detailed provisions of the Administrative Services Agreement. Prospective Noteholders may inspect a copy of the Administrative Services Agreement at the registered offices of each the Representative of the Noteholders and the Luxembourg Paying Agent.*

On or about the Issue Date, the Issuer and the Administrative Services Provider has entered into the Administrative Services Agreement pursuant to which the Administrative Services Provider will provide the Issuer with a number of services, including, *inter alia*:

- the keeping and updating of various corporate and accounting books and records including, for example, inventories, statutory records, preparation of annual and interim financial statements in accordance with applicable legislation;
- various corporate services such as secretarial services, assistance to the auditors, communications to the Representative of the Noteholders pursuant to the Transaction Documents; and
- miscellaneous services of a fiscal nature including tax returns and declarations and the keeping of fiscal records.

The Issuer may terminate the appointment of the Administrative Services Provider in certain circumstances including, *inter alia*, in the event of breach by the Administrative Services Provider of its obligations under the Administrative Services Agreement or breach of any representation or warranty by the Administrative Services Provider under such agreement. Under the terms of the Administrative Services Agreement, the Administrative Services Provider may resign in certain circumstances upon notice to the Issuer.

The Administrative Services Provider will agree that any claim for payment of sums due to it from the Issuer under the Administrative Services Agreement will be limited to the lesser between the amount of such claim and the Issuer Available Funds available to satisfy such claim, in accordance with the applicable Priority of Payments.

### *Governing Law and Jurisdiction*

The Administrative Services Agreement is governed by Italian law and the Courts of Milan shall have exclusive jurisdiction in relation to any disputes arising out of or in connection with the Administrative Services Agreement.

## DESCRIPTION OF THE STICHTING CORPORATE SERVICES AGREEMENT

*The description of the Stichting Corporate Services Agreement set out below is a summary of certain features of that agreement and is qualified by reference to the detailed provisions of the Stichting Corporate Services Agreement. Prospective Noteholders may inspect a copy of the Stichting Corporate Services Agreement at the registered offices of each the Representative of the Noteholders and the Luxembourg Paying Agent.*

On or about the Issue Date, the Issuer, the Quotaholder and the Stichting Corporate Services Provider have entered into the Stichting Corporate Services Agreement pursuant to which the Stichting Corporate Services Provider will provide the Quotaholder with a number of services, including, *inter alia*, the provision of accounting and financial services and the management and administration of the Quotaholder with the due observance of all requirements of any provisions of the articles of association.

The Stichting Corporate Services Provider has undertaken not take any steps against the Quotaholder or any of its assets to recover any sum unpaid in respect of this Stichting Corporate Services Agreement. In particular, the Stichting Corporate Services Provider may not institute against or join any person in instituting against the Quotaholder, any bankruptcy, winding-up, re-organisation, arrangement, insolvency or liquidation proceeding or other proceeding under any similar law.

### *Governing Law and Jurisdiction*

The Stichting Corporate Services Agreement is governed by the laws of The Netherlands and the Courts of Amsterdam shall have exclusive jurisdiction in relation to any disputes arising out of or in connection with the Stichting Corporate Services Agreement.

## DESCRIPTION OF THE LETTER OF UNDERTAKINGS

*The description of the Letter of Undertakings set out below is a summary of certain features of the Letter of Undertakings and is qualified by reference to the detailed provisions of the Letter of Undertakings. Prospective Noteholders may inspect a copy of the Letter of Undertakings at the registered offices of each the Representative of the Noteholders and the Luxembourg Paying Agent.*

On or about the Issue Date, the Letter of Undertakings has been entered into, *inter alia*, by the Quotaholder and the Issuer.

Pursuant to the Letter of Undertakings, the Quotaholder has given certain undertakings, *inter alia*, in relation to the corporate management of the Issuer and the exercise of its rights as quotaholder of the Issuer.

The Quotaholder has also agreed not to dispose of, or charge or pledge, the quotas in the Issuer without the prior written consent of the Representative of the Noteholders.

### *Governing Law and Jurisdiction*

The Letter of Undertakings is governed by and construed in accordance with Italian law. The Courts of Milan shall have exclusive jurisdiction in relation to any disputes arising out of or in connection with the Letter of Undertakings.

## ACCOUNTS

The Issuer shall maintain the following accounts, in accordance with the Cash Allocation, Management, Payment and Agency Agreement:

- (i) a Euro-denominated account (the "**Issuer Collection Account**") with No. 00 0000 1184, opened with the Account Bank, into which all Collections received or recovered by the Servicer in respect of the Receivables will be credited.

On each Local Business Day, the Collections credited into the Issuer Collection Account (together with any interest amounts paid from time to time by the Account Bank on the amounts standing from time to time to the balance of such Account) shall be automatically transferred to the Issuer Investment Account in order to be invested in Eligible Investments, in accordance with the terms of the Cash Allocation, Management, Payment and Agency Agreement.

For further details, see the section "*Issuer Investment Account*" below.

- (ii) a Euro-denominated account (the "**Issuer Transaction Account**") with No. 00 0000 1185, opened with the Account Bank, into which any and all amounts due to the Issuer under the Transaction Documents (other than (i) the Collections and the recoveries in respect of the Receivables and (ii) the payments made by the Swap Counterparty under the Swap Agreement) will be credited.

Two Business Days before each Payment Date, the Account Bank shall transfer to the Issuer Payments Account all amounts credited to the Issuer Transaction Account during the immediately preceding Collection Period (including, but not limited to, interest amounts paid during such Collection Period by the Account Bank on the amounts standing from time to time to the balance of such Account).

a Euro-denominated account (the "**Issuer Principal Accumulation Account**") with No. 00 0000 1187, opened with the Account Bank, into which any Issuer Available Funds which are applied as Issuer Principal Available Funds on each Payment Date (being the amounts payable under items (vii), (ix), (xi) and (xiii) of the Pre-Enforcement Priority of Payments, as provided for in the Payment Report) shall be credited on each such date.

The amounts so credited into the Issuer Principal Accumulation Account shall be set aside and used during the Revolving Period to fund the payment by the Issuer to the Originator of the Principal Component of the Initial Purchase Price for the Subsequent Portfolios on the relevant Payment Date or, if later, the date on which all the relevant conditions for such payment, as set out under the Transfer Agreement, have been met as notified to the Account Bank by the Issuer or by its agents on its behalf (including, but not limited to the publication of a notice of the sale by the Originator to the Issuer of the relevant Subsequent Portfolio in the Official Gazette and registration of such assignment with the competent Register of Companies (*Registro delle Imprese*)).

For further details, see the section "*Description of the Transfer Agreement*".

During the Revolving Period, any sums standing to the credit of the Issuer Principal Accumulation Account which is not used or set aside to fund the payment of the Principal Component of the Initial Purchase Price for the Subsequent Portfolios shall be (i) transferred to the Issuer Investment Account, in accordance with the payment instructions of the Issuer, within 1 (one) Business Day after each Payment Date in order to be invested in Eligible Investments and thereafter (ii) re-transferred to the Issuer Principal Accumulation Account 2 (two) Business Days prior to each Payment Date within the Revolving

Period, in accordance with the terms of the Cash Allocation, Management, Payment and Agency Agreement

For further details, see the section "*Issuer Investment Account*" below.

Immediately following the end of the Revolving Period the amounts (if any) standing to the credit of the Issuer Principal Accumulation Account shall be transferred to the Issuer Investment Account and the Issuer Principal Accumulation Account shall be closed.

- (iii) a Euro-denominated account (the "**Issuer Cash Reserve Account**") with No. 00 0000 1189, opened with the Account Bank, into which, on or about the Issue Date, the Issuer shall deposit an amount equal to Euro 31,589,000 (3,10% of the Initial Principal Amount of the Notes), drawn-down under the Subordinated Loan Agreement.

On each Payment Date (other than the Payment Date upon which full redemption of the Notes is made) prior to delivery of an Enforcement Notice, the Issuer shall transfer Issuer Available Funds into the Issuer Cash Reserve Account in accordance with item (xii) of the Pre-Enforcement Priority of Payments.

On or immediately after each Payment Date (but in any case after the transfer described in the preceding paragraph having been made) the Account Bank shall transfer all amounts (if any) standing to the credit of the Issuer Cash Reserve Account to the Issuer Investment Account in order to be invested in Eligible Investments, in accordance with the terms of the Cash Allocation, Management, Payment and Agency Agreement.

For further details, see the section "*Issuer Investment Account*" below.

Following the service of any Enforcement Notice, all amounts standing to the credit of the Issuer Cash Reserve Account shall be transferred to the Issuer Payment Account and the Issuer Cash Reserve Account shall be closed.

- (iv) a Euro-denominated account (the "**Issuer Investment Account**") with No. 33957301, opened with the Investment Account Bank into which the following amounts shall be transferred or credited from the other Accounts:

- (a) on each Local Business Day, all amounts standing to the credit of the Issuer Collection Account (including, but not limited to, interest amounts accrued on the amounts standing from time to time to the balance of such Account and paid from time to time by the Account Bank);
- (b) on or immediately after each Payment Date, any amounts left to the credit of (i) the Issuer Cash Reserve Account, and (ii) the Issuer Principal Accumulation Account after having set aside the amounts necessary for the payment, if any, of the Principal Component of the Initial Purchase Price of the relevant Subsequent Portfolio as indicated in the Purchase Report and as confirmed by the Calculation Agent in the Confirmation Notice;
- (c) proceeds from the liquidation, from time to time, of any securities deposited in the Issuer Securities Account;
- (d) any amounts of the Issuer Payments Account paid on each Payment Date in accordance with the applicable Priority of Payment, as set out in the Payment Report, as a result of the occurrence of any Excess Spread Trapping Trigger; and

- (e) immediately following the end of the Revolving Period, the amounts (if any) standing to the credit of the Issuer Principal Accumulation Account.

The Investment Account Bank shall keep the following ledgers in respect of amounts standing to the balance of the Issuer Investment Account:

- (a) a ledger with reference to each Collection Period (each, a “**Collections Ledger**”) on which the Investment Account Bank shall credit all amounts transferred to the Issuer Investment Account from the Issuer Collection Account during the relevant Collection Period and the proceeds from the investment thereof, *provided that* amounts shall be deemed to have been transferred during a Collection Period also if transferred after the relevant Collection Period End Date to the extent that (i) the relevant amounts are transferred no later than the close of business of the second Local Business Day after the relevant Collection Period End Date and (ii) the relevant reason for payment specifies that the amounts transferred relate to the relevant Collection Period. On the second Business Day before each Payment Date, the Investment Account Bank shall transfer to the Issuer Payments Account the amount then standing to the balance of the Collections Ledger relating to the immediately preceding Collection Period and forthwith after such transfer, shall close the Collections Ledger of such Collection Period;
- (b) a ledger (the “**Principal Accumulation Ledger**”) on which the Investment Account Bank shall record all amounts transferred during the Initial Period to the Issuer Investment Account from the Issuer Principal Accumulation Account and the proceeds from the investment thereof. Any profit deriving from or generated by such investments shall be transferred to the Issuer Payments Account two Business Days before each Payment Date and shall form part of the Issuer Available Funds on such Payment Date. All other amounts standing from time to time to the credit of the Principal Accumulation Account (*i.e.* the amounts initially transferred to the Issuer Investment Account from the Issuer Principal Accumulation Account) shall, during the Revolving Period, be re-transferred 2 (two) Business Days before each Payment Date to the Issuer Principal Accumulation Account to be used towards payment of the Initial Purchase Price of each Subsequent Portfolio and after the end of the Revolving Period shall be kept on the Issuer Investment Account and re-invested on a quarterly basis in Eligible Investments until the third Business Day before the Payment Date falling in January 2008 or, if earlier, the first Payment Date following the delivery of an Enforcement Notice, when the entire balance of the Principal Accumulation Ledger shall be transferred to the Issuer Payments Account and thereafter, the Principal Accumulation Ledger shall be closed;
- (c) a ledger (the “**Cash Reserve Ledger**”) on which the Investment Account Bank shall record any amounts transferred to the Issuer Investment Account from the Issuer Cash Reserve Account and the proceeds from the investment thereof; and
- (d) a ledger (the “**Excess Spread Trapping Ledger**”) on which the Investment Account Bank shall record any amounts paid on each Payment Date in accordance with the applicable Priority of Payments as a result of the occurrence of any Excess Spread Trapping Trigger.

Amounts standing to the credit of the Issuer Investment Account shall be invested from time to time by the Investment Account Bank in Eligible Investments in accordance with the instructions received from the Cash Manager.

The sums standing to the credit of the Issuer Investment Account shall be transferred to the Issuer

Payments Account and the Issuer Principal Accumulation Account, as described in the paragraphs “*Issuer Payments Account*” and “*Issuer Principal Accumulation Account*” below.

- (v) a securities account (the “**Issuer Securities Account**”) with No. FGO 01, opened with the Investment Account Bank, into which all securities constituting Eligible Investments and purchased with amounts standing from time to time to the balance of the Issuer Investment Account will be deposited; and out of which any proceeds deriving from the liquidation from time to time of any Eligible Investment will be transferred to the Issuer Investment Account.
- (vi) a Euro-denominated account (the “**Issuer Payments Account**”) with No. 00 0000 1186, opened with the Account Bank into which the following amounts shall be paid and transferred:
  - (a) on the Issue Date, the amounts deriving from the subscription of the Notes;
  - (b) on each Swap Payment Date, the amounts due and payable (if any) by the Swap Counterparty under the Swap Agreement;
  - (c) two Business Days before each Payment Date:
    - (i) all the sums standing to the credit of the Collections Ledger referring to the immediately preceding Collection Period,
    - (ii) the sums standing to the credit of the Cash Reserve Ledger for an amount equal to the difference (if positive) between (1) the balance of the Cash Reserve and (2) the amount payable under item (xii) of the Pre-Enforcement Priority of Payments on the relevant Payment Date, as specified in the relevant Payment Report, and
    - (iii) all the amounts, if any, standing to the credit of the Excess Spread Trapping Ledger referring to the immediately preceding Collection Period;
  - (d) two Business Days before each Payment Date falling during the Initial Period, the sums standing to the credit of the Principal Accumulation Ledger for an amount equal to the proceeds of the investments (net of the original amounts invested) made and realised during the then relevant Interest Period with the amounts credited in such Principal Accumulation Ledger;
  - (e) two Business Days before the Payment Date immediately following the end of the Initial Period, all the sums standing to the credit of the Principal Accumulation Ledger; and
  - (f) two Business Days before each Payment Date, all amounts credited to the Issuer Transaction Account during the Immediately preceding Collection Period (including, but not limited to, interests amounts paid during such Collection Period by the Account Bank on the amounts standing from time to time to the balance of such Account).

On each Payment Date, the amounts standing to the credit of the Issuer Payments Account will be applied to meet the payment obligations of the Issuer in accordance with the Priority of Payments, in accordance with the Priority of Payments and with the relevant Payment Report.

For the avoidance of doubt the Excluded Collections (if any), as indicated in the relevant Servicer Report, will not be part of the Issuer Available Funds and will be paid by the Account Bank directly to the Originator on the following Payment Date.

- (vii) a Euro-denominated account (the "**Issuer Expenses Account**") with No. 00 0000 1188, opened with the Account Bank, into which the Issuer shall credit the Initial Disbursement Amount on the Issue Date.

During each Interest Period, the sums standing to the credit of the Issuer Expenses Account will be used by the Issuer, by means of instructions given to the Account Bank by the Issuer or the Administrative Services Provider, to pay any documented fees, costs, expenses and taxes required to be paid to any third party (other than the Other Issuer Creditors, as set out in the Payment Report) arising in connection with the Securitisation and any other documented costs and expenses required to be paid in order to preserve its corporate existence, to maintain it in good standing and to comply with applicable legislation (the "**Expenses**").

On each Payment Date, as set out in the Payment Report, the Issuer shall credit an amount equal to the Issuer Disbursement Amount to the Issuer Expense Account, in accordance with the relevant Priority of Payments.

The Issuer Collection Account, the Issuer Transaction Account, the Issuer Payments Account, the Issuer Expenses Account, the Issuer Cash Reserve Account, the Issuer Principal Accumulation Account, the Issuer Investment Account and the Issuer Securities Account are hereinafter, collectively, referred to as the "**Accounts**".

The Issuer also holds a Euro-denominated account (the "**Issuer Quota Capital Account**") with No. 025570239198, opened with Banca Popolare di Intra, Milan branch, into which all sums contributed by the Quotaholder as quota capital have been credited.

## EXPECTED AVERAGE LIFE OF THE NOTES AND ASSUMPTIONS

The average life of the Notes cannot be predicted, as the actual rate and timing at which amounts will be collected in respect of the Portfolio and a number of other relevant factors are unknown.

Calculations as to the expected average life of the Notes can be made based on certain assumptions.

The table below shows the expected average life of the Notes based on the assumptions that:

- (a) the Issuer will purchase Subsequent Portfolios at all the Payment Dates during the Revolving Period;
- (b) the Issuer will exercise its option to redeem the Notes when the Portfolio Outstanding Principal Balance represent 10% of the Initial Portfolio Outstanding Principal Balance;
- (c) the Receivables are subject to a constant annual prepayment at such rates as shown in the table below; and
- (d) no Enforcement Event occurs in respect of any of the Notes.

Constant Prepayment Rate	Expected Average Life of the Notes			
	Class A1 Notes	Class A2 Notes	Class B Notes	Class C Notes
	(Years)			
0%	1.97	5.23	6.94	6.94
1%	1.96	5.14	6.82	6.82
2%	1.96	5.10	6.79	6.79
3%	1.95	5.00	6.68	6.68
4%	1.94	4.94	6.65	6.65
5%	1.93	4.83	6.54	6.54
6%	1.91	4.72	6.43	6.43

Assumption (a) above reflects the current intention of the Issuer but no assurance will be given that the redemption of the Notes will occur as described.

Assumption (b) above is stated as an average annualised prepayment rate as prepayment rate for one Collection Period may be substantially different from the prepayment rate for another. The constant prepayment rates shown above are purely illustrative and do not represent the full range of possibilities for constant prepayment rates.

***The average life of the Class A1 Notes, the Class A2 Notes, the Class B Notes and the Class C Notes are subject to factors largely outside the control of the Issuer and consequently, no assurance can be given that the assumptions and estimates in this section will prove in any way to be realistic and they must therefore be viewed with considerable caution.***

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions of the Class A1 Notes, the Class A2 Notes, the Class B Notes and the Class C Notes (the "Conditions" of the Notes). In these Conditions, references to the "holder" of a Class A1 Note, Class A2 Note, Class B Note or a Class C Note, or to the Class A1 Noteholders, the Class A2 Noteholders, the Class B Noteholders or the Class C Noteholders are to the ultimate owners of Class A1 Notes, Class A2 Notes, the Class B Notes or the Class C Notes, as the case may be, issued in bearer form and dematerialised and evidenced as book entries with Monte Titoli S.p.A. ("Monte Titoli") in accordance with the provisions of (i) Article 28 of Decree No. 213 and (ii) Consob Resolution No. 11768, as subsequently amended and supplemented from time to time.*

The Euro 203,800,000 Class A1 Asset Backed Floating Rate Notes due July 2025 (the "**Class A1 Notes**"), the Euro 749,000,000 Class A2 Asset Backed Floating Rate Notes due July 2025 (the "**Class A2 Notes**" and, together with the Class A1 Notes, the "**Class A Notes**"), the Euro 56,000,000 Class B Asset Backed Floating Rate Notes due July 2025 (the "**Class B Notes**") and the Euro 10,200,000 Class C Asset Backed Floating Rate Notes due July 2025 (the "**Class C Notes**" and, together with the Class A Notes and the Class B Notes, the "**Notes**") are issued by F-E Gold S.r.l. (the "**Issuer**") on 31 May 2006 (the "**Issue Date**") pursuant to Italian Law No. 130 of 30 April 1999, as amended and supplemented from time to time ("**Securitisation Law**") to finance the purchase of certain lease receivables and connected rights (the "**Receivables**") arising out of performing financial lease agreements (the "**Lease Contracts**") between Fineco Leasing S.p.A., as lessor, ("**Fineco Leasing**" or the "**Originator**") and the lessees thereunder (the "**Lessees**").

Any reference in these Conditions to (i) a "Class" of Notes or a "Class" of holders of Notes ("**Noteholders**") shall be construed as a reference to the Class A1 Notes, the Class A2 Notes, the Class B Notes or the Class C Notes, as the case may be, or to the respective holders thereof; and (ii) any agreement or document shall be construed as a reference to such agreement or document as the same may have been, or may from time to time be, amended, varied, novated or supplemented.

The principal source of payment of interest and principal in respect of the Notes will be collections and other amounts received in respect of Receivables arising out of:

- (i) an initial portfolio (the "**Initial Portfolio**") of Lease Contracts purchased by the Issuer from the Originator on 10 May 2006 (the "**Transfer Date**") pursuant to the terms of a transfer agreement entered into on such date (the "**Transfer Agreement**"); and
- (ii) additional portfolios of Lease Contracts (the "**Subsequent Portfolios**" and, together with the Initial Portfolio, the "**Portfolio**") to be purchased by the Issuer from the Originator during the Revolving Period, subject to the terms and conditions of the Transfer Agreement.

The residual instalments (*riscatto*) due under the Lease Contracts from the Lessees upon the payment of which the Lessees shall acquire ownership of the leased assets (the "**Residual Instalments**") does not and shall not form part of the Portfolio.

These Conditions include summaries of and are subject to, the detailed provisions of the Transfer Agreement and the following agreements entered into by the Issuer in connection with the purchase of the Portfolio and the issue of the Notes (and, together with the Transfer Agreement, the Conditions and the Rules of the Organisation of the Noteholders, the "**Transaction Documents**"):

- (i) a warranty and indemnity agreement entered into on the Transfer Date (the "**Warranty and Indemnity Agreement**") between the Issuer and the Originator, under which the Originator has given (or will be

deemed to give) certain representations and warranties in favour of the Issuer in relation to the Portfolio and certain other matters;

- (ii) a servicing agreement entered into on the Transfer Date (the "**Servicing Agreement**") between the Issuer and Fineco Leasing (in such capacity, the "**Servicer**"), under which the Servicer has agreed, *inter alia*, to (a) administer and service the Portfolio and to collect any amounts in respect of the Portfolio on behalf of the Issuer and (ii) act as *soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento* under Article 2, paragraph 6 of the Securitisation Law;
- (iii) an administrative services agreement entered into on or about the Issue Date (the "**Administrative Services Agreement**") between the Issuer and Structured Finance Management, as administrative services provider, (the "**Administrative Services Provider**"), under which the Administrative Services Provider has agreed to provide the Issuer with certain corporate administration services;
- (iv) a cash allocation, management, payment and agency agreement entered into on or about the Issue Date (the "**Cash Allocation, Management, Payment and Agency Agreement**") between the Issuer, JPMorgan Chase Bank, N.A., Milan Branch as account bank (the "**Account Bank**") and principal paying agent (the "**Principal Paying Agent**"), JPMorgan Chase Bank, N.A., London Branch as investment account bank, (the "**Investment Account Bank**" and, together with the Account Bank, the "**Account Banks**"), J.P. Morgan Bank Luxembourg S.A. as Luxembourg paying agent (the "**Luxembourg Paying Agent**" and, together with the Principal Paying Agent, the "**Paying Agents**") and Luxembourg listing agent (the "**Luxembourg Listing Agent**"), Capitalia as calculation agent, (the "**Calculation Agent**"), Fineco Leasing as originator (the "**Originator**"), as cash manager (the "**Cash Manager**"), as Subordinated Lender and as Servicer and J.P. Morgan Corporate Trustee Services Limited, as representative of the Noteholders, (the "**Representative of the Noteholders**"), under which, *inter alia* (i) the Account Banks, the Calculation Agent and the Cash Manager have agreed to provide the Issuer with certain calculation, notification, reporting and agency services together with account handling and cash management services in relation to monies and securities from time to time standing to the credit of the Accounts. The Cash Allocation, Management, Payment and Agency Agreement also contains provisions for, *inter alia*, the payment of principal and interest in respect of the Notes;
- (v) an agreement (*Convenzione*) entered into on or about the Issue Date between Monte Titoli ("**Monte Titoli**") and the Issuer (the "**Monte Titoli Mandate Agreement**"), under which Monte Titoli shall provide certain services in relation to the Notes on behalf of the Issuer;
- (vi) a swap confirmation entered into on or about the Issue Date further to an International Swaps and Derivatives Association, Inc. ("**ISDA**") 1992 Master Agreement (Multicurrency-Cross Border) and schedule thereto (together, the "**Swap Agreement**") between the Issuer and BNP Paribas ("**BNP Paribas**") as counterparty of the Swap Agreement (the "**Swap Counterparty**"), under which the Issuer will hedge its floating rate interest exposure in relation to the Notes;
- (vii) a subordinated loan agreement entered into on or about the Issue Date (the "**Subordinated Loan Agreement**") between Fineco Leasing, as subordinated lender, (the "**Subordinated Lender**") and the Issuer, as borrower, pursuant to which Fineco Leasing has agreed to make a subordinated loan available to the Issuer on the Issue Date (the "**Subordinated Loan**") in an amount of Euro 31,589,000, which will be used to provide initial funding to the Cash Reserve;
- (viii) a letter of undertakings entered into on or about the Issue Date (the "**Letter of Undertakings**") between Stichting F-E Red, as sole quotaholder of the Issuer, (the "**Quotaholder**"), the Originator and the Issuer

under which certain rules shall be set forth, *inter alia*, in relation to the corporate management of the Issuer;

- (viii) a subscription agreement entered into on or about the Issue Date (the "**Subscription Agreement**") between the Issuer, the Representative of the Noteholders, Capitalia, as sole arranger and joint lead manager (the "**Sole Arranger**" and a "**Joint Lead Manager**"), BNP Paribas, London Branch as joint lead manager (a "**Joint Lead Manager**") and Lehman Brothers International (Europe) ("**Lehman Brothers**") as joint lead manager (a "**Joint Lead Manager**" and, together with Capitalia and BNP Paribas, London Branch the "**Joint Lead Managers**") and Fineco Leasing, as Originator, under which BNP Paribas, London Branch and Lehman Brothers have undertaken to subscribe and pay for the Notes upon the terms and subject to the conditions thereof and have appointed the Representative of the Noteholders as the legal representative of the Noteholders;
- (ix) an intercreditor agreement entered into on or about the Issue Date (the "**Intercreditor Agreement**") between the Issuer, the Originator, the Administrative Services Provider, the Servicer, the Account Banks, the Calculation Agent, the Stichting Corporate Services Provider, the Quotaholder, the Cash Manager, the Paying Agents, the Swap Counterparty, the Subordinated Lender and the Representative of the Noteholders, under which provisions have been made as to the application of the proceeds of the Issuer Available Funds and as to the circumstances in which the Representative of the Noteholders shall be entitled to exercise certain rights in relation to the Portfolio;
- (x) a mandate agreement entered into on or about the Issue Date (the "**Mandate Agreement**") between the Issuer and the Representative of the Noteholders, under which the Representative of the Noteholders shall, subject to an Enforcement Notice being served or following 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 the Issuer is a party;
- (xi) a deed of pledge governed by Italian law entered into on or about the Issue Date (the "**Deed of Pledge**") between the Issuer and the Representative of the Noteholders (acting on behalf of the Noteholders and the Other Issuer Creditors), under which the Issuer has, *inter alia*, pledged, in favour of the Noteholders and the Other Issuer Creditors, (i) its monetary claims and rights deriving from certain Transaction Documents (except for the Receivables and the amounts deriving from the collection and recovery of the Receivables) and (ii) any existing or future pecuniary claim and right in connection with any sum credited from time to time to the Issuer Transaction Account, the Issuer Cash Reserve Account, the Issuer Payments Account, the Issuer Expenses Account and the Issuer Principal Accumulation Account;
- (xii) a deed of charge governed by English law entered into on or about the Issue Date (the "**Deed of Charge**"), between the Issuer and the Representative of the Noteholders (acting on behalf of the Noteholders and the Other Issuer Creditors), under which the Issuer has, *inter alia*, charged, in favour of the Noteholders and the Other Issuers Creditors, all of the Issuer's rights, title, interest and benefit (present and future) in, to and under the Swap Agreement, the Issuer Investment Account, the Issuer Securities Account, the Eligible Investments and all dividends, interest and other monies payable in respect thereof and all other rights, benefits and proceeds deriving therefrom; and
- (xiii) a stichting corporate services agreement entered into on or about the Issue Date (the "**Stichting Corporate Services Agreement**") between the Issuer, the Quotaholder and SFM, as Stichting Corporate Services Provider, (the "**Stichting Corporate Services Provider**"), under which the Stichting Corporate Services Provider has agreed to provide the Quotaholder with certain corporate

administration services.

Copies of the Transaction Documents are available for inspection during normal business hours at the office for the time being of the Representative of the Noteholders, being, as at the Issue Date, J.P. Morgan Corporate Trustee Services Limited, Trinity Tower, 9 Thomas More Street, E1W 1YT London, England and at the registered office of the Luxembourg Paying Agent, being, at the Issue Date, J.P. Morgan Bank Luxembourg S.A., 6, route de Trèves L-2633 Senningerberg, Luxembourg. Each Noteholder recognises that the Representative of the Noteholders is its representative and accepts to be bound by the terms of those Transaction Documents which have been signed by the Representative of the Noteholders as if it had signed such documents itself.

Pursuant to the Cash Allocation, Management, Payment and Agency Agreement, the Issuer has established the following accounts with the Account Bank and the Investment Account Bank (together, the "**Accounts**"): (i) the Issuer Collection Account; (ii) the Issuer Transaction Account; (iii) the Issuer Payments Account; (iv) the Issuer Expenses Account; (v) the Issuer Cash Reserve Account; (vi) the Issuer Principal Accumulation Account (vii) the Issuer Investment Account; and (viii) the Issuer Securities Account.

The Issuer also holds the Issuer Quota Capital Account, into which all sums contributed by the Quotaholder as quota capital have been credited.

The rights and powers of the Noteholders may only be exercised in accordance with the rules of the organisation of the Noteholders (respectively, the "**Rules of the Organisation of the Noteholders**" and the "**Organisation of the Noteholders**") attached hereto and which form an integral and substantive part of these Conditions.

The Recitals and the Exhibits hereto constitute an integral and essential part of these Conditions.

## 1. Definitions

**Accounts** means the Issuer Collection Account, the Issuer Transaction Account, the Issuer Payments Account, the Issuer Principal Accumulation Account, the Issuer Expenses Account, the Issuer Cash Reserve Account, the Issuer Investment Account and the Issuer Securities Account.

**Account Bank** means JPMorgan Chase Bank N.A., Milan Branch or its permitted successors or assignees from time to time.

**Account Banks** means the Account Bank and the Investment Account Bank, collectively.

**Account Bank Report** means the report to be made by the Account Bank on each Report Date pursuant to the Cash Allocation, Management, Payment and Agency Agreement.

**Additional Return** means the additional return amounts due and payable by the Issuer to the Subordinated Lender under the Subordinated Loan Agreement being equal to the difference between (A) and (B), where:

- (A) means the aggregate of:
- (i) interest amounts accrued during the immediately preceding Collection Period under the Lease Contracts, subject to any adjustments thereto as a result of any indexation and net of any provision or write-off registered by the Servicer at the end of the relevant Collection Period; and
  - (ii) default interest (*interessi di mora*) due under the Lease Contracts and collected during such Collection Period; and

- (iii) penalties due under the Lease Contracts and accrued during such Collection Period; and
  - (iv) the net result of all the capital gains/appreciations and capital losses/depreciations and all other positive or negative components accrued during such Collection Period as a result of the early termination of the Lease Contracts or the sale to third parties of the Assets and other amounts due under the Lease Contracts (to the extent transferred to the Borrower); and
  - (v) any interest and other revenues accrued during such Collection Period on the Borrower's bank Accounts and on the investments made by the Borrower; and
  - (vi) any amounts (if any) payable to the Issuer under the Swap Agreement on the Swap Payment Date immediately preceding such Payment Date; and
- (B) means all amounts (with the exclusion of any amounts paid in connection with Principal Instalments) described under items (i), (iii), (iv) (a), (b) and (c), (v), (vi), (viii), (x), (xiv), (xv), (xvi), (xvii), (xviii), (xix) and (xx) of the Pre-Enforcement Priority of Payments or items (i), (iii), (iv) (a), (b) and (c), (v), (vi), (viii), (x), (xii), (xiii), (xiv), (xv), (xvi), (xvii) and (xviii) of the Post Enforcement Priority of Payments, to the extent they have accrued or anyhow relate to such Collection Period and whether or not payable on such Payment Date or paid before such Payment Date with monies standing to the credit of the Issuer Expenses Account.

**Additional Return Notice** means the notice that the Subordinated Lender shall send to the Calculation Agent within 20 (twenty) Business Days after each Payment Date, pursuant to Clause 7 of the Subordinated Loan Agreement.

**Administrative Services Agreement** means the administrative services agreement entered into on or about the Issue Date between the Issuer and the Administrative Services Provider, as may be modified from time to time in accordance with the provisions contained therein and including any agreement or other document expressed to be supplemental thereto.

**Administrative Services Provider** means Structured Finance Management or its permitted successors or assigns from time to time.

**Aggregate Yield Condition** means, in respect to the purchase of each Subsequent Portfolio by the Issuer from the Originator, the condition that the weighted average of the spreads over the three month Euribor payable under all the performing Receivables of the Portfolio arising out of Lease Contracts with a floating interest rate shall be equal to or higher than 2.15%, as of the immediately preceding Collection Period End Date.

**Asset** means any real estate asset, registered and unregistered movable properties leased under a Lease Contract and **Assets** means all of them.

**Audit Report** means a semi-annual report to be prepared by a firm of internationally recognised auditors acceptable to the Representative of the Noteholders in relation to the information and data contained in the last two Servicer Reports.

**Auto Pool** means the pool of Receivables arising from Lease Contracts relating to motor cars, commercial vehicles, heavy vehicles registered in the *Pubblico Registro Automobilistico* (PRA).

**BNP Paribas** means BNP Paribas, a company incorporated under the laws of the Republic of France, having its registered office at 16 Boulevard des Italiens, 75009 Paris, France.

**BNP Paribas, London Branch** means BNP Paribas, acting through its London Branch, with offices at 10 Harewood Avenue, London NW1 6AA, United Kingdom.

**Borrower** means any Lessee or any other person or entity who is liable for payment in respect of the Receivables.

**Business Day** shall mean a day (other than a Saturday or Sunday) on which banks are generally open for business in London, Milan, Rome, Brescia and Luxembourg and on which the Trans-European Automated Real Time Gross-Settlement Express Transfer System (or any successor thereto) is open;

**Calculation Agent** means Capitalia, or its permitted successors or assignees from time to time.

**Cancellation Date** means the earlier of: (i) the date on which the Notes have been redeemed in full and (ii) the Final Maturity Date.

**Capitalia** means Capitalia S.p.A., with registered office in Via Paisiello No. 5, 00187 Rome (Italy), enrolled in the Companies Register of Rome under No. 00644990582 and enrolled in the register of banks held by the Bank of Italy pursuant to Article 13 of the Consolidated Banking Act.

**Capitalia Banking Group** means the group of companies the parent company of which is Capitalia, pursuant to Article 60 and following of the Consolidated Banking Act.

**Cash Allocation, Management, Payment and Agency Agreement** means the cash allocation, management, payment and agency agreement dated on or about the Issue Date between the Issuer, the Representative of the Noteholders, the Servicer, the Cash Manager, the Account Banks, the Subordinated Lender, the Paying Agents and the Calculation Agent, as may be modified from time to time in accordance with the provisions contained therein and including any agreement or other document expressed to be supplemental thereto.

**Cash Manager** means Fineco Leasing, or its permitted successors or assignees from time to time.

**Cash Reserve** means the amounts standing from time to time to the balance of the Issuer Cash Reserve Account and the Cash Reserve Ledger.

**Cash Reserve Ledger** means the ledger on which the Investment Account Bank shall credit all amounts transferred to the Issuer Investment Account from the Issuer Cash Reserve Account and the proceeds of the investment thereof.

**Central Regions** means the following Italian regions: Marche, Abruzzo, Lazio, Toscana and Umbria.

**Class** shall be a reference to a class of Notes, being the Class A1 Notes, Class A2 Notes, the Class B Notes or the Class C Notes and **Classes** shall be construed accordingly.

**Class A Notes** means the Class A1 Notes and the Class A2 Notes collectively.

**Class A Principal Deficiency Amount** means, with reference to any Payment Date, the greater of (a) *nil* and (b) the lesser of:

- (i) the Principal Amount Outstanding of the Class A Notes as at the immediately preceding Collection Period End Date; and
- (ii) the Principal Deficiency applicable to such Payment Date, *minus* the Class B Principal Deficiency Amount, *minus* the Class C Principal Deficiency Amount.

**Class A Principal Deficiency Trigger** means the trigger which is breached on a Payment Date if the Cumulative Gross Default Ratio of the immediately preceding Collection Period End Date is equal to or higher than 10%. Once the Class A Principal Deficiency Trigger is breached, such breach shall be deemed to continue until the full redemption of the Class A Notes.

**Class A1 Notes** means the Euro 203,800,000 Class A1 Asset Backed Floating Rate Notes due July 2025.

**Class A2 Notes** means the Euro 749,000,000 Class A2 Asset Backed Floating Rate Notes due July 2025.

**Class B Notes** means the Euro 56,000,000 Class B Asset Backed Floating Rate Notes due July 2025.

**Class B Principal Deficiency Amount** means, with reference to any Payment Date, the greater of (a) *nil* and (b) the lesser of:

- (i) the Principal Amount Outstanding of the Class B Notes as at the immediately preceding Collection Period End Date; and
- (ii) the Principal Deficiency applicable to such Payment Date, *minus* the Class C Principal Deficiency Amount,

*provided that* from (and including) the Payment Date on which the Class A Principal Deficiency Trigger is breached to (but excluding) the Payment Date on which the Class A Notes are redeemed in full, the Class B Principal Deficiency Amount shall be equal to zero.

**Class C Notes** means the Euro 10,200,000 Class C Asset Backed Floating Rate Notes due July 2025.

**Class C Principal Deficiency Amount** means, with reference to any Payment Date, the greater of (a) *nil* and (b) the lesser of:

- (i) the Principal Amount Outstanding of the Class C Notes as at the immediately preceding Collection Period End Date; and
- (ii) the Principal Deficiency applicable to such Payment Date,

*provided that* from (and including) the Payment Date on which the Class A Principal Deficiency Trigger is breached to (but excluding) the Payment Date on which the Class A Notes are redeemed in full, the Class C Principal Deficiency Amount shall be equal to zero.

**Clearstream** means Clearstream Banking, Société Anonyme.

**Collateral Security** means any security interest granted to the Originator in order to secure the payments due under the Lease Contracts.

**Collection Period** means each period commencing on a Collection Period Commencement Date and ending on the next succeeding Collection Period End Date, and in the case of the first Collection Period, commencing on (and including) the Initial Portfolio Valuation Date and ending on the last calendar day of June 2006, provided that following the delivery of an Enforcement Notice upon the occurrence of an Enforcement Event, references to the Collection Period shall be deemed to refer to the relevant period on the basis of which the Calculation Agent has, in the Payment Report, calculated the Issuer Available Funds.

**Collection Period Commencement Date** means the first calendar day of January, April, July and October of each year.

**Collection Period End Date** means the last calendar day of March, June, September and December of each year.

**Collection Policy** means the procedures for the management, collection and recovery of Receivables as set out in the Servicing Agreement.

**Collections** means all immediately available funds including cash amounts derived from Receivables received by the Servicer from time to time in respect of the Lease Contracts comprised in the Portfolio pursuant to the Servicing Agreement.

**Collections Ledger** means the ledger on which the Investment Account Bank shall credit all amounts transferred to the Issuer Investment Account from the Issuer Collection Account in respect of each Collection Period and the proceeds of the investment thereof.

**Concentration Conditions** means, in respect to the transfer of each Subsequent Portfolio, the following conditions:

- (i) the Outstanding Principal Amount of the Receivables in relation to each single Lessee is not higher than 0.30% of the Portfolio Outstanding Principal Balance;
- (ii) the Outstanding Principal Amount of the Receivables in relation to the ten Lessees with the largest exposure *vis-à-vis* the Issuer is not higher than 2.75% or of the Portfolio Outstanding Principal Balance;
- (iii) the Outstanding Principal Amount of the Receivables comprised in each Pool expressed as a percentage of the Portfolio Outstanding Principal Balance does not exceed the respective percentages set forth below:
  - 75% in relation to the Real Estate Pool;
  - 8% in relation to the Equipment Pool;
  - 30% in relation to the Auto Pool;
- (iv) the aggregate Outstanding Principal Amount of all the Receivables towards Lessees resident in the Northern Regions is equal to or higher than 73% of the Portfolio Outstanding Principal Balance;
- (v) the aggregate Outstanding Principal Balance of all the Receivables towards Lessees resident in the Southern Regions is lower than 8% of the Portfolio Outstanding Principal Balance;
- (vi) the weighted average ratio between the Residual Instalments of the Lease Contracts comprised in the Real Estate Pool of the relevant Subsequent Portfolio and the Outstanding Principal Amount of such Lease Contracts is equal to or higher than 15%; and
- (vii) the Principal Balance of the Receivables in relation to the Lease Contracts where the payment of the Instalments is to be made with a monthly frequency is equal to or higher than 95% of the Portfolio Outstanding Principal Balance,

in each case, as at the immediately preceding Collection Period End Date and *provided that* it is a condition precedent for the proposed purchase by the Issuer of each Subsequent Portfolio that the above conditions are satisfied in respect of the Portfolio immediately after the purchase of the Subsequent Portfolio.

**Conditions** means the terms and conditions of the Notes and a numbered **Condition** means a numbered

condition thereof.

**Confirmation Notice** means the notice sent by the Calculation Agent on behalf of the Issuer to, *inter alios*, Fineco Leasing, confirming that all the conditions for the purchase of a Subsequent Portfolio are satisfied in accordance with the terms of the Transfer Agreement.

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

**Consob Resolution No. 11768** means the CONSOB Resolution No. 11768 of 23 December 1998, as from time to time amended and supplemented.

**Consolidated Banking Act** means Italian Legislative Decree No. 385 of 1 September 1993 (*Testo Unico delle leggi in materia Bancaria e Creditizia*) as subsequently amended and implemented.

**Cumulative Gross Default Ratio** means, on each Collection Period End Date the ratio between: (i) the aggregate Outstanding Principal Amount of all Lease Contracts which have become Defaulted Leases between the Initial Portfolio Valuation Date and the relevant Collection Period End Date, as at the date each such Lease Contract became a Defaulted Lease and (ii) the Outstanding Principal Amount of the Initial Portfolio as of the Initial Portfolio Valuation Date.

**Cumulative Gross Default Ratio Trigger** means, with reference to each Collection Period End Date during the Revolving Period, any of the following percentages:

Collection Period End Date	Cumulative Default Ratio Trigger
First	0.30%
Second	0.65%
Third	1.00%
Fourth	1.30%
Fifth	1.65%
Sixth	1.90%

**Decree 239 Deduction** means any withholding or deduction for or on account of "*imposta sostitutiva*" under Decree No. 239.

**Decree No. 84** means Italian Legislative Decree No. 84 of 18 April 2005, as amended and supplemented from time to time.

**Decree No. 213** means Italian Legislative Decree No. 213 of 24 June 1998, as amended and supplemented from time to time.

**Decree No. 239** means Italian Legislative Decree No. 239 of 1 April 1996, as amended and supplemented from time to time and any related regulations.

**Decree No. 350** means Italian Law Decree No. 350 of 25 September 2001, converted into law with amendments by Law No. 409 of 23 November 2001, as amended and supplemented from time to time.

**Decree No. 351** means Italian Law Decree No. 351 of 25 September 2001, as amended and supplemented from time to time.

**Decree No. 435** means Italian Legislative Decree No. 435 of 21 November 1997, as amended and supplemented from time to time.

**Deed of Charge** means the English law deed of charge executed on or about the Issue Date between the Issuer 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 herein contained and including any agreement or other document expressed to be supplemental thereto.

**Deed of Pledge** means the Italian law deed of pledge executed on or about the Issue Date between the Issuer 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.

**Default Ratio** means, in respect of any Collection Period during the Revolving Period and with reference to the relevant Collection Period End Date, the ratio between (i) the Outstanding Principal Amount of all Defaulted Receivables included in the Portfolio, and (ii) the Portfolio Outstanding Principal Balance.

**Defaulted Leases** means all leases arising from Lease Contracts presenting a Defaulted Receivable.

**Defaulted Receivable** means any Receivable in respect of which: (a) the relevant Lease Contract has been terminated, or (b) in the case of a Lease Contract under which Instalments are paid on a monthly basis, there are seven or more Delinquent Instalments, in the case of a Lease Contract under which Instalments are paid on a bi-monthly basis, there are five or more Delinquent Instalments and in the case of a Lease Contract Under which Instalments are paid on a quarterly basis, there are four or more Delinquent Instalments.

**Deferred Purchase Price** means the deferred purchase price due and payable by the Issuer to the Originator as consideration for the transfer of the Initial Portfolio and, as the case may be, each Subsequent Portfolio, pursuant to the Transfer Agreement.

**Delinquency Ratio** means, in respect of any Collection Period during the Revolving Period and with reference to the relevant Collection Period End Date, the ratio between: (i) the Outstanding Principal Amount of all Delinquent Receivables included in the Portfolio, and (ii) the Portfolio Outstanding Principal Balance.

**Delinquent Instalment** means any Instalment that remains unpaid for 30 days or more after its scheduled payment date.

**Delinquent Principal Instalment** means the principal component of any Delinquent Instalment.

**Delinquent Receivable** means any Receivable, other than a Defaulted Receivable, in respect of a Lease Contract in relation to which there is at least one Delinquent Instalment.

**Eligible Institution** means a depository institution organised under the laws of any state which is a member of the European Union or of the United States, the short-term unsecured and unsubordinated debt obligations of which are rated at least F1 by Fitch and P1 by Moody's (or such other rating acceptable to the Rating Agencies).

**Eligible Investments** means any Euro denominated investment which may include any senior, unsubordinated debt security investment, money market fund, commercial paper, deposit or other debt instruments issued by, or fully and unconditionally guaranteed on an unsubordinated basis by, or held at, an institution having at least the

following ratings for the maturity (or the residual maturity as applicable) as indicated:

Maturity	Fitch	Moody's
1-3 Months	F-1+	A1 and P-1
Less than 1 month	F-1	A2 or P-1

*provided that:* (i) any such investment shall have a maturity date falling no later than the third Business Day (included) preceding the following Payment Date, (ii) the purchase price of any such investment must not be higher than its nominal value and (iii) in the case of money market fund, any such investment shall have a rating at least equal to "AAA/V1+" by Fitch and "MR1+/Aaa" by Moody's.

**EMU** means the European Economic and Monetary Union pursuant to the Treaty establishing the European Communities.

**Enforcement Event** means any of the events described in Condition 11.

**Enforcement Notice** means the notice described in Condition 11.

**Equipment Pool** means the pool of Receivables arising from Lease Contracts relating to tools, machinery, specifically built machinery and other industrial equipment not registered in any public register.

**Euroclear** means Euroclear Bank S.A./N.V., as operator of the Euroclear system.

**European Union Insolvency Regulation** means European Council Regulation (EC) No. 1346 of 29 May 2000 on insolvency proceeding, as amended and supplemented from time to time.

**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).

**Excess Spread Trapping Ledger** means the ledger on which the Investment Account Bank shall credit the amounts due to be paid on each Payment Date after item (xiii) pursuant to the Pre-Enforcement Priority of Payment, as a result of the occurrence of any Excess Spread Trapping Trigger.

**Excess Spread Trapping Trigger** means the occurrence of a Cumulative Gross Default Ratio equal to or higher than the following percentages on the following Payment Dates:

Cumulative Gross Default Ratio	Payment Date
0.25%	30-Jul-06
0.50%	30-Oct-06
0.90%	30-Jan-07
1.55%	30-Apr-07
2.00%	30-Jul-07
2.55%	30-Oct-07

3.10%	30-Jan-08
3.90%	30-Apr-08
4.70%	30-Jul-08
5.70%	30-Oct-08
6.70%	30-Jan-09
7.70%	30-Apr-09
8.70%	30-Jul-09
9.50%	30-Oct-09
9.90%	30-Jan-10
10.30%	30-Apr-10
10.50%	30-Jul-10
11.20%	30-Oct-10
12.00%	30-Jan-11
12.80%	30-Apr-11 and onward

**Excluded Collections** means (a) amounts collected or recovered by the Issuer in respect of Receivables in connection with which the Originator has made a payment under Clause 4.5(b) of the Warranty and Indemnity Agreement, in an amount not exceeding the amount so paid by the Originator and interest thereon; and (b) proceeds from the sale of any Asset in respect of which the Lease Contract has been terminated pursuant to Article 1526 of the Italian Civil Code less any expenses incurred by the Issuer in connection with such sale, in an amount not exceeding the amount paid by the Originator under Clause 5.1 of the Warranty and Indemnity Agreement.

**F-E Gold** means F-E Gold S.r.l., a limited liability company incorporated pursuant to the Securitisation Law with registered office in Via Romanino No. 1, 25122 Brescia, Italy, enrolled with No. 02620480984 in the Companies Register of Brescia and with No. 36625 in the register held by *Ufficio Italiano Cambi* pursuant to Article 106 of the Consolidated Banking Act and enrolled in the Special Register held by the Bank of Italy pursuant to Article 107 of the Consolidated Banking Act.

**Final Maturity Date** means the Payment Date falling on 30 July 2025.

**Fineco Leasing** means Fineco Leasing S.p.A., with registered office in Via Marsala No. 42/A, 25122 Brescia, Italy, enrolled in the Companies Register of Brescia with No. 01582970172 and enrolled in the Special Register held by the Bank of Italy pursuant to Article 107 of the Consolidated Banking Act with No. 19201.

**First Payment Date** means 31 July 2006.

**Fitch** means Fitch Ratings Ltd.

**Fixed Rate Leases** means all leases arising from Lease Contracts providing for a fixed rate.

**Floating Rate Leases** means all leases arising from Lease Contracts providing for a floating rate.

**Initial Cash Reserve Amount** means an amount of Euro 31,589,000 to be funded by the Subordinated Loan and to be paid into the Issuer Cash Reserve Account on or about the Issue Date.

**Initial Disbursement Amount** means an amount of Euro 20,000 to be paid into the Issuer Expenses Account on the Issue Date.

**Initial Interest Period** means the period starting on the Issue Date (included) and ending on the First Payment Date (excluded).

**Initial Period** means the period commencing on (and including) the Issue Date and ending on the earlier of (i) the date falling eighteen months and one day after the Issue Date and (ii) the date on which an Enforcement Notice is served upon the Issuer.

**Initial Portfolio** means the initial portfolio of Receivables transferred to the Issuer pursuant to the Transfer Agreement.

**Initial Portfolio Valuation Date** means 1 May 2006.

**Initial Portfolio Eligibility Criteria** means the object criteria satisfied by the Receivables comprised in the Initial Portfolio, as set out in the Transfer Agreement.

**Initial Portfolio Deferred Purchase Price** means the Deferred Purchase Price payable in connection with the transfer of the Initial Portfolio.

**Initial Portfolio Outstanding Principal Balance** means Outstanding Principal Balance of the Initial Portfolio as at the Initial Portfolio Valuation Date.

**Initial Principal Amount** means the principal amount of the Notes of the relevant Class on the Issue Date.

**Initial Purchase Price** means the initial purchase price due and payable by the Issuer to the Originator as consideration for the transfer of the Initial Portfolio and, as the case may be, each Subsequent Portfolio, pursuant to the Transfer Agreement and being equal to the sum of the relevant Principal Component and Interest Component.

**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, such proceedings are 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, 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 or deferment of substantial part 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 a substantial part 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) or any of the events under Article 2484 of the Italian Civil Code occurs with respect to such company or corporation.

**Instalments** means the periodic payments (excluding the Residual Instalments (*riscatto*)) due under the Lease Contracts from the Lessees which are made up of an interest component and a principal component.

**Instalment Variation** means a variation in Instalments due under a Lease Contract as a result of amendment(s) to the Lease Contract.

**Insurance Policy** means any insurance contracts entered into by a Debtor or by the Originator, in respect to, or as a condition for, the execution of a Lease Contract, including (but not limited to) policies for the insurance of risks relating to the Assets.

**Intercreditor Agreement** means the agreement executed on or about the Issue Date between, *inter alios*, the Issuer, the Representative of the Noteholders, the Originator, the Servicer, the Swap Counterparty, the Account Banks, the Subordinated Lender, the Cash Manager, the Paying Agents, the Administrative Services Provider, the Stichting Corporate Services Provider, the Sole Quotaholder and the Calculation Agent.

**Interest Amount** means the amount of interest payable on each Class of Notes in respect of the relevant Interest Period as determined in accordance with Condition 6 (*Interest*).

**Interest Amount Arrears** means any Interest Amounts which are unpaid on their due date and remain unpaid in respect of the Notes of any Class.

**Interest Component** means, in relation to the Initial Portfolio and each Subsequent Portfolio, the sum of the Interest Instalments of all the Receivables comprised in the relevant portfolio accrued as at the relevant Valuation Date.

**Interest Determination Date** means the second Business Day before each Payment Date. In relation to the Initial Interest Period, the Interest Determination Date is the second Business Day before the Issue Date.

**Interest Instalments** means, in relation to each Lease Contract, the interest component of each Instalment.

**Interest Period** means each period from and including a Payment Date to but excluding the succeeding Payment Date.

**Investment Account Bank** means JPMorgan Chase Bank N.A., London Branch or any of its permitted successors or assigns from time to time.

**Investment Account Bank Report** means the report to be prepared by the Investment Account Bank on each Report Date pursuant to the Cash Allocation, Management, Payment and Agency Agreement.

**Investors Report** means the report to be prepared by the Calculation Agent pursuant to the Cash Allocation, Management, Payment and Agency Agreement available to investors on the web-site securitisation.capitalia.it. Such report will be available:

- (i) during the Revolving Period, 15 (fifteen) Business Days after payment of the Principal Component of the Initial Purchase Price of each Subsequent Portfolio (or, if no Subsequent Portfolio is purchased on or about a Payment Date, 15 (fifteen) Business Days following such Payment Date), and
- (ii) after the end of the Revolving Period, 15 (fifteen) Business Days following each Payment Date.

**Issue Date** means 31 May 2006.

**Issue Price** means the price of the Notes on issue being 100% of their Initial Principal Amount.

**Issuer** means F-E Gold.

**Issuer Available Funds** means, in relation to each Payment Date:

- (a) all amounts received or recovered by the Issuer (or its agents) in respect of the Receivables during the Collection Period immediately preceding such Payment Date and transferred to the Issuer Collection Account (other than the Excluded Collections) (including, for the avoidance of doubt, all amounts credited by the Servicer to the Issuer Collection Account related to such Collection Period no later than the close of business of the second Local Business Day after the Collection Period End Date);
- (b) all amounts paid to the Issuer on the Swap Payment Date immediately preceding such Payment Date under the terms of the Swap Agreement;
- (c) any other amounts received by the Issuer from any party to the Transaction Documents during the Collection Period immediately preceding such Payment Date (other than the Excluded Collections);
- (d) the Cash Reserve as of the immediately preceding Collection Period End Date;
- (e) any interest paid on amounts standing to the credit of the Accounts (except the Issuer Expenses Account) in the immediately preceding Collection Period;
- (f) any proceeds from the investment of amounts credited to the Issuer Investment Account in the course of the immediately preceding Collection Period (*provided that* amounts shall be deemed to have been transferred during a Collection Period also if transferred after the relevant Collection Period End Date to the extent that (i) the relevant amounts are transferred no later than the close of business of the second Local Business Day after the relevant Collection Period End Date and (ii) the relevant reason for payment specifies that the amounts transferred relate to the relevant Collection Period);
- (g) all amounts received from the sale of all or part of the Portfolio should such sale occur and proceeds (if any) from the enforcement of the Issuer's Rights; and
- (h) any amounts standing to the credit of the Excess Spread Trapping Ledger,

*provided that* on the first Payment Date following the end of the Initial Period any amount standing to the credit of the Principal Accumulation Ledger of the Issuer Investment Account shall form part of the Issuer Available

Funds.

**Issuer Cash Reserve Account** means the Euro-denominated account with No. 00 0000 1189 opened in the name of the Issuer with the Account Bank to be operated pursuant to the provisions of the Cash Allocation, Management, Payment and Agency Agreement.

**Issuer Collection Account** means the Euro-denominated account with No. 00 0000 1184 opened in the name of the Issuer with the Account Bank and to be operated pursuant to the provisions of the Cash Allocation, Management, Payment and Agency Agreement.

**Issuer Disbursement Amount** means:

- (a) on each Payment Date, the difference between Euro 20,000 and the amount standing to the credit of the Issuer Expenses Account on the immediately preceding Collection Period End Date; or
- (b) on the Final Maturity Date or, if earlier, the Payment Date on which the Notes will be redeemed in full, the greater of (i) the amount referred to in (a) and (ii) such amount as is required to pay such items that are payable out of the Issuer Disbursement Amount.

**Issuer Expenses Account** means the Euro-denominated account with No. 00 0000 1188 opened in the name of the Issuer with the Account Bank to be operated pursuant to the provisions of the Cash Allocation, Management, Payment and Agency Agreement.

**Issuer Investment Account** means the Euro-denominated account with No. 33957301 opened in the name of the Issuer with the Investment Account Bank to be operated pursuant to the provisions of the Cash Allocation, Management, Payment and Agency Agreement.

**Issuer Investment Account Ledgers** means the ledgers kept by the Investment Account Bank in respect of amounts standing to the balance of the Issuer Investment Account, namely, the Collections Ledger, the Principal Accumulation Ledger, the Cash Reserve Ledger and the Excess Spread Trapping Ledger.

**Issuer Payments Account** means the Euro-denominated account with No. 00 0000 1186 opened in the name of the Issuer with the Account Bank to be operated pursuant to the provisions of the Cash Allocation, Management, Payment and Agency Agreement.

**Issuer Principal Accumulation Account** means the Euro-denominated account with No. 00 0000 1187 opened in the name of the Issuer with the Account Bank to be operated pursuant to the provisions of the Cash Allocation, Management, Payment and Agency Agreement.

**Issuer Principal Available Funds** means, on each Payment Date prior to the service of an Enforcement Notice the aggregate of all amounts (if any) payable under items (vii), (ix), (xi) and (xiii) of the Pre-Enforcement Priority of Payments on such Payment Date.

**Issuer Quota Capital Account** means the Euro-denominated account with No. 025570239198 opened by the Issuer with Banca Popolare di Intra, Milan branch, into which all sums contributed by the Noteholders of the Issuer are credited.

**Issuer Securities Account** means the securities account with No. FGO 01 opened in the name of the Issuer with the Investment Account Bank and to be operated pursuant to the provisions of the Cash Allocation, Management, Payment and Agency Agreement.

**Issuer Transaction Account** means the Euro-denominated account with No. 00 0000 1185 opened in the name of the Issuer with the Account Bank to be operated pursuant to the provisions of the Cash Allocation, Management, Payment and Agency Agreement.

**Issuer's Rights** mean the Issuer's rights under the Transaction Documents.

**Italian Bankruptcy Law** means Royal Decree No. 267 of 16 March 1942, as amended and supplemented from time to time.

**Joint Lead Managers** means Capitalia, BNP Paribas London Branch and Lehman Brothers and **Joint Lead Manager** means each of them.

**J.P. Morgan Bank Luxembourg S.A.** means J.P. Morgan Bank Luxembourg S.A., having its registered offices at 6, route de Trèves L-2633 Senningerberg Luxembourg.

**JPMorgan Chase Bank, N.A., London Branch** means the London branch of JPMorgan Chase Bank N.A., office at Trinity Tower, 9 Thomas More Street, London E1W 1YT, England.

**JPMorgan Chase Bank, N.A., Milan Branch** means the Milan branch of JPMorgan Chase Bank N.A., having its registered offices at Via Catena No. 4, 20121 Milan, Italy.

**Lease Contracts** means the performing financial lease agreements entered into between Fineco Leasing, as lessor, and the Lessees and **Lease Contract** means each of them.

**Lehman Brothers** means Lehman Brothers International (Europe) with registered office at 25 Bank Street, London, E14 5LE, United Kingdom.

**Lessee** means any person, entity or subject who entered into a Lease Contract.

**Letter of Undertakings** means the letter of undertakings entered into on or about the Issue Date between the Issuer, the Originator and the Quotaholder, as may be modified from time to time in accordance with the provisions contained therein and including any agreement or other document expressed to be supplemental thereto.

**Limited Recourse Loan** means a limited recourse loan advanced by the Originator to the Issuer pursuant to Clause 4 of the Warranty and Indemnity Agreement and in the circumstances set out thereunder.

**Local Business Day** means a day (other than Saturday and Sunday) on which the banks to and/or from which the relevant payment is to be made are open for business.

**Luxembourg Listing Agent** means J.P. Morgan Bank, Luxembourg S.A. or its permitted successors or assignees from time to time.

**Luxembourg Paying Agent** means J.P. Morgan Chase Bank, Luxembourg S.A. or its permitted successors or assignees from time to time.

**Luxembourg Stock Exchange** means the Regulated Market "*Bourse de Luxembourg*".

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

**Meeting** means a meeting of Noteholders duly convened (whether originally convened or resumed following an adjournment) and held in accordance with the provisions contained in the Rules of the Organisation of the Noteholders.

**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 its customers with Monte Titoli.

**Monte Titoli Mandate Agreement** means the agreement between the Issuer and Monte Titoli on or about the Issue Date, as may be modified from time to time in accordance with the provisions contained therein and including any agreement or other document expressed to be supplemental thereto.

**Moody's** means Moody's Investors Service Inc..

**Most Senior Class of Noteholders** means the holders of the Most Senior Class of Notes.

**Most Senior Class of Notes** means

- (i) the Class A1 Notes, if the Class A1 Notes are outstanding;
- (ii) the Class A2 Notes, if the Class A1 Notes have been redeemed in full and the Class A2 Notes are outstanding;
- (iii) the Class B Notes, if the Class A1 Notes and the Class A2 Notes have been redeemed in full and the Class B Notes are outstanding;
- (iv) the Class C Notes, if the Class A1 Notes, the Class A2 Notes and the Class B Notes have been redeemed in full and the Class C Notes are outstanding.

**Negative Indexation Amount** means the amount to be set aside on each Payment Date, as set out by the Servicer in the Servicer Report, towards satisfaction of amounts (if any) payable to the Lessees under the Lease Contracts as a result of quarterly adjustment of Instalments paid during each three month period to the applicable Euribor from time to time applicable, and **Individual Negative Indexation Amount** means any such amount due to each Lessee under the relevant Lease Contract.

**Northern Regions** means the following Italian regions: Lombardia, Veneto, Emilia Romagna, Piemonte, Trentino Alto Adige, Liguria, Friuli Venezia Giulia and Valle d'Aosta.

**Noteholders** means the holders of the Class A1 Notes, the holders of the Class A2 Notes, the holders of the Class B Notes and holders of the Class C Notes.

**Notes** means the Class A1 Notes, Class A2 Notes, the Class B Notes and the Class C Notes, collectively.

**Obligor** means any person, other than a Lessee, who has guaranteed the payment or repayment of amounts due in respect of the Receivables, and/or its permitted successors or assignees.

**Official Gazette** means the *Gazzetta Ufficiale della Repubblica Italiana*.

**Optional Redemption** means the option of the Issuer to redeem the Notes in accordance with Condition 7.3.

**Organisation of Noteholders** means the association of the Noteholders created on the Issue Date.

**Originator** means Fineco Leasing.

**Other Issuer Creditors** means, collectively, the Originator, the Representative of the Noteholders, the Administrative Services Provider, the Servicer, the Account Banks, the Cash Manager, the Calculation Agent, the Paying Agents, the Stichting Corporate Services Provider, the Quotaholder, the Swap Counterparty and the Subordinated Lender.

**Outstanding Principal Amount** means, with respect to each Receivable, the aggregate Principal Instalments not yet due or collected (including, for the avoidance of doubt, any overdue and unpaid Principal Instalment).

**Outstanding Principal Balance** means, with respect to each Receivable, the aggregate Principal Instalments not yet collected (including, for the avoidance of doubt, any overdue and unpaid Principal Instalment).

**Paying Agents** means the Principal Paying Agent and the Luxembourg Paying Agent.

**Payment Date** means the First Payment Date and, thereafter, the 30<sup>th</sup> day of January, April, July and October in each year (or, if any such day is not a Business Day, the next succeeding Business Day) or, upon the sale of all or part of the Portfolio following the delivery of an Enforcement Notice, such Business Day as will be notified by the Representative of the Noteholders to the Issuer, the Noteholders and the Calculation Agent.

**Payment Report** means the report prepared by the Calculation Agent in accordance with the Cash Allocation, Management, Payment and Agency Agreement.

**Payment Report Date** means the 10<sup>th</sup> Business Day before each Payment Date.

**Performance Conditions** means, in respect to each transfer of Subsequent Portfolio, the following conditions:

- (i) the Pool Delinquency Ratio as at the immediately preceding Collection Period End Date does not exceed:
  - 5% in relation to the Real Estate Pool;
  - 6.5% in relation to the Equipment Pool;
  - 7.5% in relation to the Auto Pool; and
- (ii) the Pool Default Ratio as at the immediately preceding Collection Period End Date does not exceed:
  - 3.2% in relation to the Real Estate Pool;
  - 3.5% in relation to the Equipment Pool; and
  - 3% in relation to the Auto Pool,

*provided that:*

- (a) the Issuer shall not purchase further Receivables comprised in any Pool of a Subsequent Portfolio if the Performance Conditions of such Pool with reference to the immediately preceding Collection Period End Date are not satisfied; and that
- (b) the Issuer may *however* purchase Receivables comprised in the other Pool(s) of such Subsequent Portfolio if all the conditions precedent for their purchase, including the Performance Conditions, are satisfied. If the Performance Conditions of any Pool are not satisfied as at a Collection Period End Date

but are satisfied with reference to a successive Collection Period End Date during the Revolving Period, the Issuer may, subject to the satisfaction of all other relevant conditions precedent, purchase such Receivables on the Purchase Date immediately succeeding such Collection Period End Date in respect of which the Performance Conditions are satisfied.

**Performing Receivable** means the Receivables arising under the Lease Contracts that are classified as performing.

**Pool** means each of the Auto Pool, the Equipment Pool or the Real Estate Pool and **Pools** means all of them.

**Pool Default Ratio** means, in respect of any Pool during the Revolving Period and with reference to the Collection Period End Date, the ratio between (a) the Outstanding Principal Amount of all Defaulted Receivables outstanding on such date in a Pool, and (b) the Outstanding Principal Balance Amount of all Receivables in such Pool.

**Pool Delinquency Ratio** means, in respect of any Pool during the Revolving Period and with reference to the Collection Period End Date, the ratio between (a) the Outstanding Principal Amount of all Delinquent Receivables outstanding on such date in a Pool, and (b) the Outstanding Principal Amount of all Receivables in such Pool.

**Pool Performing Outstanding Principal Balance** means, in respect of each Pool, the Outstanding Principal Amount of the Receivables comprised in such Pool less any Delinquent Principal Instalments due in respect of Lease Contracts included in such Pool less the aggregate scheduled future Principal Instalments of any Defaulted Receivables included in such Pool.

**Pool Yield Condition** means, in respect to the purchase of each Subsequent Portfolio by the Issuer from the Originator, the condition that the weighted average of the spreads over the three month Euribor payable under all the performing Receivables of the Portfolio arising out of Lease Contracts with a floating interest rate shall be equal to or higher than the following percentages, as of the immediately preceding Collection Period End Date:

- (i) 3,20% in relation to the Receivables comprised in the Real Estate Pool;
- (ii) 2,80% in relation to the Receivables comprised in the Equipment Pool; and
- (iii) 1,65% in relation to the Receivables comprised in the Auto Pool.

**Portfolio** means the Initial Portfolio and each Subsequent Portfolio of Receivables purchased by the Issuer from the Originator pursuant to the terms of the Transfer Agreement.

**Portfolio Initial Outstanding Principal Balance** means the aggregate Outstanding Principal Amount of all the Receivables comprised in the Portfolio as of the Valuation Date of the relevant transfer to the Issuer pursuant to the Transfer Agreement.

**Portfolio Outstanding Principal Balance** means the sum of the Outstanding Principal Amount of each Receivable comprised in the Portfolio.

**Portfolio Performing Outstanding Principal Balance** means the (a) Portfolio Outstanding Principal Balance less (b) any Delinquent Principal Instalments, less (c) the aggregate of all scheduled future Principal Instalments of any Defaulted Receivables.

**Post-Enforcement Priority of Payments** means the order of priority pursuant to which the Issuer Available

Funds shall be applied following the service of an Enforcement Notice in accordance with the Conditions and the Intercreditor Agreement.

**Pre-Enforcement Priority of Payments** means the order of priority pursuant to which the Issuer Available Funds shall be applied on each Payment Date prior to the service of an Enforcement Notice in accordance with the Conditions and the Intercreditor Agreement.

**Principal Accumulation Ledger** means the ledger on which the Investment Account Bank shall, *inter alia*, credit all amounts transferred on each Payment Date during the Revolving Period to the Issuer Investment Account from the Issuer Principal Accumulation Account and the proceeds of the investment thereof.

**Principal Amount Outstanding** means, on any day:

- (a) in relation to each Class of Notes, the aggregate principal amount outstanding of all Notes in such Class;
- (b) in relation to a Note, the principal amount of that Note upon issue less the aggregate amount of all Principal Payments (as defined in Condition 7.2 (*Mandatory redemption*)) in respect of that Note that have been repaid on or prior to that date.

**Principal Component** means, in relation to the Initial Portfolio and each Subsequent Portfolio, the sum of the Outstanding Principal Balance of all the Receivables comprised in the relevant portfolio as at the relevant Valuation Date.

**Principal Deficiency** means the difference between:

- (a) the Target Principal Repayment Amount related to the immediately preceding Payment Date; and
- (b) any amount applied under items (vii), (ix), (xi) and (xiii) of the Pre-Enforcement Priority of Payments on the immediately preceding Payment Date,

*provided that* the Principal Deficiency applicable to the First Payment Date shall be equal to zero.

**Principal Instalment** means, in relation to each Lease Contract, the principal component of each Instalment (excluding, for the avoidance of doubt, the principal component of the Residual Instalment).

**Principal Paying Agent** means JPMorgan Chase Bank, N.A., Milan Branch, and its permitted successors or assignees from time to time.

**Principal Payment** means the principal amount redeemable in respect of each Note as determined in accordance with Condition 7.2.

**Principal Repayment Amount** means on each Payment Date, the amount which shall be equal to the lesser of:

- (a) the Target Principal Repayment Amount less the amounts (if any) to be paid on such Payment Date under items (vii), (ix) and (xi) of the Pre-Enforcement Priority of Payments; and
- (b) the Issuer Available Funds to remain on such Payment Date after payments under items (i) to (xii) of the Pre-Enforcement Priority of Payments.

**Priority of Payments** means the order of priority pursuant to which the Issuer Available Funds shall be applied on each Payment Date prior to and/or following the service of an Enforcement Notice in accordance with the Conditions and the Intercreditor Agreement.

**Pro-Rata Amortisation Payment Date** means each Payment Date after the Initial Period on which the Pro-Rata Conditions have been satisfied.

**Pro-Rata Cessation Event** means, following a Pro-Rata Amortisation Payment Date, the Notes having been redeemed in accordance with Condition 7.2.1 for three Payment Dates, as a result of the non satisfaction of the Pro-Rata Conditions.

**Pro-Rata Conditions** means, in respect of any Payment Date, the following conditions:

- (i) the unpaid Principal Deficiency being equal to zero at the immediately preceding Payment Date following payments under the applicable Priority of Payments are made;
- (ii) the balance of the Cash Reserve being equal to the Scheduled Cash Reserve Amount at the relevant Payment Report Date;
- (iii) at least five years having elapsed from the Issue Date; and
- (iv) the Cumulative Gross Default Ratio having not met the Excess Spread Trapping Trigger.

**Purchase Date** means the date on which the transfer of each Subsequent Portfolio takes place being the date on which Fineco Leasing receives the relevant Confirmation Notice from the Calculation Agent.

**Purchase Report** means the quarterly purchase report sent by the Originator to the Issuer in connection with each relevant Subsequent Portfolio, in accordance with the terms of the Transfer Agreement.

**Purchase Report Date** means the date, no later than the 9<sup>th</sup> Business Day before the relevant Payment Date, on which the Purchase Report has to be prepared by the Originator pursuant to the terms of the Transfer Agreement.

**Purchase Termination Event** means any of the events the occurrence of which determines the termination of the Revolving Period, as set out in clause 4 of the Transfer Agreement.

**Purchase Termination Notice** means the notice served by the Representative of the Noteholders on the Issuer following the occurrence of a Purchase Termination Event, in accordance with the provisions of the Transfer Agreement.

**Quotaholder** means Stichting F-E Red.

**Rating Agencies** means Fitch and Moody's.

**Rate of Interest** means, in respect of each Class of Notes, Three Month Euribor (or, in the case of the Initial Interest Period, the Euribor for two months deposit in Euro), plus the Relevant Margin for such Class of Notes.

**Real Estate Pool** means the pool of Receivables arising from Lease Contracts relating to real estate assets.

**Receivables** means each and every right arising under the Lease Contracts comprised in the Initial Portfolio and each Subsequent Portfolio, including; but not limited to:

- (i) Instalments, including any adjustments thereto as a result of any indexation;
- (ii) interest accrued or which is to mature on all amounts outstanding from the Lessees under the Lease Contracts (for the avoidance of doubt, the amounts herein referred to, are only the amounts transferred to

the Issuer according to the other points of this paragraph);

- (iii) penalties or other amounts due in relation to early termination of such Lease Contracts;
- (iv) any compensation received pursuant to (i) the Insurance Policies or (ii) pursuant to the indemnity provisions in favour of the Originator contained in the Insurance Policies executed by the Lessees, as follows: (a) in respect of any amount due in connection with any Receivable which is unpaid, such unpaid amount; (b) in case the insured event (in respect of which the Insurance Policy has been executed) results in a reduction of the Instalments due under the relevant leased Asset, the amount equal to the present value of such reduction; or (c) in case of an early termination of the relevant Lease Contract, the aggregate of (x) amounts due but unpaid by the Lessee as of the date of termination; and (y) the amount payable by the Lessee pursuant to the Lease Contract upon early termination;
- (v) any variation in Instalments (hereinafter, "**Instalment Variation**") as a result of any amendment to the Lease Contracts,

in each case, together with all the relevant real and personal guarantees, connected privileges and pre-emptive rights, and all other ancillary rights (*accessori*) pertaining thereto, as well as any and all other rights, claims and actions (including any action for damages) and defence inherent or otherwise ancillary to such rights, claims and actions and/or to the exercise thereof, in accordance with the provisions of the Lease Contracts and/or all other documents and agreements connected to them and/or pursuant to the applicable law, as well as any other right of the Originator in relation to any and all the insurance policies executed in connection with the Receivables and the Lease Contracts, but excluding (w) any value added tax; (x) the residual instalment (*riscatto*) due under a Lease Contract payable by the Lessee upon the payment of which the Lessee shall acquire ownership of the leased Asset; (y) administrative expenses incurred in the collection and in the delivery of Receivables and other ancillary expenses incurred in relation to the Receivables; and (z) amounts paid by the Lessees by way of insurance premium if such premium is invoiced separately from the Instalments.

**Reference Banks** means three (3) major banks in the Euro-Zone inter-bank market selected by the Principal Paying Agent with the approval of the Representative of the Noteholders.

**Relevant Margin** means:

- 0.06% per annum in respect of the Class A1 Notes;
- 0.13% per annum in respect of the Class A2 Notes;
- 0.28% per annum in respect of the Class B Notes; and
- 0.58% per annum in respect of the Class C Notes.

**Report Date** means the date falling 12 Business Days before each Payment Date on which the Servicer Report, the Account Bank Report and the Investment Account Bank Report have to be provided pursuant to the relevant Transaction Document.

**Representative of the Noteholders** means J.P. Morgan Corporate Trustee Services Limited, acting through its office at Trinity Tower, 9 Thomas More Street, London E1W 1YT and any of its successors.

**Residual Instalment** means the residual amount payable at the end of the contractual term under the Lease Contract if the Lessee exercises its option to purchase the leased Asset (*riscatto*).

**Revolving Period** means the period commencing on (and including) the Issue Date and ending on the Purchase Date falling in October 2007 (inclusive) (or, if earlier, the date on which a Purchase Termination Notice has been delivered).

**Rules of the Organisation of the Noteholders** means the by-laws of the Organisation of Noteholders, attached to the Conditions.

**Scheduled Cash Reserve Amount** means:

- (A) if the Principal Amount Outstanding of the Class A Notes of such Payment Date (for the avoidance of doubt, after deducting therefrom any principal to be repaid out of funds set aside under items (vii), (ix) and (xi) of the Pre-Enforcement Priority of Payments on such Payment Date) is higher than 50% of their Initial Principal Amount, Euro 31,589,000;
- (B) if (a) the Principal Amount Outstanding of the Class A Notes of such Payment Date (for the avoidance of doubt, after deducting therefrom any principal to be repaid out of funds set aside under items (vii), (ix) and (xi) of the Pre-Enforcement Priority of Payments on such Payment Date) is equal to or less than 50% of their Initial Principal Amount and (b) the balance of the Cash Reserve has been equal to the Scheduled Cash Reserve Amount at the two preceding Payment Report Dates, the greater of:
  - (i) 3.10% of the Principal Amount Outstanding of the Notes on the immediately preceding Payment Date; and
  - (ii) 1.50% of the Initial Principal Amount Outstanding of the Notes.

**Securities Act** means the U.S. Securities Act of 1933, as amended.

**Securitisation** means the securitisation of the Receivables comprised in the Portfolio made by the Issuer through the issuance of the Notes.

**Securitisation Law** means Italian Law No. 130 of 30 April 1999, as amended and supplemented from time to time.

**Security Documents** means the Deed of Pledge and the Deed of Charge.

**Security Interest** means any mortgage, charge, guarantee, pledge, lien, right of set-off, special privilege (*privilegio speciale*), assignment by way of security, retention of title or any other security interest whatsoever or any other agreement or arrangement having the effect of conferring security.

**Senior Return** means, on each Payment Date, a premium in an amount equal to the aggregate amount of interest accrued on the Residual Instalments during the immediately preceding Collection Period, as calculated by the Servicer according to the Servicing Agreement and to be paid to the Originator on each Payment Date in accordance with the relevant Priority of Payments.

**Servicer** means Fineco Leasing or its permitted successors or assignees from time to time.

**Servicer Report** means the report to be made by the Servicer on each Report Date pursuant to the Servicing Agreement.

**Servicing Agreement** means the servicing agreement entered into on the Transfer Date, between the Issuer and the Servicer, as may be modified from time to time in accordance with the provisions contained therein and

including any agreement or other document expressed to be supplemental thereto.

**Servicing Fee** means the fee that the Issuer will pay on each Payment Date to the Servicer, calculated pursuant to the terms of the Servicing Agreement.

**SFM** means Structured Finance Management (Netherlands) B.V., a private limited liability company incorporated under the laws of The Netherlands, having its registered office in Rivierstaete Building, Amsteldijk 166, 1079 LH Amsterdam, The Netherlands.

**S&P** means Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies Inc.

**Sole Arranger** means Capitalia.

**Solvency Condition** means the receipt by the Issuer of (i) a solvency certificate of the Originator, and (ii) a certificate issued within the ten days preceding the Purchase Date by the competent Register of Companies showing that the Originator is not subject to any insolvency proceedings and (iii) starting from the Purchase Date falling in October 2006 and thereafter on each Payment Date falling in April and October, during the Revolving Period, a bankruptcy certificate (*certificato fallimentare*) which gives evidence that no insolvency proceedings have been commenced against the Originator.

**Southern Regions** means the following Italian regions: Campania, Sicilia, Sardegna, Puglia, Molise, Calabria and Basilicata.

**Stichting Corporate Services Agreement** means the agreement entered into on or about the Issue Date between the Issuer, the Quotaholder and the Stichting Corporate Services Provider.

**Stichting Corporate Services Provider** means SFM.

**Stichting F-E Red** means Stichting F-E Red, a foundation incorporated under the laws of the Netherlands, with registered office at Amsteldijk 166, 1079 LH Amsterdam, the Netherlands.

**Structured Finance Management** means Structured Finance Management (Italy) S.r.l., with registered office in Via Romanino No. 1, 25122 Brescia (Italy) and enrolled with the Companies Register of Brescia with No. 02508180987.

**Subordinated Lender** means Fineco Leasing in its capacity as subordinated lender pursuant to the Subordinated Loan Agreement and any of its permitted successors and assignees.

**Subordinated Loan** means the subordinated loan made available by the Subordinated Lender to the Issuer under the Subordinated Loan Agreement.

**Subordinated Loan Agreement** means the subordinated loan agreement entered into on or about the Issue Date between the Issuer and the Subordinated Lender under which the Subordinated Lender has accepted to make available to the Issuer the Subordinated Loan.

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

**Subsequent Portfolio** means each subsequent portfolios of Receivables transferred to the Issuer pursuant to

the Transfer Agreement.

**Subsequent Portfolio Valuation Date** means, in respect of each Subsequent Portfolio, the Collection Period End Date immediately prior to the Purchase Date of such Subsequent Portfolio.

**Subsequent Portfolio Eligibility Criteria** means the object criteria to be satisfied by the Receivables comprised in each Subsequent Portfolio, as set out in the Transfer Agreement.

**Swap Agreement** means the swap agreement dated on or about the Issue Date between the Swap Counterparty and the Issuer, as may be modified from time to time in accordance with the provisions contained therein and including any agreement or other document expressed to be supplemental thereto.

**Swap Counterparty** means BNP Paribas or its permitted successors or assignees from time to time.

**Swap Payment Date** means the second Business Day prior to each Payment Date.

**Swap Trigger** means any of the events which results in an early termination of the Swap Agreement pursuant to the terms of such agreement.

**Target Principal Repayment Amount** means, with reference to each Payment Date, the difference between:

- (a) the Principal Amount Outstanding of the Notes as at the immediately preceding Collection Period End Date, less any amount standing to the credit of the Principal Accumulation Ledger of the Issuer Investment Account on such date; and
- (b) the Portfolio Performing Outstanding Principal Balance as at the preceding Collection Period End Date.

**Three Month Euribor** has the meaning set out in Condition 6.2.

**Transaction Documents** means the Intercreditor Agreement, the Transfer Agreement, the Deed of Pledge, the Deed of Charge, the Administrative Services Agreement, the Servicing Agreement, the Warranty and Indemnity Agreement, the Subscription Agreement, the Stichting Corporate Services Agreement, the Subordinated Loan Agreement, the Cash Allocation, Management, Payment and Agency Agreement, the Mandate Agreement, the Letter of Undertakings, the Swap Agreement, the Monte Titoli Mandate Agreement, the Master Definitions Agreements, the Offering Circular, the Conditions of the Notes, the Rules of the Organisation of the Noteholders, each Purchase Report and each Confirmation Notice.

**Transfer Agreement** means a receivables purchase agreement entered into on the Transfer Date between the Originator and the Issuer, as may be modified from time to time in accordance with the provisions contained therein and including any agreement or other document expressed to be supplemental thereto.

**Transfer Date** means 10 May 2006.

**“usi”** means customary practices as provided by Article 8 of the Italian Civil Code.

**Unpaid Principal Deficiency** means, with reference to any Payment Report Date, the debit balance recorded on the Principal Deficiency Ledger taking into account any amounts to be credited thereto on the immediately succeeding Payment Date.

**U.S. persons** has the meaning given to it in the Securities Act.

**Warranty and Indemnity Agreement** means the warranty and indemnity agreement entered into on the

Transfer Date, between the Originator and the Issuer, as may be modified from time to time in accordance with the provisions contained therein and including any agreement or other document expressed to be supplemental thereto.

**Valuation Date** means, as the case may be, the Initial Portfolio Valuation Date or each Subsequent Portfolio Valuation Date.

**Yield Conditions** means, collectively, the Aggregate Yield Condition and the Pool Yield Condition and **Yield Condition** means any of them, as the context may require.

## **2. Form, Denomination, Status**

- 2.1 The Notes are issued in bearer form and will be held in dematerialised form and will be wholly and exclusively deposited with Monte Titoli in accordance with Article 28 of Decree No. 213, through the authorised institutions listed in Article 30 of such Decree.
- 2.2 The Notes will be held by Monte Titoli on behalf of the Noteholders until redemption for the account of the relevant Monte Titoli Account Holder. The expression "**Monte Titoli Account Holder**" means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli. Title to the Notes will be evidenced by one or more book entries in accordance with the provisions of (i) Article 28 of Decree No. 213 and (ii) Consob Resolution No. 11768, as subsequently amended and supplemented. No physical document of title will be issued in respect of the Notes.
- 2.3 The Notes shall be issued in denominations of Euro 50,000.
- 2.4 Each Note has the benefit of the Deed of Pledge and the Deed of Charge.

## **3. Status, Priority and Segregation**

- 3.1 The Notes constitute secured limited recourse obligations of the Issuer and, accordingly, the extent of the obligation of the Issuer to make payments under the Notes is conditional upon the receipt and recovery by the Issuer of amounts due, and is limited to the extent of any amounts received or recovered by the Issuer, in each case, in respect of the Portfolio and the other Issuer's Rights. The Noteholders acknowledge that the limited recourse nature of the Notes produces the effects of a "*contratto aleatorio*" under Italian law and are deemed to accept the consequences thereof, including, but not limited to, the provisions under Article 1469 of the Italian Civil Code.
- 3.2 By operation of the Securitisation Law and of the Transaction Documents, the Issuer's right, title and interest in and to the Portfolio are segregated from all other assets of the Issuer and (to the extent permitted by Italian law) amounts deriving therefrom to the extent identifiable 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 and the Other Issuer Creditors according to the applicable Priority of Payments and to any third party creditors in respect of costs, fees and expenses incurred by the Issuer to such third party creditors in relation to the Securitisation. In addition, the Notes have the benefit of security over certain assets of the Issuer pursuant to the Deed of Pledge and the Deed of Charge.
- 3.3 The Intercreditor Agreement and the Rules of the Organisation of the Noteholders contain provisions regarding the protection of the respective interests of all Noteholders in connection with the exercise of the powers, authorities, rights, duties and discretions of the Representative of the Noteholders under or in relation to the Notes or any of the Transaction Documents. If, however, in the opinion of the

Representative of the Noteholders, there is or may be a conflict between the interests of the Noteholders of a Class or different Classes, the Representative of the Noteholders is required to have regard only to the interests of the holders of the Most Senior Class of Notes.

- 3.4 In respect of the obligation of the Issuer to pay interest on the Notes before the delivery of an Enforcement Notice: (a) the Class A1 Notes and the Class A2 Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves and in priority to the Class B Notes and the Class C Notes; (b) the Class B Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves and in priority to the Class C Notes, but subordinated to the Class A Notes; and (c) the Class C Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves, but subordinated to the Class A Notes and the Class B Notes.
- 3.5 In respect of the obligation of the Issuer to repay principal on the Notes, after the Initial Period, but before the delivery of an Enforcement Notice: (i) the Class A1 Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves and in priority to the Class A2 Notes, Class B Notes and the Class C Notes; (ii) the Class A2 Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves and in priority to Class B Notes and the Class C Notes, but subordinated to the Class A1 Notes; (iii) the Class B Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves and in priority to the Class C Notes, but subordinated to the Class A Notes; and (iv) the Class C Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves, but subordinated to the Class A Notes and the Class B Notes.
- 3.6 Provided however that, subject to no Enforcement Notice having been served: (i) on each Pro-Rata Amortisation Payment Date until the earlier of (a) the Payment Date (excluded) on which the Pro-Rata Cessation Event occurs and (b) the Cancellation Date, the Class A1 Notes, the Class A2 Notes, the Class B Notes and the Class C Notes shall rank *pari passu* and *pro rata* without preference or priority amongst themselves with respect to the repayment of principal; and (ii) starting from any Payment Date (included) on which Pro-Rata Cessation Event has occurred and on each Payment Date thereafter until the Cancellation Date, the Class A1 Notes, the Class A2 Notes, the Class B Notes and the Class C Notes shall rank in accordance with Condition 3.5 above with respect to the repayment of principal.
- 3.7 In respect of the obligation of the Issuer to pay interest and repay principal on the Notes after the delivery of an Enforcement Notice: (i) the Class A1 Notes and the Class A2 Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves and in priority to the Class B Notes and the Class C Notes; (ii) the Class B Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves and in priority to the Class C Notes but subordinated to the Class A Notes; and (iii) the Class C Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves but subordinated to the Class A Notes and the Class B Notes.

#### **4. Covenants**

For so long as any amount remains outstanding in respect of the Notes, the Issuer shall not, save with the 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 or sell, lend, part with or otherwise dispose of all or any part of the Portfolio; or

#### 4.2 *Restrictions on activities*

- (a) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage; or
- (b) have any *società controllata* (as defined in Article 2359 of the Italian Civil Code) or any employees or premises; or
- (c) at any time approve or agree or consent to or do, or permit to be done, any act or thing whatsoever which may be materially prejudicial to the interests of the Noteholders under the Transaction Documents; or
- (d) 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 equity capital to its quotaholders, or issue any further *quota* or shares; or

#### 4.4 *De-registrations*

ask for its 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 or from any other register on which it may from time to time have been registered pursuant to future legislation requesting such registration, for as long as the Securitisation Law, the Consolidated Banking Act or any other applicable law or regulation requires the Issuer of the Notes issued under the Securitisation Law or companies incorporated pursuant to the Securitisation Law to be registered therewith; or

#### 4.5 *Borrowings*

incur any indebtedness in respect of borrowed money whatsoever or give any guarantee in respect of indebtedness or of any obligation of any person; or

#### 4.6 *Merger*

consolidate or merge with any other person or convey or transfer all or substantially all its properties or assets 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, if such amendment, termination or discharge may be materially prejudicial to the interests of the Noteholders; or exercise any powers of consent or waiver pursuant to the terms of any of the Transaction Documents to which it is a party, in a way which may be materially prejudicial to the interests of the Noteholders; or permit any party to any of the Transaction Documents to which it is a party to be released from its obligations thereunder, if such release may be materially prejudicial to the interests of the Noteholders; or

#### 4.8 *Bank Accounts*

have an interest in any bank account other than the Accounts; or

#### 4.9 *Statutory Documents*

amend, supplement or otherwise modify its *statuto* or *atto costitutivo*, except where such amendment, supplement or modification is required by compulsory provisions of Italian law or by the competent regulatory authorities; 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 unless it has received prior confirmation from the Rating Agencies that any such securitisation transaction will not adversely affect the rating of any of the Notes; or

#### 4.11 *Centre of interests*

move its “centre of main interest” (as this term is used in Article 3(1) of the European Union Insolvency Regulation) outside the Republic of Italy; or

#### 4.12 *No branches outside the Republic of Italy*

establish any branch, subsidiary or establishment (as the latter term is defined in Article 2(h) of the European Union Insolvency Regulation) outside the territory of the Republic of Italy or maintain its central management and that of its business outside the territory of the Republic of Italy; or

#### 4.13 *Corporate Formalities*

cease to comply with all corporate formalities necessary to ensure its corporate existence and good standing.

### **5. Priority of Payments**

#### **5.1 Pre-Enforcement Priority of Payments**

Prior to the service of an Enforcement Notice, the Issuer Available Funds shall be applied on each Payment Date (or, in the case of payments that are to be made after the Payment Date and which are provided for in the relevant Payment Report, on the date for payment specified in such report), in making or providing for 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):

- (i) in or towards payment of taxes due and payable by the Issuer, to the extent they have not already been paid with amounts standing to the credit of the Issuer Expenses Account;
- (ii) to pay to the Servicer any Negative Indexation Amount, as indicated in the most recent Servicer Report, due and payable to the Lessees under the Lease Contracts;
- (iii) in or towards satisfaction *pari passu* and *pro rata* according to the respective amounts thereof, of: (a) any costs and expenses due and payable in relation to preserving the corporate existence of the Issuer, maintaining it in good standing and in compliance with applicable legislation (to the extent not already paid with amounts standing to the credit of the Issuer Expenses Account), (b) all due and payable costs and expenses incurred by the Issuer and any other amount payable by the Issuer in respect of the Securitisation (other than those payable to parties to the

Intercreditor Agreement) (to the extent not already paid with amounts standing to the credit of the Issuer Expenses Account), and (c) the indemnities, fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders;

- (iv) in or towards satisfaction *pari passu* and *pro rata* according to the respective amounts thereof, of (a) the indemnities, fees, costs and expenses of, and all other amounts due and payable to the Calculation Agent, the Account Banks, the Cash Manager, the Paying Agents, the Administrative Services Provider and the Stichting Corporate Services Provider under the relevant Transaction Document, (b) the Servicing Fee payable under the Servicing Agreement, (c) costs and expenses incurred by the Servicer in connection with the recovery of the Defaulted Receivables in an amount not exceeding Euro 10,000, and (d) the Issuer Disbursement Amount to be credited into the Issuer Expense Account;
- (v) in or towards satisfaction of all amounts payable to the Swap Counterparty under the Swap Agreement, other than amounts payable by the Issuer upon termination of the Swap Agreement where such termination is attributable to a Swap Trigger;
- (vi) in or towards payment, *pari passu* and *pro rata*, of (a) interest due and payable on the Class A1 Notes and (b) interest due and payable on the Class A2 Notes;
- (vii) in or towards provision of the Issuer Principal Available Funds for an amount equal to the Class A Principal Deficiency Amount;
- (viii) in or towards payment, *pari passu* and *pro rata*, of interest due and payable on the Class B Notes;
- (ix) in or towards provision of the Issuer Principal Available Funds for an amount equal to the Class B Principal Deficiency Amount;
- (x) in or towards payment, *pari passu* and *pro rata*, of interest due and payable on the Class C Notes;
- (xi) in or towards provision of the Issuer Principal Available Funds for an amount equal to the Class C Principal Deficiency Amount;
- (xii) to (but excluding) the Payment Date on which the Notes will be redeemed in full, to pay into the Issuer Cash Reserve Account an amount (if any) equal to the Scheduled Cash Reserve Amount;
- (xiii) in or towards provision of the Issuer Principal Available Funds for an amount equal to the Principal Repayment Amount;
- (xiv) in or towards satisfaction of any amount payable by the Issuer upon termination of the Swap Agreement where such termination is attributable to a Swap Trigger;
- (xv) in or towards satisfaction of: (a) any interest payable to the Originator on the Initial Purchase Price of the Initial Portfolio and of each Subsequent Portfolio, and (b) the Interest Component of the Initial Purchase Price of the Initial Portfolio and of each Subsequent Portfolio purchased on each Purchase Date;
- (xvi) in or towards satisfaction of any amounts due and payable to the Servicer pursuant to the

Servicing Agreement, to the extent not already paid under the previous items of this Priority of Payments;

- (xvii) in or towards payment of interest due and payable on the Subordinated Loan;
- (xviii) in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, of any other amounts due and payable to the Originator or any Other Issuer Creditors pursuant to any of the Transfer Agreement (other than amounts due as Deferred Purchase Price), the Warranty and Indemnity Agreement or any other Transaction Documents (other than the Senior Return and amounts due under the Subordinated Loan Agreement), to the extent not already paid under other items of this Priority of Payments);
- (xix) in or towards payment of any Senior Return due and payable to the Originator pursuant to the Servicing Agreement;
- (xx) in or towards payment of interest due and payable on the Additional Return amounts accrued and deferred under the Subordinated Loan Agreement;
- (xxi) in or towards payment of the Additional Return due and payable on the Subordinated Loan provided however that the Subordinated Lender may, on any Payment Date falling after the Initial Period, elect to receive all or a portion thereof by way of repayment of principal due under the Subordinated Loan under the following item;
- (xxii) in or towards repayment of principal on the Subordinated Loan on the Final Maturity Date and, where the Subordinated Lender elects to receive all or a portion of the Additional Return due on such Payment Date (provided that it falls after the Initial Period) by way of repayment of principal, on the relevant Payment Date prior thereto in an amount corresponding to the relevant portion of the Additional Return;
- (xxiii) in or towards payment of interest due and payable on the part of Deferred Purchase Price which has not been paid yet; and
- (xxiv) in or towards payment of the Deferred Purchase Price,

*provided however that* if on any Payment Date from (and including) the First Payment Date to (and including) the Payment Date falling in April 2010, an Excess Spread Trapping Trigger occurs, payments under this Priority of Payments shall be made on any such Payment Date only up to item (xiii) (included) and the amounts due to be paid under the following items shall be credited back to the Issuer Investment Account and applied as Issuer Available Funds on the following Payment Date.

## 5.2 **Post-Enforcement Priority of Payments**

Following the service of an Enforcement Notice, the Issuer Available Funds shall be applied on each Payment Date (or, (a) in the case of payments that are to be made after the Payment Date and which are provided for in the Payment Report immediately preceding such Payment Date, on the date for payment specified in such report or (b) in the case of sale of all or part the Portfolio, on any Business Day notified by the Representative of Noteholders to the Issuer, the Noteholders and the Calculation Agent) in making or providing for 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):

- (i) in or towards payment of (a) if the Enforcement Event is an Insolvency Event, any mandatory

expenses relating to the insolvency proceedings in accordance with Italian bankruptcy law; and thereafter, or upon the occurrence of any other Enforcement Event, (b) taxes due and payable by the Issuer (to the extent they have not already been paid with amounts standing to the credit of the Issuer Expenses Account or are not to be paid by the receiver out of the amounts described in *sub (a)*);

- (ii) to pay to the Servicer any Negative Indexation Amount, as indicated in the most recent Servicer Report, due and payable to the Lessees under the Lease Contracts;
- (iii) in or towards satisfaction *pari passu* and *pro rata* according to the respective amounts thereof, of (a) any costs and expenses due and payable in relation to preserving the corporate existence of the Issuer, maintaining it in good standing and in compliance with applicable legislation (to the extent they have not already been paid with amounts standing to the credit of the Issuer Expenses Account or are not to be paid by the receiver out of the amounts described in item (i) *sub (a)*); (b) all due and payable costs and expenses incurred by the Issuer and any other amount payable by the Issuer in respect of the Securitisation (other than those payable to parties to the Intercreditor Agreement) (to the extent they have not already been paid with amounts standing to the credit of the Issuer Expenses Account or are not to be paid by the receiver out of the amounts described in item (i) *sub (a)*); and (c) the indemnities, fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders;
- (iv) in or towards satisfaction *pari passu* and *pro rata* according to the respective amounts thereof, of (a) the indemnities, fees, costs and expenses of, and all other amounts due and payable to the Calculation Agent, the Account Banks, the Cash Manager, the Paying Agents, the Administrative Services Provider and the Stichting Corporate Services Provider under the relevant Transaction Document, (b) the Servicing Fee payable under the Servicing Agreement, (c) costs and expenses incurred by the Servicer in connection with the recovery of the Defaulted Receivables in an amount not exceeding Euro 10,000, and (d) the Issuer Disbursement Amount to be credited into the Issuer Expense Account;
- (v) in or towards satisfaction of all amounts payable to the Swap Counterparty under the Swap Agreement, other than amounts payable by the Issuer upon termination of the Swap Agreement where such termination is attributable to a Swap Trigger;
- (vi) in or towards payment, *pari passu* and *pro rata*, of (a) interest due and payable on the Class A1 Notes and (b) interest due and payable on the Class A2 Notes;
- (vii) in or towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class A1 Notes and the Principal Amount Outstanding of Class A2 Notes;
- (viii) in or towards payment, *pari passu* and *pro rata*, of the interest due and payable on the Class B Notes;
- (ix) in or towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class B Notes;
- (x) in or towards payment *pari passu* and *pro rata*, of the interest due and payable on the Class C Notes;

- (xi) in or towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class C Notes;
- (xii) in or towards satisfaction of any amount payable by the Issuer upon termination of the Swap Agreement where such termination is attributable to a Swap Trigger;
- (xiii) in or towards satisfaction of (a) any interest payable to the Originator on the Initial Purchase Price of the Initial Portfolio and of each Subsequent Portfolio, and (b) the Interest Component on the Initial Purchase Price of the Initial Portfolio and of each Subsequent Portfolio purchased on each Purchase Date;
- (xiv) in or towards satisfaction of any amounts due and payable to the Servicer pursuant to the Servicing Agreement, to the extent not already paid under the previous items of this Priority of Payments;
- (xv) in or towards payment of interest due and payable on the Subordinated Loan;
- (xvi) in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, of any other amounts due and payable to the Originator or any Other Issuer Creditors pursuant to the Transfer Agreement (other than amounts due as Deferred Purchase Price or as interest thereon), the Warranty and Indemnity Agreement and any other Transaction Document (other than the Senior Return and amounts due under the Subordinated Loan Agreement), to the extent not already paid or to be paid under other items of this Priority of Payments;
- (xvii) in or towards satisfaction of any Senior Return due and payable to the Originator pursuant to the Servicing Agreement;
- (xviii) in or towards payment of interest due and payable on the Additional Return amounts accrued and deferred under the Subordinated Loan Agreement;
- (xix) in or towards payment of the Additional Return due and payable on the Subordinated Loan, provided however that the Subordinated Lender may, on any Payment Date falling after the Initial Period, elect to receive all or a portion thereof by way of repayment of principal due under the Subordinated Loan;
- (xx) in or towards repayment of principal on the Subordinated Loan on the Final Maturity Date and, where the Subordinated Lender elects to receive all or a portion of the Additional Return due on such Payment Date (provided it falls after the Initial Period) by way of repayment of principal, on the relevant Payment Date(s) prior to the Final Maturity Date in an amount corresponding to the relevant portion of the Additional Return;
- (xxi) in or towards payment of interest due and payable on the part of Deferred Purchase Price which has not been paid yet; and
- (xxii) in or towards payment of the Deferred Purchase Price.

## **6. Interest**

### **6.1 Payment Dates and Interest Periods**

The Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date.

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

Interest shall cease to accrue on any part of the Principal Amount Outstanding of a Note from (and including) the Final Maturity Date 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 each Class of Notes until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day on which all such sums have been received by the Representative of the Noteholders or the Principal Paying Agent on behalf of the relevant Noteholder and notice to that effect is given in accordance with Condition 14 (*Notices*).

## 6.2 Rate of Interest

The rate of interest payable from time to time in respect of each class of the Notes (each, a "**Rate of Interest**") will be determined by the Principal Paying Agent on each Interest Determination Date.

The Rate of Interest applicable to each Class of the Notes for each Interest Period shall be the aggregate of:

- (A) the Relevant Margin (as defined below); and
- (B)
  - (a) the Euro-zone inter-bank offered rate ("**Euribor**") for three month Euro deposits which appears on EURIBOR01 REUTERS or (aa) such other page as may replace EURIBOR01 REUTERS on that service for the purpose of displaying such information or (bb) if that service ceases to display such information, 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 EURIBOR01 REUTERS) at or about 11.00 a.m. (Brussels time) on the Interest Determination Date (the "**Screen Rate**"); or
  - (b) if the Screen Rate is unavailable at such time for three month Euro deposits, then the rate for any relevant period shall be 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 three month Euro deposits in a similar 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 that date; or
  - (c) if on any Interest Determination Date, the Screen Rate is unavailable and only two 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
  - (d) if, on any Interest Determination Date, the Screen Rate is unavailable and only one of the Reference Banks provides the Principal Paying Agent with an offered quotation, the Rate of Interest for the relevant Interest Period shall be the Rate of Interest in effect for the immediately preceding Interest Period to which either sub-paragraph (a) or (b) above shall have applied (the "**Three Month Euribor**").

In the case of the Initial Interest Period, the Rate of Interest applicable to each Class of the Notes will be the aggregate of the Relevant Margin and the Euribor for two months deposits in Euro.

There shall be no maximum or minimum Rate of Interest.

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.

For the purpose of these Conditions, the "**Relevant Margins**" and each a "**Relevant Margin**" shall be:

- 0.06% per annum in respect of the Class A1 Notes;
- 0.13% per annum in respect of the Class A2 Notes;
- 0.28% per annum in respect of the Class B Notes; and
- 0.58% per annum in respect of the Class C Notes.

### 6.3 **Determination of Rates of Interest and Calculation of Interest Payments**

The Principal Paying Agent shall, on each Interest Determination Date, determine and notify, *inter alios*, the Issuer, the Calculation Agent, the Luxembourg Paying Agent, Cash Manager, the Servicer, the Swap Counterparty, Monte Titoli, the Stock Exchange and the Representative of the Noteholders of:

- (a) the Rate of Interest applicable to the Interest Period beginning after such Interest Determination Date (or in the case of the Initial Interest Period, beginning on and including the Issue Date) in respect of each Class of Notes; and
- (b) the Euro amount (the "**Interest Amount**") payable on each Class of Notes in respect of such Interest Period. The Interest Amount payable in respect of any Interest Period in respect of each Class of Notes shall be calculated by applying the relevant Rate of Interest to the Principal Amount Outstanding of such Class of Notes on the 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 and paid on that 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 upwards).

### 6.4 **Interest Amount Arrears**

In the event that on any Payment Date, there are any Interest Amounts which are unpaid on their due date and remain unpaid in respect of the Notes ("**Interest Amount Arrears**") (other than the Most Senior Class of Notes then outstanding), such Interest Amount Arrears will be deferred (and not regarded as due).

The Interest Amount Arrears in respect of each Class of Notes (other than the Most Senior Class of Notes then outstanding) shall be aggregated with the amount of interest due on each such Class of Notes on the next succeeding Payment Date, and treated for the purposes of this Condition as if it was due, subject to this Condition, on each such Note on the next succeeding Payment Date.

Interest shall not accrue on any Interest Amount Arrears and/or (ii) on any Interest Amount in respect of the Most Senior Class of Notes which is unpaid on its due date and remains unpaid.

## 6.5 **Publication of the Rate of Interest, the Interest Amount and the Interest Amount Arrears**

The Principal Paying Agent will, at the Issuer's expense, cause the Rate of Interest and the Interest Amount applicable to each Class of Notes for each Interest Period and the relative Payment Date in respect of such Interest Amount to be notified promptly after determination to the Issuer, the Calculation Agent, the Luxembourg Paying Agent, the Representative of the Noteholders, the Stock Exchange and any other relevant stock exchange and will cause the same to be published in accordance with Condition 14 (*Notices*) on or as soon as reasonably practicable after the relevant Interest Determination Date.

If, subject and upon receipt of the Payment Report from the Calculation Agent, the Principal Paying Agent determines that on a Payment Date any Interest Amount Arrears will arise, *then* notice to this effect will be given to the Calculation Agent, the Issuer, the Representative of the Noteholders, the Stock Exchange, the Luxembourg Paying Agent and any other relevant stock exchange no later than the Business Day prior to such Payment Date and a notice to this effect will be given to the relevant Noteholders in accordance with Condition 14 (*Notices*).

The Principal Paying Agent will be entitled to recalculate any Interest Amount or any Interest Amount Arrears (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.

## 6.6 **Determination or calculation by the Representative of the Noteholders**

If for any reason the Principal Paying Agent does not determine the Rate of Interest and/or calculate the Interest Amount or, if relevant, any Interest Amount Arrears, for the relevant Class of Notes, in accordance with the foregoing provisions of this Condition 6 (*Interest*), then the Representative of the Noteholders shall:

- (a) determine the Rate of Interest for each Class of Notes at such rate as (having regard to the procedure described above); and/or
- (b) calculate the Interest Amount for each Class of Notes in the manner specified in Condition 6.3 (*Determination of Rates of Interest and Calculation of Interest Payments*); and/or
- (c) calculate the Interest Amount Arrears for the relevant Class of Notes in the manner specified in Condition 6.4 (*Interest Amount Arrears*),

and any such determination and/or calculation shall be deemed to have been made by the Principal Paying Agent.

## 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 Condition 6 (*Interest*) and Condition 7 (*Redemption, Purchase and Cancellation*), whether by the Reference Banks (or any of them), the Principal Paying Agent, the Calculation Agent, the Issuer or the Representative of the Noteholders shall (in the absence of wilful misconduct (*dolo*) or gross negligence (*colpa grave*)) be binding on the Reference Banks, the Principal Paying Agent, the Issuer, the Calculation Agent, the Representative of the Noteholders and all Noteholders and (in such absence as aforesaid) no liability to the Noteholders shall attach to the Reference Banks, the Principal Paying Agent, the Calculation 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 discretion hereunder.

## 6.8 Reference Banks and Principal Paying Agent

The Issuer shall ensure that, so long as any of the Notes remains outstanding, there shall at all times be three Reference Banks and a Principal Paying Agent. The Principal Paying Agent may not resign until a successor approved in writing by the Representative of the Noteholders has been appointed. If a new Principal Paying Agent is appointed, a notice will be published in accordance with Condition 14 (*Notices*).

## 7. Redemption, Purchase and Cancellation

### 7.1 Final Maturity Date

Unless previously redeemed in full as provided in this Condition 7 (*Redemption, Purchase and Cancellation*), the Issuer shall redeem the Notes at their Principal Amount Outstanding, plus any accrued but unpaid interest, on the Payment Date falling on the Final Maturity Date.

### 7.2 Mandatory redemption

7.2.1 Subject to no Enforcement Notice having been served and save as provided in Condition 7.2.2 and Condition 7.2.3:

- (i) starting from the Payment Date falling in January 2008 and on each Payment thereafter, and
- (ii) on any Payment Date falling before January 2008 on which the Notes are redeemed pursuant to Condition 7.4 (*Redemption for Taxation*),

the Issuer shall apply the Issuer Principal Available Funds in the following order of priority:

*first*, towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class A1 Notes;

*second*, upon full redemption of the Class A1 Notes, repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class A2 Notes;

*third*, upon full redemption of the Class A2 Notes, towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class B Notes; and

upon full redemption of the Class B Notes, towards repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class C Notes.

7.2.2 Provided however that, subject to no Enforcement Notice having been served, on each Pro-Rata Amortisation Payment Date until the earlier of (a) the Payment Date (excluded) on which the Pro-Rata Cessation Event occurs and (b) the Cancellation Date, the Issuer Principal Available Funds shall be applied in making or providing for the repayment, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class A1 Notes, the Principal Amount Outstanding of the Class A2 Notes, the Principal Amount Outstanding of the Class B Notes and the Principal Amount Outstanding of the Class C Notes.

7.2.3 Provided however that, subject to no Enforcement Notice having been served, starting from any Payment Date (included) on which Pro-Rata Cessation Event has occurred and on each Payment Date

thereafter until the Cancellation Date, the Issuer Principal Available Funds shall be applied in accordance the priority of payments provided for by Condition 7.2.1 (such priority of payments being described in paragraph “*Application of Issuer Principal Available Funds*” above).

7.2.4 Following the delivery of an Enforcement Notice, the Issuer will apply:

- (a) on the first Payment Date after the delivery of an Enforcement Notice, any amount then standing to the balance of the Issuer Principal Accumulation Ledger of the Issuer Investment Account towards mandatory redemption of the Notes, in the Priority of Payments set forth in Condition 7.2.1 above; and thereafter; and
- (b) on each Payment Date (including the first Payment Date) after the delivery of an Enforcement Notice, the Issuer Available Funds available, in accordance with the Post-Enforcement Priority of Payments, for the redemption of the Notes of each Class on such Payment Date in or towards mandatory redemption of such Class of Notes (in whole or in part).

7.2.5 The principal amount redeemable in respect of each Note (the “**Principal Payment**”) shall be a *pro rata* share of the aggregate amount determined in accordance with the provisions of Condition 7.2.1, 7.2.2, 7.2.3 or 7.2.4, as the case may be, to be available for redemption of the same Class of Notes on such date calculated by reference to the ratio borne by the then Principal Amount Outstanding of such Note to the then Principal Amount Outstanding of all the Notes of the same Class (rounded to the nearest cent) (for the avoidance of doubt, in the case of the Principal Payment under Condition 7.2.4(b), after taking into account the Principal Payment to be repaid to the relevant Noteholders under Condition 7.2.4(a)), *provided always that* no such Principal Payment may exceed the Principal Amount Outstanding of the relevant Note.

### 7.3 **Optional Redemption of the Notes**

The Issuer may redeem all (but not some only) of the Notes of all Classes at their Principal Amount Outstanding, together with all accrued but unpaid interest thereon up to the date fixed for redemption, on any Payment Date falling in or after January 2008, provided that on any such Payment Date the Portfolio Outstanding Principal Balance is equal or less than 10% of the Initial Portfolio Outstanding Principal Balance.

Any such redemption (an “**Optional Redemption**”) shall be effected by the Issuer by giving not more than 60 nor less than 30 days’ prior written notice to the Representative of the Noteholders and to the Noteholders in accordance with Condition 14 (*Notices*) and provided that the Issuer, prior to giving such notice to the Representative of the Noteholders, has produced evidence acceptable to the Representative of the Noteholders that it will have the funds, which are not subject to any third party interests, to discharge all its outstanding liabilities in respect of the Notes and any amounts required under the then applicable Priority of Payments to be paid in priority to or *pari passu* with the Notes of each class.

### 7.4 **Redemption for taxation**

If, at any time, the Issuer confirms to the Representative of the Noteholders that on the next Payment Date, the Issuer or any other person would be required to deduct or withhold (other than in respect of a Decree 239 Withholding) any amount from any payment of principal or interest on any Class of Notes 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, and the Issuer certifies to the Representative of the Noteholders and produces evidence acceptable to the Representative of the Noteholders that the Issuer will have the necessary funds, which are not subject to any third party interests, to discharge all its outstanding liabilities in respect of the relevant Class of Notes and any amounts required under the then applicable Priority of Payments to be paid in priority to or *pari passu* with such Notes, then the Issuer may, on any such Payment Date at its option, redeem all (but not only some) of the Notes of such Class at their Principal Amount Outstanding, together with accrued but unpaid interest up to and including any such Payment Date, having given not more than 60 nor less than 30 days' written notice to the Representative of the Noteholders and to the Noteholders in accordance with Condition 14 (*Notices*).

#### **7.5 Sale of the Portfolio to fund Optional Redemption or Redemption for Taxation**

The necessary funds for the purpose of a redemption of the Notes pursuant to Condition 7.3 (*Optional Redemption*) or pursuant to Condition 7.4 (*Redemption for Taxation*) of the Notes may be obtained from the sale by the Issuer of all or part of the Portfolio pursuant to the terms of the Intercreditor Agreement. Should such sale of the Portfolio (or part thereof) occur, the relevant sale proceeds will form part of the Issuer Available Funds, to be applied in accordance with the then applicable Priority of Payments on the immediately succeeding Payment Date.

#### **7.6 Note Principal Payments, Issuer Principal Available Funds and Principal Amount Outstanding**

On each Payment Report Date, the Issuer shall procure that the Calculation Agent determines, *inter alia*:

- (a) the amount of the Issuer Principal Available Funds for each Class of Notes (if any);
- (b) the Principal Deficiency Amount for each Class of Notes on each Payment Date;
- (c) the Principal Payment (if any) due on each Note on the following Payment Date; and
- (d) the Principal Amount Outstanding of each Note and on the Notes of each Class on the following Payment Date (after deducting any principal payment due to be made on that Payment Date).

Each determination on behalf of the Issuer of the Issuer Principal Available Funds for the Notes of each Class, the Principal Payment on each Note and the Principal Amount Outstanding of each Note and on the Notes of each Class shall in each case (in the absence of wilful misconduct (*dolo*) or gross negligence (*colpa grave*)) be final and binding on all persons.

The Issuer will, no later than the fifth Business Day prior to each Payment Date, cause each determination of a Principal Payment on each Note (if any) and Principal Amount Outstanding on each Note and on the Notes of each Class to be notified by the Calculation Agent to the Representative of the Noteholders, Monte Titoli, the Paying Agents, the Stock Exchange and any other applicable stock exchange and notice thereof to be published in accordance with Condition 14 (*Notices*). If no Principal Payment is due to be made on any Class of Notes on a Payment Date, a notice to this effect will be given by or on behalf of the Issuer to the Noteholders of such Class in accordance with Condition 14 (*Notices*).

If no Issuer Principal Available Funds, Principal Payment on each Note or Principal Amount Outstanding of each Note and on each Class of Notes is determined by the Calculation Agent in accordance with the preceding provisions of this paragraph, such Issuer Principal Available Funds, Principal Payment or, as the case may be, Principal Amount Outstanding, shall be determined by the Representative of the

Noteholders in accordance with the provisions of this Condition 7 (*Redemption, Purchase and Cancellation*), and each such determination or calculation shall be deemed to have been made by the Calculation Agent.

#### 7.7 **Notice of Redemption**

Any such notice as is referred to in Condition 7.2 (*Mandatory redemption*), Condition 7.3 (*Optional Redemption of the Notes*), and Condition 7.4 (*Redemption for taxation*), shall be irrevocable and, upon the expiry of such notice, the Issuer shall be bound to redeem the Notes in accordance with this Condition 7 (*Redemption, Purchase and Cancellation*).

#### 7.8 **No purchase by Issuer**

The Issuer shall not purchase any of the Notes.

#### 7.9 **Cancellation**

The Notes shall be cancelled on the earlier of (i) the date on which the Notes have been redeemed in full and (ii) the Final Maturity Date (the "**Cancellation Date**"), at which date any amount outstanding, whether in respect of interest, principal or other amounts in respect of the Notes, shall be finally and definitively cancelled. Upon cancellation the Notes may not be resold or re-issued.

### 8. **Payments**

8.1 Payments of principal and interest in respect of the Notes will be credited, according to the instructions of Monte Titoli, by the Paying Agents 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. ("**Clearstream**") to the accounts with Euroclear and Clearstream of the beneficial owners of those Notes, in accordance with the rules and procedures of Monte Titoli, Euroclear or Clearstream, as the case may be.

8.2 Payments of principal and interest in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto.

8.3 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 the Calculation Agent and to appoint a substitute calculation agent upon such termination. If a substitute calculation agent is appointed, a notice will be published in accordance with Condition 14 (*Notices*) 30 days prior to such appointment.

8.4 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 the Principal Paying Agent, the Luxembourg Paying Agent or to appoint a substitute principal paying agent or Luxembourg paying agent upon such termination *provided that* (for as long as the Notes are listed on the Stock Exchange and the rules of the Stock Exchange so require) the Issuer will at all times maintain a Principal Paying Agent with a specified office in Luxembourg. If a substitute principal paying agent or Luxembourg paying agent is appointed, a notice will be published in accordance with Condition 14 (*Notices*) and the Stock Exchange will be promptly informed.

### 9. **Taxation**

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 Withholding or any other withholding or deduction required to be made by applicable law. Neither the Issuer nor any other person shall be obliged to pay any additional amount to any holder of Notes on account of such withholding or deduction.

## 10. Prescription

10.1 Claims against the Issuer for payments in respect of the Notes shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the Relevant Date in respect thereof.

10.2 Subject to Clause 6.4 (*Interest Amount Arrears*), in this Condition 10, the "**Relevant Date**", in respect of a Note, is the date on which a payment in respect thereof first becomes due and payable or (if the full amount of the monies payable in respect of all the Notes and accrued on or before that date has not been duly received by the Principal Paying Agent or the Representative of the Noteholders on or prior to such date) the date on which notice that the full amount of such moneys has been received is duly given to the Noteholders in accordance with Condition 14 (*Notices*).

## 11. Enforcement Events

11.1 If any of the following events occur:

(a) *Non-payment of interest*

the Interest Amount due on the Most Senior Class of Notes on a Payment Date is not paid on the due date thereof or within a period of three Business Days thereafter; or

(b) *Breach of obligations*

the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes, or any of them, or of any of the Transaction Documents to which it is a party (other than any obligation for the payment of the Interest Amount on the Most Senior Class of Notes) and (except where, in the sole and absolute opinion of the Representative of the Noteholders, such default is incapable of remedy (in which case no notice will be required)), such default continues and remains unremedied for 30 days after the Representative of the Noteholders has given written notice thereof to the Issuer, certifying that such default is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Noteholders; or

(c) *Breach of representations and warranties:*

any of the representations and warranties given by the Issuer under any of the Transaction Documents to which it is a party, in the sole and absolute opinion of the Representative of the Noteholders, is or proves to have been incorrect or misleading in any material respect when made or deemed to be made; or

(d) *Insolvency of the Issuer*

an Insolvency Event occurs in respect of the Issuer; or

(e) *Unlawfulness*

it is or will become unlawful (in any respect deemed by the Representative of the Noteholders to be material) for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or any Transaction Document to which it is a party,

then the Representative of the Noteholders:

- (A) may (in the case of all Enforcement Events other than those set out under letters (b) (*Breach of Obligations*) and (c) (*Breach of Representations and Warranties*) above), or shall, if so instructed by an Extraordinary Resolution of a meeting of the Most Senior Class of Noteholders (in the case of all Enforcement Events), serve a notice (the "**Enforcement Notice**") on the Issuer; and
- (B) following the service of an Enforcement Notice, will be entitled to (or shall if so instructed by an Extraordinary Resolution of the Most Senior Class of Notes then Outstanding) direct the sale, in whole or in part of the Portfolio, subject to the terms and conditions of the Intercreditor Agreement.

Upon the Representative of the Noteholders serving an Enforcement Notice, (i) the Notes shall become immediately due and repayable in accordance with these Conditions; and (ii) the Revolving Period shall be deemed immediately terminated.

## 12. Enforcement

- 12.1 At any time after an Enforcement Notice has been served, the Representative of the Noteholders may and shall, if so requested or authorised by an extraordinary resolution of the Most Senior Class of Noteholders and provided that it has been indemnified and/or secured to its satisfaction, 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.
- 12.2 All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of Condition 11 (*Enforcement Events*) or this Condition 12 by the Representative of the Noteholders shall (in the absence of wilful misconduct (*dolo*) or gross negligence (*colpa grave*)) 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 discretion hereunder.
- 12.3 In the event that the Representative of the Noteholders takes action to enforce rights of the Noteholders of any Class in respect of the Portfolio and the Issuer's Rights and after payment of all other claims ranking in priority to the Notes under the Conditions and the Intercreditor Agreement, if the remaining proceeds of such enforcement (the Representative of the Noteholders having taken action to enforce the Noteholders' rights in respect of the entire Portfolio and all the Issuer's Rights) are insufficient to pay in full all principal and interest and other amounts howsoever due in respect of the Notes of any Class and all other claims ranking *pari passu* therewith, then the Noteholders' claims against the Issuer in respect of such Notes will be limited to the extent of their respective *pro rata* share of such remaining proceeds (if any) and the obligations of the Issuer to such Noteholders under the relevant Class of Notes will be deemed discharged in full and any amount in respect of principal, interest or other amounts due under such Class of Notes will be finally and definitively cancelled.

12.4 Following the delivery of an Enforcement Notice, the Issuer may (subject to the consent of the Representative of the Noteholders) or the Representative of the Noteholders may (or shall if so requested by an Extraordinary Resolution of the Most Senior Class of Noteholders then outstanding) direct the Issuer to, dispose of the Portfolio, subject to the terms and conditions of the Intercreditor Agreement.

### **13. Appointment and removal of the Representative of the Noteholders**

13.1 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.

13.2 Pursuant to the Rules of the Organisation of the Noteholders (attached hereto as Exhibit 1), for as long as any Note is outstanding, there shall at all times be a Representative of the Noteholders. The Representative of the Noteholders is the legal representative (*rappresentante legale*) of the Organisation of the Noteholders. The appointment of the Representative 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 who is appointed at the time of issue of the Notes pursuant to the Subscription Agreement. Each Noteholder is deemed to accept such appointment.

### **14. Notices**

14.1 So long as the Notes are held on behalf of the beneficial owners thereof by Monte Titoli, notices to the Noteholders may be given through the systems of Monte Titoli. In addition, so long as the Notes of any Class are listed on the Stock Exchange and the rules of the Stock Exchange so require, any notice regarding the Notes of such a Class to such Noteholders shall be deemed to have been duly given if published pursuant to current standards commonly used for notices relating to notes listed in the Luxembourg Stock Exchange and on the website of the Stock Exchange (being, as of the Issue Date, *www.bourse.lu*). 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 a newspaper as referred to above.

14.2 The Representative of the Noteholders may sanction some other method of giving notice to the Noteholders of the relevant Class if, in its opinion, such other method is reasonable having regard to market practices then prevailing and to the rules of the stock exchange on which the Notes of the relevant Class are listed and provided that notice of such other method is given to the Noteholders of the relevant Class in such manner as the Representative of the Noteholders shall require and in accordance with the rules of the stock exchange.

### **15. Governing Law**

15.1 The Notes are governed by Italian law.

15.2 The Courts of Milan, Italy are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes.

**EXHIBIT 1**

**TO THE CONDITIONS OF THE NOTES**

**RULES OF THE ORGANISATION OF THE NOTEHOLDERS**

**TITLE I**

**GENERAL PROVISIONS**

**Article 1**

**General**

The Organisation of the Noteholders is created concurrently with subscription of the Notes and is governed by these Rules of the Organisation of the Noteholders (the **"Rules of the Organisation of the Noteholders"**).

These Rules of the Organisation of the Noteholders shall remain in force and effect until full repayment or cancellation of all the Notes.

The contents of these Rules of the Organisation of the Noteholders are deemed to be an integral part of each Note issued by the Issuer.

**Article 2**

**Definitions**

Unless otherwise provided in these Rules of the Organisation of the Noteholders, any capitalised term shall have the meaning attributed to it in the Conditions.

Any reference herein to an "Article" shall be a reference to an article of these Rules of the Organisation of the Noteholders.

In these Rules of the Organisation of the Noteholders, the terms below shall have the following meanings:

**"Arbitration Panel"** means the arbitration panel established in accordance with Article 33;

**"Basic Terms Modification"** means any proposed modification which results in:

- (a) a change in the date of maturity of the Notes of any class;
- (b) a change in any date fixed for the payment of principal or interest in respect of the Notes of any class;
- (c) the reduction or cancellation of the amount of principal or interest payable on any date in respect of the Notes of any class or any alteration in the method calculating the amount of any payment in respect of the Notes of any class on redemption or maturity;
- (d) a change in the majority required to pass any resolution or the quorum required at any Meeting;
- (e) a change in the currency in which payments are due in respect of any class of Notes;
- (f) a variation in the authorisation or consent by the Noteholders, as pledgees, to the funds being managed as provided in the Transaction Documents;
- (g) an alteration of the Priority of Payments of interest or principal in respect of any of the Notes;
- (h) 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;
- (i) a change to this definition;

**"Block Voting Instruction"** means in relation to a Meeting, the instruction issued by the Principal Paying Agent (a) certifying, *inter alia*, that such authorised institution has been instructed by the holder of the relevant Notes to cast the votes attributable to such Notes (the **"Blocked Notes"**) in a particular way on each resolution to be put to the relevant Meeting and that during the period of 48 hours before the time fixed for the Meeting such instructions may not be amended or revoked and (b) authorising a Proxy to vote in accordance with such instructions;

**"Chairman"** means, in relation to any Meeting, the individual who takes the chair in accordance with Title II, Article 8 of these Rules of the Organisation of the Noteholders;

**"Conditions"** means the Terms and Conditions at any time applicable to the Notes and any reference to a numbered **"Condition"** is to the corresponding numbered provision thereof;

**"Extraordinary Resolution"** means a resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules of the Organisation of the Noteholders, by a majority of not less than three quarters of the votes cast;

**"Issuer"** means F-E Gold S.r.l.;

**"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 its customers

with Monte Titoli;

**“Ordinary Resolution”** means a resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules of the Organisation of the Noteholders, by a majority of the votes cast;

**“Principal Amount Outstanding”** means on any day in relation to the relevant Notes the principal amount of such Notes upon issue less the aggregate amount of any principal payments in respect of such Notes which has been paid up to that day;

**“Proxy”** means any person to which the powers to vote at a Meeting have been duly granted;

**“Relevant Fraction”** means:

- (a) for voting on an Ordinary Resolution, one-half of the Principal Amount Outstanding of the outstanding Notes of each relevant Class;
- (b) for voting on any Extraordinary Resolution other than one relating to a Basic Terms Modification, two-thirds of the Principal Amount Outstanding of the outstanding Notes of each relevant Class; and
- (c) for voting on any Extraordinary Resolution relating to a Basic Terms Modification, (which must be proposed separately to each Class of Noteholders) three-quarters of the Principal Amount Outstanding of the outstanding Notes of each relevant class;

*provided, however, that*, in the case of a Meeting postponed pursuant to Article 10, it shall mean:

- (a) for all voting other than on an Extraordinary Resolution relating to a Basic Terms Modification, the fraction of the Principal Amount Outstanding of the outstanding Notes represented or held by Voters present at the Meeting; and
- (b) for voting on any Extraordinary Resolution relating to a Basic Terms Modification, one-half of the Principal Amount Outstanding of the outstanding Notes in that Class;

**“Voter”** means, in relation to any Meeting, the holder of a Voting Certificate or a Proxy;

**“Voting Certificate”** means, in relation to any Meeting, a certificate issued by the Monte Titoli Account Holder in accordance with Articles 33 and 34 of CONSOB Regulation 11768 of 23 December 1998, as subsequently amended and supplemented, stating *inter alia*:

- (a) that the Blocked Notes specified therein will not be released until a specified date which falls after the conclusion of the Meeting; and
- (b) that the bearer of such certificate is entitled to attend and vote at such Meeting in respect of such Blocked Notes;

**“Written Resolution”** means a resolution in writing signed by or on behalf of all Noteholders of the relevant class or classes who at that time are entitled to participate in a Meeting in accordance with the provisions of these Rules of the Organisation of the Noteholders, 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; and

**“48 hours”** means 2 consecutive periods of 24 hours.

### Article 3

#### ***Purpose of the Organisation***

Each Noteholder is a member of the Organisation of the Noteholders.

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 interests of the Noteholders.

### TITLE II

#### MEETINGS OF NOTEHOLDERS

### Article 4

#### ***General Provisions***

Within 14 days of the conclusion of each Meeting, the Issuer shall give notice, in accordance with Condition 14 (*Notices*), of the result of the votes on each resolution put to the Meeting. Such notice shall also be sent by the Issuer (or its agents) to the Principal Paying Agent and the Representative of the Noteholders.

Subject to the provisions of these Rules of the Organisation of the Noteholders and the Conditions, if the Representative of the Noteholders considers it is not detrimental to the holders of any relevant Class of Notes, joint meetings of the Class A1 Noteholders, the Class A2 Noteholders, the Class B Noteholders, and the Class C Noteholders may be held to consider the same resolution and/or, as the case may be, the same Extraordinary Resolution and the provisions of these Rules of the Organisation of the Noteholders shall apply *mutatis mutandis* thereto.

Subject to Article 20 below, the following provisions shall apply where outstanding Notes belong to more than one Class:

- (a) business which, in the sole 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;

- (b) 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 such 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;
- (c) 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.

In this paragraph “**business**” includes (without limitation) the passing or rejection of any resolution.

#### **Article 5**

##### ***Voting Certificates and Validity of the Proxies and Voting Certificates***

Noteholders may participate in any Meeting by obtaining a Voting Certificate or by depositing a Block Voting Instruction at the specified office of the Representative of the Noteholders not later than 24 hours before the relevant Meeting.

A Block Voting Instruction or a Voting Certificate shall be valid only if it is deposited at the specified office of the Representative of the Noteholders, 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 or a Voting Certificate is not deposited before such deadline, it shall not be valid unless the Chairman decides otherwise before the Meeting proceeds to discuss the items on the agenda. If the Representative of the Noteholders so requires, a notarially certified copy of each Voting Certificate or 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.

A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Note.

#### **Article 6**

##### ***Convening the Meeting***

The Representative of the Noteholders may convene a Meeting at any time.

The Representative of the Noteholders shall convene a Meeting at any time, if it is requested to do so in writing by (a) Noteholders representing at least one-tenth of the aggregate Principal Amount Outstanding of all the Notes then outstanding, or (b) the Issuer.

Whenever the Issuer requests the Representative of the Noteholders to convene the Meeting, it shall immediately send a communication in writing to that effect 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.

Every Meeting will be held on a date and at a time and place selected or approved by the Representative of the Noteholders.

#### **Article 7**

##### ***Notices***

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 by the Principal Paying Agent (upon instruction from the Representative of the Noteholders) to the relevant Noteholders and the Representative of the Noteholders, with copy to the Issuer. The notice shall set out the full text of any resolution to be voted on.

Notwithstanding that the formalities required by this Article 7, a Meeting is validly held if the entire Principal Amount Outstanding of the relevant Class or Classes is represented thereat and the Issuer and the Representative of the Noteholders are present.

#### **Article 8**

##### ***Chairman of the Meeting***

The Meeting is chaired by an individual appointed by the Representative of the Noteholders. If the Representative of the Noteholders fails to make such nomination or the individual so nominated 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.

The Chairman ascertains that the Meeting has been duly convened and validly constituted, leads and moderates the debate, and defines the terms for voting.

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.

#### **Article 9**

##### ***Quorum***

The quorum at any Meeting shall be at least two Voters representing or holding not less than the Relevant Fraction of the aggregate Principal Amount Outstanding of the Notes of the relevant Class or Classes.

**Article 10**

***Adjournment for lack of quorum***

If a quorum is not reached within 15 minutes after the time fixed for any Meeting:

- (a) if such Meeting was requested by Noteholders, the Meeting shall be dissolved; or
- (b) otherwise, the Meeting shall be adjourned to a new date no earlier than 14 days after 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 no meeting may be adjourned more than once for want of quorum.

**Article 11**

***Adjourned Meeting***

Except as provided in Article 10, the Chairman may, with the prior consent of the 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.

**Article 12**

***Notice following adjournment***

If a Meeting is adjourned in accordance with the provisions of Article 10 above, Articles 6 and 7 above shall apply to the resumed meeting except:

- (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.

It shall not be necessary to give notice to resume any Meeting adjourned for reasons other than those described in Article 10.

**Article 13**

***Participation***

The following categories of persons may attend and speak at a Meeting:

- (a) Voters;
- (b) the Directors and the Auditors of the Issuer;
- (c) representatives of the Representative of the Noteholders; and
- (d) any other person authorised by the Issuer, the Representative of the Noteholders or by virtue of a resolution of the relevant Meeting.

**Article 14**

***Voting by show of hands***

Every question submitted to a Meeting shall be decided in the first instance by a vote by show of hands.

If before the vote by show of hands the Chairman or one or more Voters who represent or hold at least one-tenth of the aggregate Principal Amount Outstanding of the relevant Class or Classes request to vote pursuant to Article 15 below the question shall be voted on in compliance with the provisions of Article 15. No request to vote by poll shall hinder the continuation of the Meeting in relation to the other items on the agenda.

A resolution is only passed on a vote by show of hands if unanimously approved by the Voters at the Meeting. The Chairman's declaration that on a show of hands a resolution has been passed or rejected shall be conclusive. Whenever it is not possible to approve a resolution by show of hands, voting shall be carried out by poll.

**Article 15**

***Voting by poll***

A poll may be taken immediately or after any 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.

The Chairman sets the rules for voting by poll, 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 rules set 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.

**Article 16**

## **Votes**

Each Voter shall have:

- (a) one vote, when voting by a show of hands; and
- (b) one vote for each Euro 50,000 of in aggregate Principal Amount Outstanding of Notes represented or held by the Voter, when voting by poll.

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 which he exercises in the same manner. In the case of a voting tie, the Chairman shall have the casting vote.

## **Article 17**

### ***Voting by Proxy***

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 none of the Principal Paying Agent, the Issuer, the Representative of the Noteholders or the Chairman has been notified in writing of such revocation at least 24 hours prior to the time set for the relevant Meeting. Unless revoked, the appointment of a Proxy in relation to a Meeting shall remain valid also in relation to a resumption of such Meeting following an adjournment, unless such Meeting was adjourned pursuant to Article 10. If a Meeting is adjourned pursuant to Article 10, any person appointed to vote in such Meeting must be appointed again by virtue of a Block Voting Instruction or Voting Certificate to vote at the resumed Meeting.

## **Article 18**

### ***Ordinary Resolutions***

Save as provided by Article 19 and subject to the provisions of Article 20, a Meeting shall have the exclusive power exercisable by Ordinary Resolution to:

- (a) waive (including to waive a prior breach) any breach by the Issuer of its obligations arising under the Transaction Documents or the Notes, or waive an Enforcement Event if not previously authorised by the Representative of the Noteholders in accordance with the Transaction Documents; and
- (b) determine any other matters submitted to the Meeting in accordance with the provisions of these Rules of the Organisation of the Noteholders.

## **Article 19**

### ***Extraordinary Resolutions***

A Meeting, subject to Article 20 below, shall have exclusive power exercisable by Extraordinary Resolution only to:

- (a) approve any Basic Terms Modification;
- (b) 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;
- (c) approve any scheme or proposal related to the mandatory exchange or substitution of any Class of Notes;
- (d) approve any amendments of the provisions of (i) these Rules of the Organisation of the Noteholders, (ii) the Conditions, (iii) the Intercreditor Agreement, (iv) the Cash Allocation, Management, Payment and Agency Agreement, or (v) any other Transaction Document which shall be proposed by the Issuer, the Representative of the Noteholders and/or any other party thereto;
- (e) discharge or exonerate, including prior discharge or exoneration, 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 of the Organisation of the Noteholders, the Conditions or any other Transaction Document;
- (f) grant any authority, order or sanction which, under the provisions of these Rules of the Organisation of the Noteholders or of the Conditions, must be granted pursuant to an Extraordinary Resolution (including the service of an Enforcement Notice as a result of a Enforcement Event pursuant to Condition 11 and the service of a Purchase Termination Notice as a result of a Purchase Termination Event pursuant to the Transfer Agreement);
- (g) authorise and ratify the actions of the Representative of the Noteholders in compliance with these Rules of the Organisation of the Noteholders, the Intercreditor Agreement and any other Transaction Document;
- (h) 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;
- (i) appoint and remove the Representative of the Noteholders; and
- (j) authorise or object to individual actions or remedies of Noteholders under Article 24.

## **Article 20**

### ***Relationship between Classes and conflict of interests***

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 (to the extent that there are Notes outstanding in each such other Class).

No Extraordinary Resolution to approve any matter other than a 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).

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 of the Organisation of the Noteholders shall be binding upon all Noteholders of such class or classes, whether or not present at such Meeting and whether or not dissenting and whether or not voting and, except in the case of meeting relating to a Basic Term Modification:

- (a) any resolution passed at a meeting of the Class A1 Noteholders duly convened and held as aforesaid shall also be binding upon all the Class A2 Noteholders, the Class B Noteholders and the Class C Noteholders;
- (b) any resolution passed at a meeting of the Class A2 Noteholders duly convened and held as aforesaid shall also be binding upon all the Class B Noteholders and the Class C Noteholders;
- (c) 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;

in each case, all of the relevant Classes of Noteholders shall be bound to give effect to any such resolutions accordingly.

If, however, in the opinion of the Representative of the Noteholders, there is a conflict between the interests of the Class A1 Noteholders and the interests of the holders of any other Classes of Notes, the Representative of the Noteholders is required to have regard only to the interests of the Class A1 Noteholders, until the Class A1 Notes have been entirely redeemed; and if, in the opinion of the Representative of the Noteholders, there is a conflict between the interests of the Class A2 Noteholders and the interests of the Class B Noteholders or the Class C Noteholders, the Representative of the Noteholders is required to have regard only to the interests of the Class A2 Noteholders until the Class A2 Notes have been redeemed in full; and if, in the opinion of the Representative of the Noteholders, there is a conflict between the interests of the Class B Noteholders and the interests of the Class C Noteholders, the Representative of the Noteholders is required to have regard only to the interests of the Class B Noteholders until the Class B Notes have been redeemed in full.

### **Article 21**

#### ***Challenge of Resolution***

Any absent or dissenting Noteholder has the right to challenge Resolutions which are not passed in compliance with the provisions of these Rules of the Organisation of the Noteholders.

### **Article 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.

### **Article 23**

#### ***Written Resolution***

A Written Resolution shall take effect as if it were an Extraordinary Resolution.

### **Article 24**

#### ***Individual Actions and Remedies***

The right 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, in the interest of the Noteholders, 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. In this respect, the following provisions shall apply:

- (a) the Noteholder intending to enforce his/her rights under the Notes will notify the Representative of the Noteholders of his/her intention;
- (b) the Representative of the Noteholders will, without delay, call a Meeting in accordance with these Rules of the Organisation of the Noteholders;
- (c) 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
- (d) 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.

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 24.

#### **Article 25**

##### **Further Regulations**

Subject to all other provisions in this Rules of Organisation, 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**

#### **Article 26**

##### ***Appointment, Removal and Remuneration***

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 26, except for the appointment of the first Representative of the Noteholders which will be J.P. Morgan Corporate Trustee Services Limited.

The Representative of the Noteholders shall be:

- (a) a bank incorporated in any jurisdiction of the European Union, or a bank incorporated in any other jurisdiction acting through an Italian branch; or
- (b) a company or financial institution enrolled with the register held by the Bank of Italy pursuant to Article 107 of the Consolidated Banking Act; or
- (c) any other entity which is not prohibited from acting in the capacity of Representative of the Noteholders pursuant to the law.

Unless the Representative of the Noteholders is removed by resolution pursuant to Title II or it resigns in accordance with Article 28 below, it shall remain in office until full repayment or cancellation of all the Notes. The Noteholders may remove the Representative of the Noteholders by resolution of the Most Senior Class of Notes at any time.

In the event of a termination of the appointment of the Representative of the Noteholders for any reason whatsoever, such Representative of the Noteholders shall remain in office until a substitute Representative of the Noteholders, which shall be a subject among those listed in (a), (b), and (c) above 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.

Provided that, if following any termination of the appointment of the Representative of the Noteholders, a substitute representative of the Noteholders is not appointed within 6 months from such termination, then the Representative of the Noteholders will be entitled to propose to the Noteholders substitute representatives of the Noteholders falling in one of the categories listed in (a), (b), and (c) above.

The Directors and auditors of the Issuer cannot be appointed as Representative of the Noteholders, and if appointed as such they shall be automatically removed.

Any corporation into which the Representative of the Noteholders for the time being may be merged or converted, any corporation with which the Representative of the Noteholders may be consolidated, amalgamated or any corporation resulting from any merger, amalgamation, conversion or consolidation to which the Representative of the Noteholders shall be a party, any corporation to which the Representative of the Noteholders shall sell or otherwise transfer all or substantially all of its assets or any corporation to which the Representative of the Noteholders shall sell or otherwise transfer all or substantially all of its corporate trust business, shall, to the extent permitted by applicable law, be the relevant successor Representative of the Noteholders under this Agreement without the execution or delivery of any papers or any further act on the part of the parties hereto whereupon the Noteholders and such successor shall acquire and become subject to the same rights and obligations between themselves as if they had been bound by the Conditions and these Rules of Organisation of the Noteholders in the form *mutatis mutandis* hereof. Notice of any such merger, amalgamation, conversion, consolidation, sale or transfer shall forthwith be given by the Representative of the Noteholders to the Issuer, the Agents, the Rating Agencies, the Stock Exchange, any other relevant stock exchange, the Originator and, as soon as practicable, to the Noteholders in accordance with Condition 14 (*Notices*).

The Issuer shall pay to the Representative of the Noteholders for its services as Representative of the Noteholders, an on-going annual fee as agreed by separate agreement. Such fee will be paid quarterly in arrears in accordance with the Priority of Payments and, starting from the first day of the second year following the Issue Date, will be annually adjusted in accordance with the latest Italian ISTAT index published in the Official Gazette as at the date of the adjustment.

#### **Article 27**

##### ***Duties and Powers of the Representative of the Noteholders***

The Representative of the Noteholders is the legal representative of the Organisation of the Noteholders.

The Representative of the Noteholders is responsible for implementing all resolutions of the Noteholders and has the power to exercise the rights conferred on it pursuant to the Transaction Documents in order to protect the interests of the Noteholders. The Representative of the Noteholders has the right to convene Meetings to propose any course of action which it considers from time to time necessary or desirable.

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(s) specific activities vested in it as aforesaid. The terms and conditions (including power to sub-delegate) of such appointment shall be established by the Representative of the Noteholders depending on what it deems suitable 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 proceedings and shall not in any way or to any extent be responsible for any loss incurred by any misconduct or default on the part of such delegate or sub-delegate, provided that the Representative of the Noteholders shall have used all reasonable care and skill in the appointment of any such delegate (*culpa in eligendo*).

As soon as reasonably practicable, the Representative of the Noteholders shall 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.

The Representative of the Noteholders is authorised to represent the Organisation of the Noteholders, *inter alia*, in any judicial proceedings.

#### **Article 28**

##### ***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 by an Extraordinary Resolution of the holders of the Most Senior Class of Notes and such new Representative of the Noteholders has accepted its appointment.

Provided that, if following any resignation of the Representative of the Noteholders, a substitute representative of the Noteholders is not appointed within 6 months from such termination, then the Representative of the Noteholders will be entitled to propose to the Noteholders substitute representatives of the Noteholders falling in one of the categories listed in (a), (b), and (c) above.

#### **Article 29**

##### ***Exoneration of the Representative of the Noteholders***

The Representative of the Noteholders shall not assume any obligations or responsibilities in addition to those expressly provided herein and in the Transaction Documents.

- (a) Without limiting the generality of the foregoing, the Representative of the Noteholders:
- (i) shall not be under any obligation to take any steps to ascertain whether an Enforcement Event, a 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 Enforcement Event or Purchase Termination Event has occurred;
  - (ii) 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 the Conditions and hereunder or, as the case may be, in any Transaction Document to which each such party is a party, 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 carefully observing and performing all their respective obligations;
  - (iii) shall not be under any obligation to give notice to any person of its activities in performance of the provisions of these Rules of the Organisation of the Noteholders or any other Transaction Document;
  - (iv) shall not be responsible for or for investigating the legality, validity, effectiveness, adequacy, suitability or genuineness of these Rules of the Organisation of the Noteholders 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;

- (v) 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;
- (vi) shall have no responsibility to procure that the Rating Agencies or any other credit or rating agency or any other subject maintain the rating of the Notes;
- (vii) shall not be responsible for investigating any matter which is the subject of any recital, statement, warranty or representation by any party other than the Representative of the Noteholders contained herein or in any Transaction Document;
- (viii) 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;
- (ix) 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 of the Organisation of the Noteholders or any Transaction Document;
- (x) shall not be under any obligation to guarantee or procure the repayment of the Portfolio or any part thereof;
- (xi) shall not be obliged to evaluate the consequences that any modification of these Rules of the Organisation of the Noteholders or any of the Transaction Documents or exercise of its rights, powers and authorities may have for any individual Noteholder;
- (xii) shall not (unless and to the extent ordered to do so by a court of competent jurisdiction) be under any obligation to disclose to any Noteholder, any Other Issuer Creditor or any other party any confidential, financial, price sensitive or other information made available to the Representative of the Noteholders by the Issuer or any other person in connection with these Rules of the Organisation of the Noteholders and no Noteholder, Other Issuer Creditor or any other party shall be entitled to take any action to obtain from the Representative of the Noteholders any such information; and
- (xiii) shall not be responsible for (except as otherwise expressly provided in the Conditions or in the Transaction Documents to which it is a party) making or verifying any determination or calculation in respect of the Portfolio and the Notes.

(b) The Representative of the Noteholders:

- (i) may agree to any amendment, modification or waiver to these Rules of the Organisation (other than in respect of a Basic Terms Modification or any provision in these Rules of the Organisation which makes a reference to the definition of "Basic Terms Modification") or to the Transaction Documents which, in the opinion the Representative of the Noteholders (i) it is expedient to make in order to correct a manifest error or an error of a formal, minor or technical nature or (ii) is not prejudicial to the interest of the Noteholders. Any such amendment, modification or waiver shall be binding on the Noteholders and the Other Issuer Creditors and, unless the Representative of the Noteholders otherwise agrees, the Issuer shall procure that such amendment, modification or waiver be notified to the Noteholders and the Other Issuer Creditors as soon as practicable thereafter;
- (ii) may act on the advice of or a certificate or opinion of or any 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 shall not be responsible for any loss incurred by so acting in the absence of gross negligence (*colpa grave*) or wilful default (*dolo*) on the part of the Representative of the Noteholders;
- (iii) may call for, and shall be at liberty to accept as sufficient evidence of any fact or matter, a certificate duly signed by the Issuer, 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 it has information which casts a doubt on the truthfulness of the certificates signed by the Issuer;
- (iv) save as expressly otherwise provided herein, shall have absolute discretion as to the exercise, non-exercise or refraining from exercise of any right, power and discretion vested in the Representative of the Noteholders by these Rules of the Organisation of the Noteholders or by operation of law, and the Representative of the Noteholders shall not be responsible for any loss, cost, damage, expense or inconvenience resulting from the exercise, non-exercise or refraining from exercise thereof except insofar as the same are incurred as a result of its wilful default (*dolo*) or gross negligence (*colpa grave*);
- (v) 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;
- (vi) shall not be deemed responsible for having acted pursuant to instructions received from the Meeting, 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;
  - (vii) in order to ascertain ownership of the Notes, may fully rely on the certificates issued by any authorised institution listed in Article 30 of Decree No. 213, which certificates are conclusive proof of the statements attested to therein;
  - (viii) may certify whether or not an Enforcement Event or a Purchase Termination Event or any other matter is in its opinion prejudicial to the interest of the Noteholders and any such certification shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other subject party to the Transaction Documents;
  - (ix) may determine whether or not a default in the performance by the Issuer of any obligation under the provisions of these Rules of the Organisation of the Noteholders, 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 subject party to the Transaction Documents;
  - (x) may assume without enquiry that no Notes are, at any given time, held by or for the benefit of the Issuer;
  - (xi) shall have the right to call for (or have the Issuer call for) and to rely on written attestations issued by any one of the parties to the Intercreditor Agreement, or by any Other Issuer Creditor, or by a Rating Agency. The Representative of the Noteholders shall not be required to seek additional evidence 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; and
  - (xii) shall be entitled to assume, for the purposes of exercising any power, authority, duty or discretion under or in relation to these Rules of the Organisation of the Noteholders that such exercise will not be materially prejudicial to the interest of the Noteholders if, along with other factors, 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 to properly exercise its rights or fulfil its obligations, deems it necessary to obtain the valuation of the Rating Agencies regarding how a specific act would affect the rating of the Notes, the Representative of the Noteholders shall so inform the Issuer, which will have to obtain the valuation at its expense on behalf of the Representative of the Noteholders, unless the Representative of the Noteholders wishes to seek and obtain the valuation itself.

Any consent or approval given by the Representative of the Noteholders under these Rules of the Organisation of the Noteholders 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.

No provision of these Rules of the Organisation of the Noteholders shall require the Representative of the Noteholders to do anything which may be illegal or contrary to applicable law or regulations or to expend or otherwise risk its own funds or otherwise incur any financial liability in the performance of any of its duties, or in the exercise of any of its powers or discretion, and 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.

### **Article 30**

#### ***Security Documents***

The Representative of the Noteholders is entitled to exercise all the rights granted by the Issuer to Noteholders which have the benefit of the Deed of Pledge. The beneficiaries of the Deed of Pledge and the Deed of Charge are referred to as the "**Secured 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 receivables and from the pledged receivables and rights, and shall be entitled to give instructions, jointly with the Issuer, to the respective debtors of the pledged receivables to effect the payments related to such receivables standing to the credit of the Issuer Collection Account or 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 receivables 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, Payment and Agency Agreement and the Intercreditor Agreement. For such purpose and until an Enforcement 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, Payment and Agency Agreement;

- (c) procure that all funds credited to the relevant Accounts from time to time are applied in accordance with the Cash Allocation, Management, Payment and Agency Agreement and the Intercreditor Agreement; and
- (d) procure that the funds from time to time deriving from the pledged receivables and the amounts standing to the credit of the relevant Accounts are applied towards satisfaction not only of the amounts due to the Secured Noteholders, but also of such 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 receivables or credited to the Accounts which is not in accordance with the provisions of this Article 30. 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 receivables under the Deed of Pledge except in accordance with the provisions of this Article 30 and the Intercreditor Agreement.

#### **Article 31**

##### **Indemnity**

Pursuant to the 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, receivables and demand (including, without limitation, legal fees and any applicable tax, value added tax or similar tax) properly incurred by or made against the Representative of the Noteholders or any subject 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, authority and discretion and the performance of its duties under and otherwise in relation to these Rules of the Organisation of the Noteholders 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 of the Organisation of the Noteholders, the Notes or the Transaction Documents, except insofar as any such expense is incurred as a result of gross negligence (*colpa grave*) or wilful default (*dolo*) of the Representative of the Noteholders.

#### **TITLE IV**

##### **THE ORGANISATION OF THE NOTEHOLDERS AFTER SERVICE OF AN ENFORCEMENT NOTICE**

#### **Article 32**

##### **Powers**

It is hereby acknowledged that, upon service of an Enforcement 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 interest 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 and the Transaction Documents. 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 ALTERNATIVE DISPUTES RESOLUTIONS**

#### **Article 33**

These Rules of the Organisation of the Noteholders are governed by, and will be construed in accordance with, the laws of the Republic of Italy.

All disputes arising out of or in connection with these Rules of the Organisation of the Noteholders, including those concerning its validity, interpretation, performance and termination, shall be settled independently of the number of parties, by an arbitral tribunal consisting of three arbitrators, one being the President, all of them directly appointed by the Chamber of National and International Arbitration of Milan. The arbitration shall be conducted in accordance with the Rules of the Organisation of the Noteholders of International Arbitration of the National and International Chamber of Commerce of Milan (*Regole di Arbitrato Internazionale della Camera di Commercio Nazionale e Internazionale di Milano*), which each of the Noteholders acknowledges to know and accept in their entirety.

The arbitrators shall decide according to the laws of the Republic of Italy and not *ex aequo et bono*.

The seat of the Arbitration will be Milan.

The language of the arbitration will be English. The Courts of Milan shall have exclusive jurisdiction over any dispute that cannot be settled by arbitration in accordance with the provisions of this Article 33.

## 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 the Republic of Italy.

It applies to securitisation transactions involving the “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 assigned debtors are to be used by the relevant company exclusively to meet its obligations under the notes issued to fund the purchase of such claims and all costs and expenses associated with the securitisation transaction.

### The Assignment

The assignment of the claims under the Securitisation Law is 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 in the Italian Official Gazette and registration in the Register of Companies (*registro delle imprese*) competent for the place where the Issuer has its registered offices, so avoiding the need for notification to be served on each assigned debtor.

As of the date of publication of the notice in the Italian Official Gazette and registration of the transfer with the competent Register of Companies, the assignment becomes enforceable against:

- (a) the assigned debtors and any 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 any other bankruptcy officials 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 according to Article 67 of Italian Royal Decree No. 267 of 16 March 1942 (*Legge Fallimentare*), (the “**Bankruptcy Law**”));
- (c) other permitted assignees of the originator who have not perfected their assignment prior to the date of publication.

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 company which has purchased the claims, without the need for any formality or annotation.

As from the date of publication of the notice of the assignment in the Italian Official Gazette and registration of the transfer in the competent Register of Companies, 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 holders of the notes 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 Receivables comprised in the Initial Portfolio pursuant to the Transfer Agreement was published in the Italian Official Gazette on 22 May 2006 and registered in the Register of Companies of Brescia on 19 May 2006.

### Ring-Fencing of the Assets

Under the terms of Article 3 of the Securitisation Law, the claims 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 for the avoidance of doubt, any other portfolio purchased by the company pursuant to the Securitisation Law). 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 receivables 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. However, under Italian law, any creditor of the Issuer would be able to commence insolvency or winding up proceedings against the company in respect of any unpaid debt.

### **Claw Back of the Sale of the Claims**

The sale of the Portfolio by Fineco Leasing to the Issuer may be clawed back by a receiver of Fineco Leasing under Article 67 of Bankruptcy Law but only in the event that Fineco Leasing was insolvent when the assignment was entered into and its execution was made within three months of the admission of Fineco Leasing to compulsory liquidation (*liquidazione coatta amministrativa*) pursuant to Title IV, Heading I, Section III of the Consolidated Banking Act or in cases where paragraph 1 of Article 67 applies, within six months of the admission to compulsory liquidation. Under the Warranty and Indemnity Agreement, Fineco Leasing has represented and warranted that it was solvent as at the Initial Portfolio Valuation Date or, with reference to each Subsequent Portfolio, the relevant Subsequent Portfolio Valuation Date, and it shall represent and warrant that it is solvent on the Issue Date. In addition, it is a condition precedent to the purchase of each Subsequent Portfolio that Fineco Leasing delivers a certificate stating that it is solvent as at the relevant Purchase Date.

### **Claw-Back Action Against The Payments Made to Companies Incorporated Under the Securitisation Law**

According to Article 4 of the Securitisation Law, the payments made by an assigned debtor to the Issuer may not be subject to any claw-back action according to Article 67 of the Bankruptcy Law.

Pursuant to Article 65 of the Bankruptcy Law, in the event that a person is declared bankrupt, any payment made by such person during the two-year period prior to the declaration of bankruptcy in respect of any amount which fall due and payable on or after the date of declaration of bankruptcy are ineffective *vis-à-vis* the creditor. There are currently no precedents as to the possible application of such rule to lease agreements but there are various possible arguments to be used in case a receiver should attempt to claw-back advanced payments under the Lease Agreements under Article 65 of the Bankruptcy Law. In particular, an interpretation of the law whereby the Issuer (which under Article 4 of the Securitisation Law may not be subject to claw-back of payments received by the debtors) is subjected to the claw-back of prepayments received from the lessees pursuant Article 65 of the Bankruptcy Law would be contradictory and contrary to the spirit and rationale of Article 4 of the Securitisation Law. All other payments made to the Issuer by any party under a Transaction Document in the one year suspect period prior to the date on which such party has been declared bankrupt or has been admitted to the compulsory liquidation may be subject to claw-back action according to Article 67 of the Bankruptcy Law. The relevant payment will be set aside and clawed back if the receiver gives evidence that the recipient of the payments had knowledge of the state of insolvency when the payments were made. The question as to whether or not the Issuer had actual or constructive knowledge of the state of insolvency at the time of the payment is a question of fact with respect to which a court may in its discretion consider all relevant circumstances.

### **Italian Law on Leasing**

The contract of financial leasing (*locazione finanziaria*) ("**Financial Leasing**") is a type of contract not expressly

regulated 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 specific legal regulation provided that such contract aims to fulfil interests that deserve to be protected by the legal system. Italian courts have established that Financial Leasing contracts falls within the scope of this provision.

Under Financial Leasing contracts, 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 with reference to the duration of the lease, the cost of the assets and remuneration for the financing provided by the lessor. Upon the expiry of the Financial Leasing contract the lessee has the option to return the Leased Property to the lessor, to purchase the Leased Property upon payment of the agreed price (*riscatto*), or to enter into a new lease contract. Accordingly, three parties are generally involved in a financial leasing transaction (i.e., lessor, lessee and supplier) which involves the execution of two contracts: (a) the Financial Leasing agreement between lessor and lessee and (b) 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 provisions 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 divided into two different types: firstly, *leasing finanziario di godimento*, under which the payment of the agreed rentals represents only, in line with the intention of the parties involved, 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 has established 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 goods 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, 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 Effects on the Lease Contracts: Insolvency of the Lessor**

Article 7 of Law Decree No. 354 of 24 December 2003 (as converted by Law No. 45 of 26 February 2004) (“**Decree No. 354**”) has recently regulated the impact of insolvency of the lessor on Financial Leasing Agreements. This legal discipline has been enacted for the express purpose of clearing any uncertainties on the matter in the context of securitisation transactions.

Under Decree No. 354 the subjection of a company authorised to grant financing by way of financial leasing (*locazione finanziaria*) to an insolvency proceeding does not cause the early termination of the financial leasing agreements entered into by such company, nor does it authorise the receiver of such company to demand such early termination.

#### **Insolvency Effects on the Lease Contracts: Insolvency of the Lessee**

Neither the Italian Bankruptcy Law nor any special regulation disciplines the impact of insolvency of the lessee in Financial Leasing agreements, such as the Lease Contracts. Articles 72 to 80 of the Italian Bankruptcy Law however 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 the lessee’s insolvency on the Lease Contracts must therefore be determined on the basis of case law and academic literature, applying the principles which have already been established for ongoing relationships.

On this basis, 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 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.

## TAXATION

*The following is a general summary of current Italian law and practice relating to certain Italian tax considerations concerning the purchase, ownership and disposal of the Notes. It does not purport to be a complete analysis of all tax considerations that may be relevant to your decision to purchase, own or dispose of the Notes 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 Noteholders 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 the 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 to Decree No. 239, as amended and restated, in particular, by Decree No. 350, 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% in Italy if made to beneficial owners who are: (i) individuals resident in Italy for tax purposes, holding the Notes not in connection with entrepreneurial activities (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 No. 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% (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 applied by the Italian resident qualified financial 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;

- (b) will not be subject to the *imposta sostitutiva* at the rate of 12.5% 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 holding Notes not in connection with entrepreneurial activity 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) according to Decree No. 350, non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected, provided that:

- (i) pursuant to Article 6, paragraph 1, of Decree No. 239, as modified in particular by Article 41 of Law Decree No. 269 of 30 September 2003, converted with amendments into Law No. 326 of 24 November 2003 (“Decree No. 269”), non Italian resident beneficial owners are resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information (according to Ministerial Decree of 12 December 2001, the present list of the countries allowing an adequate exchange of information is that contained in the Ministerial Decree 4 September, 1996 – as subsequent amended and supplemented – which contemplates all the countries with which Italy has entered into a double taxation treaty providing for an exchange of information); and
- (ii) all the requirements and procedures set forth in Decree No. 239 and in the relevant application rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are met or complied with in a timely manner. To ensure payment of interest and other proceeds in respect of the Notes without the application of *imposta sostitutiva*, investors indicated above must:
  - (1) timely deposit the Notes together with the coupons relating to such Notes directly or indirectly with an Italian authorised financial intermediary, or permanent establishment in Italy of a foreign intermediary, which are directly connected with the Italian Ministry of Finance. For this purpose two categories of intermediaries are identified:
    - (x) an Italian or non Italian resident bank or financial institution (there is no requirement for the bank to be EU resident) (the “**First Level Bank**”), acting as intermediary in the deposit of the Notes held, directly or indirectly, by the Noteholder with a Second Level Bank,
    - (y) an Italian resident bank or a *Società d'Intermediazione Mobiliare* (“**SIM**”, which are Italian financial intermediaries), or a permanent establishment in Italy of a non-resident bank or SIM, acting as depository or sub-depository of the Notes appointed to maintain direct relationships, via electronic link, with the Italian Financial Administration (the “**Second Level Bank**”). Organisations and companies non-resident in the Republic of Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the Ministry of Finance (which include Euroclear and Clearstream) are treated as Second Level Banks, provided that they appoint an Italian representative (an Italian resident bank or SIM, or permanent establishment in the Republic of Italy of a non-resident bank or SIM). In the event that the non-Italian resident Noteholder deposits the Notes directly with a Second Level Bank, the latter shall be treated both as a First Level Bank and a Second Level Bank.
  - (2) file with the relevant depository in a timely manner a self-declaration (the “**Declaration**”) stating their residence, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information and, *inter alia*, that the non-

Italian resident entity is the beneficial owner of the proceeds. Such self-declaration, which must be in conformity with the model approved by the Ministry of Economy and Finance (approved with Decree of the Ministry of Economy and Finance 12 December 2001, published on the Ordinary Supplement No. 287 to the Official Journal No. 301 of 29 December 2001), is valid until withdrawn or revoked and may not be filed in the event that a certificate, declaration or other similar document (including Form 116/IMP) with an equivalent purpose has previously been filed with the same depository. In the case of institutional investors not subject to tax, the institutional investor shall be regarded as the beneficial owner and the relevant self-declaration shall be produced by the management company. Once the Declaration has been properly completed, the First Level Bank is obliged to send it to the Second Level Bank within 15 days from receipt. Second Level Banks are expected to file the data relating to the non-resident Noteholder together with data relating to the transactions carried out, via electronic link, to the Italian fiscal authorities within the first transmission period after receipt of such data. The Italian fiscal authorities monitor and control such data and any discrepancies. For Noteholders non-resident in the Republic of Italy, the Second Level Bank acts as an intermediary responsible for assessing the applicability of the *imposta sostitutiva* and, consequently, for levying and paying it to the Italian tax authority in accordance with the procedure described above. The Declaration has to be filed by the actual beneficial owner of the proceeds. Institutional investors with no subjective tax liability are always considered beneficial owners in respect of the proceeds received and shall file the Declaration by means of their investment manager.

Non-resident holders are subject to the 12.5% substitute tax on interest and other proceeds on the Notes if any of the above conditions are not satisfied.

The exemption from *imposta sostitutiva* also applies to (i) non Italian resident “institutional investors” (i.e. entities the activity of which consists of making or managing investments on their own behalf or on behalf of other persons, as defined by *Circolare dell’Agenzia delle Entrate* dated 1 March 2002 No. 23/E), even if they are not treated as taxpayers in their country of residence, but provided that they are resident in a country meeting the above requirements, (ii) International organisations created pursuant to International treaties that are effective in Italy, and (iii) central banks or entities managing also the official reserves of the State.

Interest and other proceeds accrued on the Notes are included in the corporate taxable income (*imposta sul reddito delle società*, “IRES”) at 33% and in certain circumstances, depending on the status of the Noteholders, also in the net value of production for purposes of regional tax on productive activities (“IRAP”) at a rate of 4.25% (regions may vary the rate up to 1%) of beneficial owners who are Italian resident corporations or permanent establishments in Italy of foreign entities to which the Notes are effectively connected, subject to tax in Italy in accordance with ordinary tax rules.

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% annual substitutive 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.

Italian resident collective investment funds and SICAVs are subject to an annual substitutive tax of 12.5% (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 interest and other proceeds accrued on the Notes). Pursuant to Article 12

of the Law Decree n. 269 of 30 September 2003, from the 2 of October 2003, the Italian resident collective investment funds are subject to a 5% (instead of a 12.5%) annual substitute tax if, according to the fund regulations, at least 2/3 of the fund's assets are invested in stock of small or medium capitalisation companies, listed in an EU regulated market.

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 an 11% annual substitutive 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).

Pursuant to Legislative Decree No. 351 of 25 September 2001 ("**Decree No. 351**"), as amended by Article 41-bis of Decree No. 269, starting from 1 January 2004, beneficial owners of Notes who are Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998 and to Article 14-bis of Law No. 86 of 25 January 1994, from 26 September 2001 or, if established before 26 September 2001, provided that the managing company has opted for the application of the regime provided for by Decree No. 351, are not subject to taxation at the Fund level and the 12.5% *imposta sostitutiva* indicated in sub-paragraph (A) above does not apply to payments of interest and other proceeds in respect of the Notes to such funds.

Moreover, as clarified by Revenue Agency Circular No. 47/E of 8 August 2003, the 12.5% *imposta sostitutiva* provided for by Decree No. 239 in general should not apply with respect to interest and other proceeds on the Notes derived by all Italian resident real estate investment funds, including any real estate investment funds not subject to the tax treatment provided for by Decree No. 351, provided that the Notes, together with the coupons relating thereto, are deposited in a timely manner directly or indirectly with an Italian authorised financial intermediary (or permanent establishment in Italy of a foreign intermediary).

In particular, Article 41-bis, paragraph 8, of Decree No. 269 has repealed, with effect from 1 January 2004, the annual substitute tax previously applicable on the accounting net value of certain real estate investment funds and, subject to certain exceptions, Article 41-bis, paragraph 9 of Decree No. 269, has introduced a 12.5% withholding, at the level of the participants in Italian real estate investment funds, of proceeds from the participation in such funds accrued starting from 1 January 2004.

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 the expiry of eighteen months from the Issue Date, the Issuer of the Notes will be required to pay an additional amount in Italy which, at the date of this Offering Circular, is equal to 20% of all interest and other proceeds accrued on such principal amount repaid early up to the relevant repayment date. 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 the expiry of eighteen months from the Issue Date, the Issuer may be required to pay the above 20% 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%.

The capital gain/loss is represented by the positive/negative difference between the Notes' sale price (or the redemption value) and the purchase or subscription price (or value) gross of any inherent expenses (stamp duties, commissions, notary fees, etc.). Such difference is to be considered net of any interest (or issue margin) accrued but not yet paid, which is to be taxed according to the criteria explained under the previous paragraph, headed "Income Tax". If a negative difference arises from a relevant transaction, such difference represents a capital loss which can be, in general terms, carried forward and set off with future gains of a similar nature.

Three different regimes may apply to the taxation of a resident investor, holding Notes otherwise than in connection with entrepreneurial activity, with reference to capital gains not pertaining to business activities:

- (1) 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 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 realised in any of the four succeeding tax years.
- (2) 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% *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 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 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.

- (3) Any capital gains realised by 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 realised by 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 realised by 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% 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, pursuant to Legislative Decree No. 259 of 21 July 1999, 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 (including the Luxembourg Stock Exchange) 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 Decree No. 350, 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 (a) are resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information as listed in Ministerial Decree 4 September 1996, as amended and supplemented).

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 capital gains tax will apply on condition that they file in time with the authorised financial intermediary an appropriate self-declaration stating to meet the requirements indicated under (a) and (b) above;

- (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, provided 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 capital gains tax 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.

## **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 from 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 Euro 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 five years from the receipt thereof as a gift, the donee is required to pay the relevant *imposta sostitutiva* on capital gains as if the gift had 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 to or by Italian residents 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 Euro 0.0083 for every Euro 51.65, or part of Euro 51.65, 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 Euro 0.00465 for every Euro 51.65, or part of Euro 51.65, 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 Euro 0.00465 for every Euro 51.65, or part of Euro 51.65, of the price of the Notes.

In the cases listed above under (ii) and (iii), however, the amount of transfer tax cannot exceed Euro 929,62 for any single 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 Euro 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.

### **European Withholding Tax Directive**

On 3 June 2003, the EU Council of Economic and Finance Ministers (“**ECOFIN**”) adopted the EU Directive No. 2003/48/CE (the “**European Withholding Tax Directive**”), a directive regarding the taxation of savings income. The European Withholding Tax Directive was scheduled to be applied by Member States of the European Union (each, a “**Member State**” and together, the “**Member States**”) from 1 July 2005, provided that certain non-EU countries adopt similar measures from the same date. Under the European Withholding Tax Directive each Member State is 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.

The Italian Government has implemented the European Withholding Tax Directive with the Legislative Decree No. 84 of 18 April 2005 (the “**Decree No. 84**”). Decree No. 84 will apply to payments of interest made by paying agents established in Italy to beneficial owners who are individuals resident in a different EU Member State as well as in other jurisdictions that have adopted similar legislation (Jersey, Guernsey, Isle of Man, Dutch Antilles, British Virgin Islands, Turks and Caicos, Cayman, Montserrat, Anguilla and Aruba). According to Article 1(1) of the Decree No. 84, the definition of paying agents includes, *inter alia*, banks, SGRs, fiduciary companies, financial intermediaries, and any economic operator that may be involved, commercially or professionally, in a payment of interest.

More specifically, according to Article 5 of the Decree No. 84, paying agents acting shall provide the Italian tax authorities with the following data: identity and residence of the beneficial owner; name and address of the paying agent; account number of the beneficial owner or, otherwise, information of the debt claim giving rise to the interest payment and amount of interest paid. Such information is then transmitted to the Italian tax authorities. Residence of the beneficial owner is ascertained on the basis of the address indicated in the

passport (if any), in the official identity card or, if necessary, on the basis of any other evidence. The beneficial owner that having a EU passport or identity card is resident for income tax purposes in a third country, shall file a tax certificate issued by the State of residence. Any individual receiving an interest payment is presumed to be the beneficial owner with the burden to give evidence and prove the contrary in his hands.

Companies, similar entities subject to taxation on business profits, UCITs passported under the Directive No. 85/611/EEC and non passported UCITs that have elected to be treated like passported, are excluded from the application of Decree No. 84. Mistakes, omissions and any other contravention may be fined under the Decree No. 84 with sanctions from Euro 25,000.00 to Euro 250,000.00. Either payments of interest on the Notes or the realisation of the capitalised interest through a sale of the Notes would constitute "payments of interest" under Article 6 of the European Withholding Tax Directive and, as far as Italy is concerned, Article 2 of the Decree 84. Accordingly, such payment of interest arising out of the Notes would fall within the scope of the European Withholding Tax Directive being the Notes issued after March 1st, 2001 (see Articles 15 of the European Withholding Tax Directive and article 2(5) of the Decree 84).

The European Withholding Tax Directive provides that Austria, Belgium or Luxembourg shall apply a withholding tax for a transitional period as defined therein, unless during such period they would elect otherwise.

The withholding tax shall be levied at the rate of 15% during the first three years of the transitional period, 20% for the subsequent three years and 35% thereafter. European Withholding Tax Directive provides for the exemption from the withholding tax to the extent that the beneficial owner provides the paying agent with minimum data requirements. The mechanism of application of such withholding tax would, however, be governed by the implementing legislation of the relevant country to which the investors of the Notes shall refer to.

## SUBSCRIPTION AND SALE

Pursuant to the Subscription Agreement entered into on or about the Issue Date, BNP Paribas, London Branch and Lehman Brothers International (Europe) have undertaken to subscribe and pay for the Notes of each Class, in each case, at the issue price of 100% of their respective principal amounts. Under the Subscription Agreement Capitalia has agreed to act as Joint Lead Manager. Capitalia shall have no obligation to subscribe the Notes and has undertaken only to co-operate with the Issuer, the Originator and the other Parties and provide assistance and services in connection with the issue, offering and selling activities of the Notes, as the Issuer and the Originator, may reasonably request.

The Issuer will pay to Joint Lead Managers a combined management and underwriting fee and selling concession in accordance with the terms and conditions of the Subscription Agreement.

The 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 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 Notes.

### **Selling Restrictions**

#### *General*

Under the Subscription Agreement, the Joint Lead Managers have acknowledged that no action has been or will be taken in any jurisdiction by the Issuer that would permit a public offering of the Notes, or possession or distribution of any offering material in relation to the Notes, in any country or jurisdiction where action for that purpose is required.

Under the Subscription Agreement, each of the Joint Lead Managers has undertaken to the Issuer and the Originator that it will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers the Notes or has in its possession, distributes or publishes such offering material, in all cases at its own expense.

Under the Subscription Agreement, each of the Joint Lead Managers has represented and warranted that it has not made or provided and has undertaken that it will not make or provide any representation or information regarding the Issuer, the Originator or the Notes save as contained in the Offering Circular or as approved for such purpose by the Issuer or the Originator or which is a matter of public knowledge.

#### *United States*

Under the Subscription Agreement, the Joint Lead Managers have acknowledged that 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 pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Under the Subscription Agreement, each of the Issuer and the Originator has represented, warranted and undertaken to the Joint Lead Managers that:

- within the preceding six months, neither it nor any of its affiliates nor any other person acting on its or their behalf has offered or sold, or will offer or sell, to any person any Notes in any circumstances which would require the registration of any of the Notes under the Securities Act or the qualification of any

document related to the Notes as an indenture under the United States Trust Indenture Act of 1939;

- neither it nor any its affiliates nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts within the meaning of Rule 902 under the Securities Act with respect to the Notes;
- neither it nor any of its affiliates nor any person acting on its or their behalf has solicited or will solicit any offer to buy or sell the Notes by any form of general solicitation or general advertising, including but not limited to the methods described in Rule 502(c) under the Securities Act in connection with the offer and sale of the Notes in the United States;
- the Issuer is not, and after giving effect to the offering and sale of the Notes, will not be a company registered or required to be registered as an "investment company", as such term is defined in the United States Investment Company Act of 1940, as amended (the "**Investment Company Act**"); and
- the Notes satisfy the eligibility requirements of Rule 144A(d)(3) under the Securities Act.

Under the Subscription Agreement, each of the Joint Lead Managers has represented, warranted and undertaken to the Issuer that:

- it may directly or through its affiliates arrange for the placing of the Notes in the United States to qualified institutional buyers (as defined in Rule 144A) pursuant to Rule 144A and in accordance with the provisions of this Agreement, provided that each person to whom the Notes are offered or sold is, or the Joint Lead Managers reasonably believe each such person to be, a qualified institutional buyer purchasing for its own account or for the account of a qualified institutional buyer and provided further that the aggregate principal amount of the Notes sold by the Joint Lead Managers to each qualified institutional buyer pursuant to this paragraph is not less than US\$ 250,000. In addition, the affiliate through which the Joint Lead Managers arrange for the placing of Restricted Notes in the United States shall be an accredited investor (as defined in Rule 501(a) under the Securities Act); and
- neither it, its affiliates nor any person acting on its or their behalf, has solicited or will solicit any offer to buy or sell the Notes by any form of general solicitation or general advertising, including but not limited to the methods described in Rule 502(c) under the Securities Act in connection with the offer and sale of the Notes in the United States.

Terms used in the above paragraphs have the meanings given to them by Regulation S under the Securities Act and by the United States Internal Revenue Code of 1986, as amended, and regulations thereunder, including the D Rules.

#### *United Kingdom*

Under the Subscription Agreement, each of the Joint Lead Managers has represented warranted and undertaken to the Issuer that:

- it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FAMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FAMA does not apply to the Issuer; and
- it has complied and will comply with all applicable provisions of the FAMA with respect to anything done

by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### *Italy*

Under the Subscription Agreement, each of the Joint Lead Managers has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, and has not distributed and will not distribute and has not made and will not make available to the public in the Republic of Italy any Notes, the Offering Circular nor any other offering material relating to Notes.

Under the Subscription Agreement, each of the Joint Lead Managers acknowledges that no action has been taken by it which would allow an offering of the Notes other than to professional investors ("*operatori qualificati*") as defined in Article 31, paragraph 2, of CONSOB Regulation No. 11522 of 1 July 1998 pursuant to Article 100, paragraph 1, lett. a) and Article 30, paragraph 2, of Italian Legislative Decree No. 58 of 24 February 1998 (hereinafter, the "**Financial Laws Consolidation Act**") and in accordance with applicable Italian laws and regulations.

Under the Subscription Agreement, each of the Joint Lead Managers has acknowledged and undertaken that any offer of the Notes to professional investors in the Republic of 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 the Republic of Italy in accordance with the relevant provisions of the Financial Laws Consolidation Act and will be made in compliance with article 129 of the Consolidated Banking Act.

Under the Subscription Agreement, each of the Joint Lead Managers has acknowledged that:

- no action has or will be taken by it which would allow an offering (nor a "*sollecitazione all'investimento*") of the Notes to the public in the Republic of Italy unless in compliance with the relevant Italian securities, tax and other applicable laws and regulations;
- the Notes may not be offered, sold or delivered by it and neither an offering circular nor any other offering material relating to the Notes will be distributed or made available by it to the public in the Republic of Italy. Individual sales of the 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; and
- no application has been made to obtain an authorisation from CONSOB for the public offering of the Notes in the Republic of Italy.

## GENERAL INFORMATION

- (1) The Notes have been accepted for clearance through Monte Titoli, Euroclear and Clearstream as follows:

<i>Class</i>	<i>ISIN</i>	<i>Common Code</i>
Class A1	IT0004068588	025602536
Class A2	IT0004068612	025602633
Class B	IT0004068620	025602668
Class C	IT0004068638	025602692

- (2) Application has been made to list the Notes on the official list of the Luxembourg Stock Exchange and to trade the Notes on the Regulated Market "*Bourse de Luxembourg*" which appears on the list of regulated markets issued by the European Commission.
- (3) 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 10 May 2006.
- (4) The Issuer estimates that its aggregate ongoing expenses in connection with the Securitisation (excluding any fees or expenses payable to the Servicer) will be equal to Euro 274,000 (exclusive of any value added tax) per annum.
- (5) As long as the Notes are listed on the Stock Exchange, copies of the following documents may be inspected during normal business hours at the registered office of the Luxembourg Paying Agent in Luxembourg:
- the by-laws (*statuto*) and deed of incorporation (*atto costitutivo*) of the Issuer;
  - the Transfer Agreement;
  - the Warranty and Indemnity Agreement;
  - the Servicing Agreement;
  - the Administrative Services Agreement;
  - the Intercreditor Agreement;
  - the Cash Allocation, Management, Payment and Agency Agreement;
  - the Deed of Pledge;
  - the Deed of Charge,
  - the Mandate Agreement;
  - the Monte Titoli Mandate Agreement;

- the Swap Agreement;
  - the Stichting Corporate Services Agreement;
  - the Subordinated Loan Agreement; and
  - the Letter of Undertakings.
- (6) The Issuer's audited financial statements relating to the period from the date of incorporation to 31 December 2005 will be available for inspection at the registered office of the Luxembourg Paying Agent and of the Issuer. The Issuer was incorporated on 18 February 2005 and no other financial statements of the Issuer, other than the financial statements as at and for the period ended 31 December 2005, have been or have been required to be prepared. The auditors of the Issuer were Reconta Ernst & Young S.p.A. for the audited financial statements as at and for the period ended 31 December 2005.
- (7) So long as any of the Notes remains listed on the Stock Exchange, the Servicer Reports and Audit Reports produced pursuant to the Servicing Agreement and the Payment Reports produced pursuant to the Cash Allocation, Management, Payment and Agency Agreement will be available at the registered office of the Luxembourg Paying Agent where copies thereof may be obtained free of charge upon request.
- (8) 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 nor is the Issuer aware that any such litigation, arbitration or administrative proceedings are pending or threatened.
- (9) Save as disclosed in this document, there has been no material adverse change, or any development reasonably likely to involve a material adverse change, in the condition (financial or otherwise) or general affairs of the Issuer since the date of its incorporation that is material in the context of the issue of the Notes.
- (10) So long as any of the Notes remain outstanding, copies of the Issuer's annual audited financial statements shall, upon publication, be made available at the registered office of the Luxembourg Paying Agent. No interim financial statements will be prepared by the Issuer.

## GLOSSARY OF TERMS

*These and other terms used in this document 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. Certain terms derive from Transaction Documents which have been executed in the Italian language. To the extent that these terms have been translated into the English language from their definitions in Italian language contained in such Transaction Documents for the purposes of this "Glossary of Terms", in the event of any discrepancy between the definitions of such terms as set out in the Italian language Transaction Documents and as set out in the "Glossary of Terms" below, the definitions contained in such Italian language Transaction Documents shall prevail.*

**Accounts** means the Issuer Collection Account, the Issuer Transaction Account, the Issuer Payments Account, the Issuer Principal Accumulation Account, the Issuer Expenses Account, the Issuer Cash Reserve Account, the Issuer Investment Account and the Issuer Securities Account.

**Account Bank** means JPMorgan Chase Bank N.A., Milan Branch or its permitted successors or assignees from time to time.

**Account Banks** means the Account Bank and the Investment Account Bank, collectively.

**Account Bank Report** means the report to be made by the Account Bank on each Report Date pursuant to the Cash Allocation, Management, Payment and Agency Agreement.

**Additional Return** means the additional return amounts due and payable by the Issuer to the Subordinated Lender under the Subordinated Loan Agreement being equal to the difference between (A) and (B), where:

- (A) means the aggregate of:
- (i) interest amounts accrued during the immediately preceding Collection Period under the Lease Contracts, subject to any adjustments thereto as a result of any indexation and net of any provision or write-off registered by the Servicer at the end of the relevant Collection Period; and
  - (ii) default interest (*interessi di mora*) due under the Lease Contracts and collected during such Collection Period; and
  - (iii) penalties due under the Lease Contracts and accrued during such Collection Period; and
  - (iv) the net result of all the capital gains/appreciations and capital losses/depreciations and all other positive or negative components accrued during such Collection Period as a result of the early termination of the Lease Contracts or the sale to third parties of the Assets and other amounts due under the Lease Contracts (to the extent transferred to the Borrower); and
  - (v) any interest and other revenues accrued during such Collection Period on the Borrower's bank Accounts and on the investments made by the Borrower; and
  - (vi) any amounts (if any) payable to the Issuer under the Swap Agreement on the Swap Payment Date immediately preceding such Payment Date; and
- (B) means all amounts (with the exclusion of any amounts paid in connection with Principal Instalments)

described under items (i), (iii), (iv) (a), (b) and (c), (v), (vi), (viii), (x), (xiv), (xv), (xvi), (xvii), (xviii), (xix) and (xx) of the Pre-Enforcement Priority of Payments or items (i), (iii), (iv) (a), (b) and (c), (v), (vi), (viii), (x), (xii), (xiii), (xiv), (xv), (xvi), (xvii) and (xviii) of the Post Enforcement Priority of Payments, to the extent they have accrued or anyhow relate to such Collection Period and whether or not payable on such Payment Date or paid before such Payment Date with monies standing to the credit of the Issuer Expenses Account.

**Additional Return Notice** means the notice that the Subordinated Lender shall send to the Calculation Agent within 20 (twenty) Business Days after each Payment Date, pursuant to Clause 7 of the Subordinated Loan Agreement.

**Adjustment Factor** means, on each Payment Date, the lower of:

- (a) one; and
- (b) the ratio between:
  - (i) the difference between: (x) the Issuer Available Funds as of such Payment Date (y) the amounts to be paid by the Issuer under items (i), (ii), (iii) and (iv) of the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments (as the case may be); and
  - (ii) the aggregate of the Issuer Floating Amount and the Issuer Fixed Amount on such Payment Date.

**Administrative Services Agreement** means the administrative services agreement entered into on or about the Issue Date between the Issuer and the Administrative Services Provider, as may be modified from time to time in accordance with the provisions contained therein and including any agreement or other document expressed to be supplemental thereto.

**Administrative Services Provider** means Structured Finance Management or its permitted successors or assigns from time to time.

**Aggregate Yield Condition** means, in respect to the purchase of each Subsequent Portfolio by the Issuer from the Originator, the condition that the weighted average of the spreads over the three month Euribor payable under all the performing Receivables of the Portfolio arising out of Lease Contracts with a floating interest rate shall be equal to or higher than 2.15%, as of the immediately preceding Collection Period End Date.

**Asset** means any real estate asset, registered and unregistered movable properties leased under a Lease Contract and **Assets** means all of them.

**Audit Report** means a semi-annual report to be prepared by a firm of internationally recognised auditors acceptable to the Representative of the Noteholders in relation to the information and data contained in the last two Servicer Reports.

**Auto Pool** means the pool of Receivables arising from Lease Contracts relating to motor cars, commercial vehicles, heavy vehicles registered in the *Pubblico Registro Automobilistico* (PRA).

**BNP Paribas** means BNP Paribas, a company incorporated under the laws of the Republic of France, having its registered office at 16 Boulevard des Italiens, 75009 Paris, France.

**BNP Paribas, London Branch** means BNP Paribas, acting through its London Branch, with offices at 10

Harewood Avenue, London NW1 6AA, United Kingdom.

**Borrower** means any Lessee or any other person or entity who is liable for payment in respect of the Receivables.

**Business Day** shall mean a day (other than a Saturday or Sunday) on which banks are generally open for business in London, Milan, Rome, Brescia and Luxembourg and on which the Trans-European Automated Real Time Gross-Settlement Express Transfer System (or any successor thereto) is open;

**Calculation Agent** means Capitalia, or its permitted successors or assignees from time to time.

**Cancellation Date** means the earlier of: (i) the date on which the Notes have been redeemed in full and (ii) the Final Maturity Date.

**Capitalia** means Capitalia S.p.A., with registered office in Via Paisiello No. 5, 00187 Rome (Italy), enrolled in the Companies Register of Rome under No. 00644990582 and enrolled in the register of banks held by the Bank of Italy pursuant to Article 13 of the Consolidated Banking Act.

**Capitalia Banking Group** means the group of companies the parent company of which is Capitalia, pursuant to Article 60 and following of the Consolidated Banking Act.

**Cash Allocation, Management, Payment and Agency Agreement** means the cash allocation, management, payment and agency agreement dated on or about the Issue Date between the Issuer, the Representative of the Noteholders, the Servicer, the Cash Manager, the Account Banks, the Subordinated Lender, the Paying Agents and the Calculation Agent, as may be modified from time to time in accordance with the provisions contained therein and including any agreement or other document expressed to be supplemental thereto.

**Cash Manager** means Fineco Leasing, or its permitted successors or assignees from time to time.

**Cash Reserve** means the amounts standing from time to time to the balance of the Issuer Cash Reserve Account and the Cash Reserve Ledger.

**Cash Reserve Ledger** means the ledger on which the Investment Account Bank shall credit all amounts transferred to the Issuer Investment Account from the Issuer Cash Reserve Account and the proceeds of the investment thereof.

**Central Regions** means the following Italian regions: Marche, Abruzzo, Lazio, Toscana and Umbria.

**Class** shall be a reference to a class of Notes, being the Class A1 Notes, Class A2 Notes, the Class B Notes or the Class C Notes and **Classes** shall be construed accordingly.

**Class A Notes** means the Class A1 Notes and the Class A2 Notes collectively.

**Class A Principal Deficiency Amount** means, with reference to any Payment Date, the greater of (a) *nil* and (b) the lesser of:

- (i) the Principal Amount Outstanding of the Class A Notes as at the immediately preceding Collection Period End Date; and
- (ii) the Principal Deficiency applicable to such Payment Date, *minus* the Class B Principal Deficiency Amount, *minus* the Class C Principal Deficiency Amount.

**Class A Principal Deficiency Trigger** means the trigger which is breached on a Payment Date if the Cumulative Gross Default Ratio of the immediately preceding Collection Period End Date is equal to or higher than 10%. Once the Class A Principal Deficiency Trigger is breached, such breach shall be deemed to continue until the full redemption of the Class A Notes.

**Class A1 Notes** means the Euro 203,800,000 Class A1 Asset Backed Floating Rate Notes due July 2025.

**Class A2 Notes** means the Euro 749,000,000 Class A2 Asset Backed Floating Rate Notes due July 2025.

**Class B Notes** means the Euro 56,000,000 Class B Asset Backed Floating Rate Notes due July 2025.

**Class B Principal Deficiency Amount** means, with reference to any Payment Date, the greater of (a) *nil* and (b) the lesser of:

- (i) the Principal Amount Outstanding of the Class B Notes as at the immediately preceding Collection Period End Date; and
- (ii) the Principal Deficiency applicable to such Payment Date, *minus* the Class C Principal Deficiency Amount,

*provided that* from (and including) the Payment Date on which the Class A Principal Deficiency Trigger is breached to (but excluding) the Payment Date on which the Class A Notes are redeemed in full, the Class B Principal Deficiency Amount shall be equal to zero.

**Class C Notes** means the Euro 10,200,000 Class C Asset Backed Floating Rate Notes due July 2025.

**Class C Principal Deficiency Amount** means, with reference to any Payment Date, the greater of (a) *nil* and (b) the lesser of:

- (i) the Principal Amount Outstanding of the Class C Notes as at the immediately preceding Collection Period End Date; and
- (ii) the Principal Deficiency applicable to such Payment Date,

*provided that* from (and including) the Payment Date on which the Class A Principal Deficiency Trigger is breached to (but excluding) the Payment Date on which the Class A Notes are redeemed in full, the Class C Principal Deficiency Amount shall be equal to zero.

**Clearstream** means Clearstream Banking, Société Anonyme.

**Collateral Security** means any security interest granted to the Originator in order to secure the payments due under the Lease Contracts.

**Collection Period** means each period commencing on a Collection Period Commencement Date and ending on the next succeeding Collection Period End Date, and in the case of the first Collection Period, commencing on (and including) the Initial Portfolio Valuation Date and ending on the last calendar day of June 2006, provided that following the delivery of an Enforcement Notice upon the occurrence of an Enforcement Event, references to the Collection Period shall be deemed to refer to the relevant period on the basis of which the Calculation Agent has, in the Payment Report, calculated the Issuer Available Funds.

**Collection Period Commencement Date** means the first calendar day of January, April, July and October of each year.

**Collection Period End Date** means the last calendar day of March, June, September and December of each year.

**Collection Policy** means the procedures for the management, collection and recovery of Receivables as set out in the Servicing Agreement.

**Collections** means all immediately available funds including cash amounts derived from Receivables received by the Servicer from time to time in respect of the Lease Contracts comprised in the Portfolio pursuant to the Servicing Agreement.

**Collections Ledger** means the ledger on which the Investment Account Bank shall credit all amounts transferred to the Issuer Investment Account from the Issuer Collection Account in respect of each Collection Period and the proceeds of the investment thereof.

**Concentration Conditions** means, in respect to the transfer of each Subsequent Portfolio, the following conditions:

- (i) the Outstanding Principal Amount of the Receivables in relation to each single Lessee is not higher than 0.30% of the Portfolio Outstanding Principal Balance;
- (ii) the Outstanding Principal Amount of the Receivables in relation to the ten Lessees with the largest exposure *vis-à-vis* the Issuer is not higher than 2.75% or of the Portfolio Outstanding Principal Balance;
- (iii) the Outstanding Principal Amount of the Receivables comprised in each Pool expressed as a percentage of the Portfolio Outstanding Principal Balance does not exceed the respective percentages set forth below:
  - 75% in relation to the Real Estate Pool;
  - 8% in relation to the Equipment Pool;
  - 30% in relation to the Auto Pool;
- (iv) the aggregate Outstanding Principal Amount of all the Receivables towards Lessees resident in the Northern Regions is equal to or higher than 73% of the Portfolio Outstanding Principal Balance;
- (v) the aggregate Outstanding Principal Balance of all the Receivables towards Lessees resident in the Southern Regions is lower than 8% of the Portfolio Outstanding Principal Balance;
- (vi) the weighted average ratio between the Residual Instalments of the Lease Contracts comprised in the Real Estate Pool of the relevant Subsequent Portfolio and the Outstanding Principal Amount of such Lease Contracts is equal to or higher than 15%; and
- (vii) the Principal Balance of the Receivables in relation to the Lease Contracts where the payment of the Instalments is to be made with a monthly frequency is equal to or higher than 95% of the Portfolio Outstanding Principal Balance,

in each case, as at the immediately preceding Collection Period End Date and *provided that* it is a condition precedent for the proposed purchase by the Issuer of each Subsequent Portfolio that the above conditions are satisfied in respect of the Portfolio immediately after the purchase of the Subsequent Portfolio.

**Conditions** means the terms and conditions of the Notes and a numbered **Condition** means a numbered

condition thereof.

**Confirmation Notice** means the notice sent by the Calculation Agent on behalf of the Issuer to, *inter alios*, Fineco Leasing, confirming that all the conditions for the purchase of a Subsequent Portfolio are satisfied in accordance with the terms of the Transfer Agreement.

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

**Consob Resolution No. 11768** means the CONSOB Resolution No. 11768 of 23 December 1998, as from time to time amended and supplemented.

**Consolidated Banking Act** means Italian Legislative Decree No. 385 of 1 September 1993 (*Testo Unico delle leggi in materia Bancaria e Creditizia*) as subsequently amended and implemented.

**Cumulative Gross Default Ratio** means, on each Collection Period End Date the ratio between: (i) the aggregate Outstanding Principal Amount of all Lease Contracts which have become Defaulted Leases between the Initial Portfolio Valuation Date and the relevant Collection Period End Date, as at the date each such Lease Contract became a Defaulted Lease and (ii) the Outstanding Principal Amount of the Initial Portfolio as of the Initial Portfolio Valuation Date.

**Cumulative Gross Default Ratio Trigger** means, with reference to each Collection Period End Date during the Revolving Period, any of the following percentages:

Collection Period End Date	Cumulative Default Ratio Trigger
First	0.30%
Second	0.65%
Third	1.00%
Fourth	1.30%
Fifth	1.65%
Sixth	1.90%

**Day Count Fraction** means Actual 360.

**Decree 239 Deduction** means any withholding or deduction for or on account of "*imposta sostitutiva*" under Decree No. 239.

**Decree No. 84** means Italian Legislative Decree No. 84 of 18 April 2005, as amended and supplemented from time to time.

**Decree No. 213** means Italian Legislative Decree No. 213 of 24 June 1998, as amended and supplemented from time to time.

**Decree No. 239** means Italian Legislative Decree No. 239 of 1 April 1996, as amended and supplemented from time to time and any related regulations.

**Decree No. 350** means Italian Law Decree No. 350 of 25 September 2001, converted into law with amendments by Law No. 409 of 23 November 2001, as amended and supplemented from time to time.

**Decree No. 351** means Italian Law Decree No. 351 of 25 September 2001, as amended and supplemented from time to time.

**Decree No. 435** means Italian Legislative Decree No. 435 of 21 November 1997, as amended and supplemented from time to time.

**Deed of Charge** means the English law deed of charge executed on or about the Issue Date between the Issuer 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 herein contained and including any agreement or other document expressed to be supplemental thereto.

**Deed of Pledge** means the Italian law deed of pledge executed on or about the Issue Date between the Issuer 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.

**Default Ratio** means, in respect of any Collection Period during the Revolving Period and with reference to the relevant Collection Period End Date, the ratio between (i) the Outstanding Principal Amount of all Defaulted Receivables included in the Portfolio, and (ii) the Portfolio Outstanding Principal Balance.

**Defaulted Leases** means all leases arising from Lease Contracts presenting a Defaulted Receivable.

**Defaulted Receivable** means any Receivable in respect of which: (a) the relevant Lease Contract has been terminated, or (b) in the case of a Lease Contract under which Instalments are paid on a monthly basis, there are seven or more Delinquent Instalments, in the case of a Lease Contract under which Instalments are paid on a bi-monthly basis, there are five or more Delinquent Instalments and in the case of a Lease Contract Under which Instalments are paid on a quarterly basis, there are four or more Delinquent Instalments.

**Deferred Purchase Price** means the deferred purchase price due and payable by the Issuer to the Originator as consideration for the transfer of the Initial Portfolio and, as the case may be, each Subsequent Portfolio, pursuant to the Transfer Agreement.

**Delinquency Ratio** means, in respect of any Collection Period during the Revolving Period and with reference to the relevant Collection Period End Date, the ratio between: (i) the Outstanding Principal Amount of all Delinquent Receivables included in the Portfolio, and (ii) the Portfolio Outstanding Principal Balance.

**Delinquent Instalment** means any Instalment that remains unpaid for 30 days or more after its scheduled payment date.

**Delinquent Principal Instalment** means the principal component of any Delinquent Instalment.

**Delinquent Receivable** means any Receivable, other than a Defaulted Receivable, in respect of a Lease Contract in relation to which there is at least one Delinquent Instalment.

**Eligible Institution** means a depository institution organised under the laws of any state which is a member of the European Union or of the United States, the short-term unsecured and unsubordinated debt obligations of which are rated at least F1 by Fitch and P1 by Moody's (or such other rating acceptable to the Rating Agencies).

**Eligible Investments** means any Euro denominated investment which may include any senior, unsubordinated debt security investment, money market fund, commercial paper, deposit or other debt instruments issued by, or fully and unconditionally guaranteed on an unsubordinated basis by, or held at, an institution having at least the following ratings for the maturity (or the residual maturity as applicable) as indicated:

<b>Maturity</b>	<b>Fitch</b>	<b>Moody's</b>
1-3 Months	F-1+	A1 and P-1
Less than 1 month	F-1	A2 or P-1

*provided that:* (i) any such investment shall have a maturity date falling no later than the third Business Day (included) preceding the following Payment Date, (ii) the purchase price of any such investment must not be higher than its nominal value and (iii) in the case of money market fund, any such investment shall have a rating at least equal to "AAA/V1+" by Fitch and "MR1+/Aaa" by Moody's.

**EMU** means the European Economic and Monetary Union pursuant to the Treaty establishing the European Communities.

**Enforcement Event** means any of the events described in Condition 11.

**Enforcement Notice** means the notice described in Condition 11.

**Equipment Pool** means the pool of Receivables arising from Lease Contracts relating to tools, machinery, specifically built machinery and other industrial equipment not registered in any public register.

**Euroclear** means Euroclear Bank S.A./N.V., as operator of the Euroclear system.

**European Union Insolvency Regulation** means European Council Regulation (EC) No. 1346 of 29 May 2000 on insolvency proceeding, as amended and supplemented from time to time.

**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).

**Excess Spread Trapping Ledger** means the ledger on which the Investment Account Bank shall credit the amounts due to be paid on each Payment Date after item (xiii) pursuant to the Pre-Enforcement Priority of Payment, as a result of the occurrence of any Excess Spread Trapping Trigger.

**Excess Spread Trapping Trigger** means the occurrence of a Cumulative Gross Default Ratio equal to or higher than the following percentages on the following Payment Dates:

<b>Cumulative Gross Default Ratio</b>	<b>Payment Date</b>
0.25%	30-Jul-06
0.50%	30-Oct-06
0.90%	30-Jan-07

1.55%	30-Apr-07
2.00%	30-Jul-07
2.55%	30-Oct-07
3.10%	30-Jan-08
3.90%	30-Apr-08
4.70%	30-Jul-08
5.70%	30-Oct-08
6.70%	30-Jan-09
7.70%	30-Apr-09
8.70%	30-Jul-09
9.50%	30-Oct-09
9.90%	30-Jan-10
10.30%	30-Apr-10
10.50%	30-Jul-10
11.20%	30-Oct-10
12.00%	30-Jan-11
12.80%	30-Apr-11 and onward

**Excluded Collections** means (a) amounts collected or recovered by the Issuer in respect of Receivables in connection with which the Originator has made a payment under Clause 4.5(b) of the Warranty and Indemnity Agreement, in an amount not exceeding the amount so paid by the Originator and interest thereon; and (b) proceeds from the sale of any Asset in respect of which the Lease Contract has been terminated pursuant to Article 1526 of the Italian Civil Code less any expenses incurred by the Issuer in connection with such sale, in an amount not exceeding the amount paid by the Originator under Clause 5.1 of the Warranty and Indemnity Agreement.

**F-E Gold** means F-E Gold S.r.l., a limited liability company incorporated pursuant to the Securitisation Law with registered office in Via Romanino No. 1, 25122 Brescia, Italy, enrolled with No. 02620480984 in the Companies Register of Brescia and with No. 36625 in the register held by *Ufficio Italiano Cambi* pursuant to Article 106 of the Consolidated Banking Act and enrolled in the Special Register held by the Bank of Italy pursuant to Article 107 of the Consolidated Banking Act.

**Final Maturity Date** means the Payment Date falling on 30 July 2025.

**Fineco Leasing** means Fineco Leasing S.p.A., with registered office in Via Marsala No. 42/A, 25122 Brescia, Italy, enrolled in the Companies Register of Brescia with No. 01582970172 and enrolled in the Special Register held by the Bank of Italy pursuant to Article 107 of the Consolidated Banking Act with No. 19201.

**First Payment Date** means 31 July 2006.

**Fitch** means Fitch Ratings Ltd.

**Fixed Rate Leases** means all leases arising from Lease Contracts providing for a fixed rate.

**Floating Rate Leases** means all leases arising from Lease Contracts providing for a floating rate.

**Initial Cash Reserve Amount** means an amount of Euro 31,589,000 to be funded by the Subordinated Loan and to be paid into the Issuer Cash Reserve Account on or about the Issue Date.

**Initial Disbursement Amount** means an amount of Euro 20,000 to be paid into the Issuer Expenses Account on the Issue Date.

**Initial Interest Period** means the period starting on the Issue Date (included) and ending on the First Payment Date (excluded).

**Initial Period** means the period commencing on (and including) the Issue Date and ending on the earlier of (i) the date falling eighteen months and one day after the Issue Date and (ii) the date on which an Enforcement Notice is served upon the Issuer.

**Initial Portfolio** means the initial portfolio of Receivables transferred to the Issuer pursuant to the Transfer Agreement.

**Initial Portfolio Valuation Date** means 1 May 2006.

**Initial Portfolio Eligibility Criteria** means the object criteria satisfied by the Receivables comprised in the Initial Portfolio, as set out in the Transfer Agreement.

**Initial Portfolio Deferred Purchase Price** means the Deferred Purchase Price payable in connection with the transfer of the Initial Portfolio.

**Initial Portfolio Outstanding Principal Balance** means Outstanding Principal Balance of the Initial Portfolio as at the Initial Portfolio Valuation Date.

**Initial Principal Amount** means the principal amount of the Notes of the relevant Class on the Issue Date.

**Initial Purchase Price** means the initial purchase price due and payable by the Issuer to the Originator as consideration for the transfer of the Initial Portfolio and, as the case may be, each Subsequent Portfolio, pursuant to the Transfer Agreement and being equal to the sum of the relevant Principal Component and Interest Component.

**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, such proceedings are 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, 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 substantial part 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 a substantial part 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) or any of the events under Article 2484 of the Italian Civil Code occurs with respect to such company or corporation.

**Instalments** means the periodic payments (excluding the Residual Instalments (*riscatto*)) due under the Lease Contracts from the Lessees which are made up of an interest component and a principal component.

**Instalment Variation** means a variation in Instalments due under a Lease Contract as a result of amendment(s) to the Lease Contract.

**Insurance Policy** means any insurance contracts entered into by a Debtor or by the Originator, in respect to, or as a condition for, the execution of a Lease Contract, including (but not limited to) policies for the insurance of risks relating to the Assets.

**Intercreditor Agreement** means the agreement executed on or about the Issue Date between, *inter alios*, the Issuer, the Representative of the Noteholders, the Originator, the Servicer, the Swap Counterparty, the Account Banks, the Subordinated Lender, the Cash Manager, the Paying Agents, the Administrative Services Provider, the Stichting Corporate Services Provider, the Sole Quotaholder and the Calculation Agent.

**Interest Amount** means the amount of interest payable on each Class of Notes in respect of the relevant Interest Period as determined in accordance with Condition 6 (*Interest*).

**Interest Amount Arrears** means any Interest Amounts which are unpaid on their due date and remain unpaid in respect of the Notes of any Class.

**Interest Component** means, in relation to the Initial Portfolio and each Subsequent Portfolio, the sum of the Interest Instalments of all the Receivables comprised in the relevant portfolio accrued as at the relevant Valuation Date.

**Interest Determination Date** means the second Business Day before each Payment Date. In relation to the Initial Interest Period, the Interest Determination Date is the second Business Day before the Issue Date.

**Interest Instalments** means, in relation to each Lease Contract, the interest component of each Instalment.

**Interest Period** means each period from and including a Payment Date to but excluding the succeeding Payment Date.

**Investment Account Bank** means JPMorgan Chase Bank N.A., London Branch or any of its permitted successors or assigns from time to time.

**Investment Account Bank Report** means the report to be prepared by the Investment Account Bank on each Report Date pursuant to the Cash Allocation, Management, Payment and Agency Agreement.

**Investors Report** means the report to be prepared by the Calculation Agent pursuant to the Cash Allocation, Management, Payment and Agency Agreement available to investors on the web-site [securitisation.capitalia.it](http://securitisation.capitalia.it). Such report will be available:

- (i) during the Revolving Period, 15 (fifteen) Business Days after payment of the Principal Component of the Initial Purchase Price of each Subsequent Portfolio (or, if no Subsequent Portfolio is purchased on or about a Payment Date, 15 (fifteen) Business Days following such Payment Date), and
- (ii) after the end of the Revolving Period, 15 (fifteen) Business Days following each Payment Date.

**Issue Date** means 31 May 2006.

**Issue Price** means the price of the Notes on issue being 100% of their Initial Principal Amount.

**Issuer** means F-E Gold.

**Issuer Available Funds** means, in relation to each Payment Date:

- (a) all amounts received or recovered by the Issuer (or its agents) in respect of the Receivables during the Collection Period immediately preceding such Payment Date and transferred to the Issuer Collection Account (other than the Excluded Collections) (including, for the avoidance of doubt, all amounts credited by the Servicer to the Issuer Collection Account related to such Collection Period no later than the close of business of the second Local Business Day after the Collection Period End Date);
- (b) all amounts paid to the Issuer on the Swap Payment Date immediately preceding such Payment Date under the terms of the Swap Agreement;
- (c) any other amounts received by the Issuer from any party to the Transaction Documents during the Collection Period immediately preceding such Payment Date (other than the Excluded Collections);
- (d) the Cash Reserve as of the immediately preceding Collection Period End Date;
- (e) any interest paid on amounts standing to the credit of the Accounts (except the Issuer Expenses Account) in the immediately preceding Collection Period;
- (f) any proceeds from the investment of amounts credited to the Issuer Investment Account in the course of the immediately preceding Collection Period (*provided that* amounts shall be deemed to have been transferred during a Collection Period also if transferred after the relevant Collection Period End Date to

the extent that (i) the relevant amounts are transferred no later than the close of business of the second Local Business Day after the relevant Collection Period End Date and (ii) the relevant reason for payment specifies that the amounts transferred relate to the relevant Collection Period);

- (g) all amounts received from the sale of all or part of the Portfolio should such sale occur and proceeds (if any) from the enforcement of the Issuer's Rights; and
- (h) any amounts standing to the credit of the Excess Spread Trapping Ledger,

*provided that* on the first Payment Date following the end of the Initial Period any amount standing to the credit of the Principal Accumulation Ledger of the Issuer Investment Account shall form part of the Issuer Available Funds.

**Issuer Cash Reserve Account** means the Euro-denominated account with No. 00 0000 1189 opened in the name of the Issuer with the Account Bank to be operated pursuant to the provisions of the Cash Allocation, Management, Payment and Agency Agreement.

**Issuer Collection Account** means the Euro-denominated account with No. 00 0000 1184 opened in the name of the Issuer with the Account Bank and to be operated pursuant to the provisions of the Cash Allocation, Management, Payment and Agency Agreement.

**Issuer Disbursement Amount** means:

- (a) on each Payment Date, the difference between Euro 20,000 and the amount standing to the credit of the Issuer Expenses Account on the immediately preceding Collection Period End Date; or
- (b) on the Final Maturity Date or, if earlier, the Payment Date on which the Notes will be redeemed in full, the greater of (i) the amount referred to in (a) and (ii) such amount as is required to pay such items that are payable out of the Issuer Disbursement Amount.

**Issuer Expenses Account** means the Euro-denominated account with No. 00 0000 1188 opened in the name of the Issuer with the Account Bank to be operated pursuant to the provisions of the Cash Allocation, Management, Payment and Agency Agreement.

**Issuer Fixed Amount** means, with reference to the Swap Agreement, the product of the Issuer Fixed Notional Amount, the Issuer Fixed Rate and the Day Count Fraction multiplied by the Adjustment Factor.

**Issuer Fixed Notional Amount** means, with reference to the Swap Agreement, the difference between:

- (i) the Outstanding Principal Amount of all Fixed Rate Leases included in the Portfolio at the beginning of the relevant calculation period (as defined in the Swap Agreement), such Outstanding Principal Amount to be calculated as of the beginning of the first day of such relevant calculation period (as defined in the Swap Agreement); and
- (ii) the aggregate of: (a) all Delinquent Principal Instalments relating to Fixed Rate Leases at the beginning of the relevant calculation period (as defined in the Swap Agreement), and (b) all scheduled future Principal Instalments of any Fixed Rate Leases which present Defaulted Receivables at the beginning of the relevant calculation period (as defined in the Swap Agreement).

**Issuer Fixed Rate** means, with reference to the Swap Agreement, the fixed rate to be set on or about the Issue Date.

**Issuer Floating Amount** means, with reference to the Swap Agreement, the product of the Issuer Floating Notional Amount, the Issuer Floating Rate and the Day Count Fraction multiplied by the Adjustment Factor.

**Issuer Floating Notional Amount** means, with reference to the Swap Agreement, the difference between:

- (i) the aggregate of: (a) the Outstanding Principal Amount of all Floating Rate Leases included in the Portfolio at the beginning of the relevant calculation period (as defined in the Swap Agreement), and (b) the Outstanding Principal Amount of all Leases included in any further portfolio (if any) purchased by the Issuer on or before the immediately preceding Payment Date in the context of the Securitisation, such Outstanding Principal Amount to be calculated as of the effective date of the relevant transfer; and
- (ii) the aggregate of: (a) all Delinquent Principal Instalments relating to Floating Rate Leases at the beginning of the relevant calculation period (as defined in the Swap Agreement), and (b) all scheduled future Principal Instalments of any Floating Rate Leases which present Defaulted Receivables at the beginning of the relevant calculation period (as defined in the Swap Agreement).

**Issuer Floating Rate** means, with reference to the Swap Agreement and to each Interest Period, the rate which is the average of the three months Euribor rates (base: actual/360) determined on each date of the relevant calculation period (as defined in the Swap Agreement) provided however that with reference to Saturdays and Sundays included in the relevant calculation period (as defined in the Swap Agreement), the immediately preceding Friday's three months Euribor rate (base: actual/360) shall be considered applicable.

**Issuer Investment Account** means the Euro-denominated account with No. 33957301 opened in the name of the Issuer with the Investment Account Bank to be operated pursuant to the provisions of the Cash Allocation, Management, Payment and Agency Agreement.

**Issuer Investment Account Ledgers** means the ledgers kept by the Investment Account Bank in respect of amounts standing to the balance of the Issuer Investment Account, namely, the Collections Ledger, the Principal Accumulation Ledger, the Cash Reserve Ledger and the Excess Spread Trapping Ledger.

**Issuer Payments Account** means the Euro-denominated account with No. 00 0000 1186 opened in the name of the Issuer with the Account Bank to be operated pursuant to the provisions of the Cash Allocation, Management, Payment and Agency Agreement.

**Issuer Principal Accumulation Account** means the Euro-denominated account with No. 00 0000 1187 opened in the name of the Issuer with the Account Bank to be operated pursuant to the provisions of the Cash Allocation, Management, Payment and Agency Agreement.

**Issuer Principal Available Funds** means, on each Payment Date prior to the service of an Enforcement Notice the aggregate of all amounts (if any) payable under items (vii), (ix), (xi) and (xiii) of the Pre-Enforcement Priority of Payments on such Payment Date.

**Issuer Quota Capital Account** means the Euro-denominated account with No. 025570239198 opened by the Issuer with Banca Popolare di Intra, Milan branch, into which all sums contributed by the Noteholders of the Issuer are credited.

**Issuer Securities Account** means the securities account with No. FGO 01 opened in the name of the Issuer with the Investment Account Bank and to be operated pursuant to the provisions of the Cash Allocation, Management, Payment and Agency Agreement.

**Issuer Transaction Account** means the Euro-denominated account with No. 00 0000 1185 opened in the name

of the Issuer with the Account Bank to be operated pursuant to the provisions of the Cash Allocation, Management, Payment and Agency Agreement.

**Issuer's Rights** mean the Issuer's rights under the Transaction Documents.

**Italian Bankruptcy Law** means Royal Decree No. 267 of 16 March 1942, as amended and supplemented from time to time.

**Joint Lead Managers** means Capitalia, BNP Paribas London Branch and Lehman Brothers and **Joint Lead Manager** means each of them.

**J.P. Morgan Bank Luxembourg S.A.** means J.P. Morgan Bank Luxembourg S.A., having its registered offices at 6, route de Trèves L-2633 Senningerberg Luxembourg.

**JPMorgan Chase Bank, N.A., London Branch** means the London branch of JPMorgan Chase Bank N.A., office at Trinity Tower, 9 Thomas More Street, London E1W 1YT, England.

**JPMorgan Chase Bank, N.A., Milan Branch** means the Milan branch of JPMorgan Chase Bank N.A., having its registered offices at Via Catena No. 4, 20121 Milan, Italy.

**Lease Contracts** means the performing financial lease agreements entered into between Fineco Leasing, as lessor, and the Lessees and **Lease Contract** means each of them.

**Lehman Brothers** means Lehman Brothers International (Europe) with registered office at 25 Bank Street, London, E14 5LE, United Kingdom.

**Lessee** means any person, entity or subject who entered into a Lease Contract.

**Letter of Undertakings** means the letter of undertakings entered into on or about the Issue Date between the Issuer, the Originator and the Quotaholder, as may be modified from time to time in accordance with the provisions contained therein and including any agreement or other document expressed to be supplemental thereto.

**Limited Recourse Loan** means a limited recourse loan advanced by the Originator to the Issuer pursuant to Clause 4 of the Warranty and Indemnity Agreement and in the circumstances set out thereunder.

**Local Business Day** means a day (other than Saturday and Sunday) on which the banks to and/or from which the relevant payment is to be made are open for business.

**Luxembourg Listing Agent** means J.P. Morgan Bank, Luxembourg S.A. or its permitted successors or assignees from time to time.

**Luxembourg Paying Agent** means J.P. Morgan Chase Bank, Luxembourg S.A. or its permitted successors or assignees from time to time.

**Luxembourg Stock Exchange** means the Regulated Market "*Bourse de Luxembourg*".

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

**Meeting** means a meeting of Noteholders duly convened (whether originally convened or resumed following an adjournment) and held in accordance with the provisions contained in the Rules of the Organisation of the Noteholders.

**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 its customers with Monte Titoli.

**Monte Titoli Mandate Agreement** means the agreement between the Issuer and Monte Titoli on or about the Issue Date, as may be modified from time to time in accordance with the provisions contained therein and including any agreement or other document expressed to be supplemental thereto.

**Moody's** means Moody's Investors Service Inc..

**Most Senior Class of Noteholders** means the holders of the Most Senior Class of Notes.

**Most Senior Class of Notes** means

- (i) the Class A1 Notes, if the Class A1 Notes are outstanding;
- (ii) the Class A2 Notes, if the Class A1 Notes have been redeemed in full and the Class A2 Notes are outstanding;
- (iii) the Class B Notes, if the Class A1 Notes and the Class A2 Notes have been redeemed in full and the Class B Notes are outstanding;
- (iv) the Class C Notes, if the Class A1 Notes, the Class A2 Notes and the Class B Notes have been redeemed in full and the Class C Notes are outstanding.

**Negative Indexation Amount** means the amount to be set aside on each Payment Date, as set out by the Servicer in the Servicer Report, towards satisfaction of amounts (if any) payable to the Lessees under the Lease Contracts as a result of quarterly adjustment of Instalments paid during each three month period to the applicable Euribor from time to time applicable, and **Individual Negative Indexation Amount** means any such amount due to each Lessee under the relevant Lease Contract.

**Northern Regions** means the following Italian regions: Lombardia, Veneto, Emilia Romagna, Piemonte, Trentino Alto Adige, Liguria, Friuli Venezia Giulia and Valle d'Aosta.

**Noteholders** means the holders of the Class A1 Notes, the holders of the Class A2 Notes, the holders of the Class B Notes and holders of the Class C Notes.

**Notes** means the Class A1 Notes, Class A2 Notes, the Class B Notes and the Class C Notes, collectively.

**Obligor** means any person, other than a Lessee, who has guaranteed the payment or repayment of amounts due in respect of the Receivables, and/or its permitted successors or assignees.

**Official Gazette** means the *Gazzetta Ufficiale della Repubblica Italiana*.

**Optional Redemption** means the option of the Issuer to redeem the Notes in accordance with Condition 7.3.

**Organisation of Noteholders** means the association of the Noteholders created on the Issue Date.

**Originator** means Fineco Leasing.

**Other Issuer Creditors** means, collectively, the Originator, the Representative of the Noteholders, the Administrative Services Provider, the Servicer, the Account Banks, the Cash Manager, the Calculation Agent, the Paying Agents, the Stichting Corporate Services Provider, the Quotaholder, the Swap Counterparty and the Subordinated Lender.

**Outstanding Principal Amount** means, with respect to each Receivable, the aggregate Principal Instalments not yet due or collected (including, for the avoidance of doubt, any overdue and unpaid Principal Instalment).

**Outstanding Principal Balance** means, with respect to each Receivable, the aggregate Principal Instalments not yet collected (including, for the avoidance of doubt, any overdue and unpaid Principal Instalment).

**Paying Agents** means the Principal Paying Agent and the Luxembourg Paying Agent.

**Payment Date** means the First Payment Date and, thereafter, the 30<sup>th</sup> day of January, April, July and October in each year (or, if any such day is not a Business Day, the next succeeding Business Day) or, upon the sale of all or part of the Portfolio following the delivery of an Enforcement Notice, such Business Day as will be notified by the Representative of the Noteholders to the Issuer, the Noteholders and the Calculation Agent.

**Payment Report** means the report prepared by the Calculation Agent in accordance with the Cash Allocation, Management, Payment and Agency Agreement.

**Payment Report Date** means the 10<sup>th</sup> Business Day before each Payment Date.

**Performance Conditions** means, in respect to each transfer of Subsequent Portfolio, the following conditions:

- (i) the Pool Delinquency Ratio as at the immediately preceding Collection Period End Date does not exceed:
  - 5% in relation to the Real Estate Pool;
  - 6.5% in relation to the Equipment Pool;
  - 7.5% in relation to the Auto Pool; and
- (ii) the Pool Default Ratio as at the immediately preceding Collection Period End Date does not exceed:
  - 3.2% in relation to the Real Estate Pool;
  - 3.5% in relation to the Equipment Pool; and
  - 3% in relation to the Auto Pool,

*provided that:*

- (a) the Issuer shall not purchase further Receivables comprised in any Pool of a Subsequent Portfolio if the Performance Conditions of such Pool with reference to the immediately preceding Collection Period End Date are not satisfied; and that
- (b) the Issuer may *however* purchase Receivables comprised in the other Pool(s) of such Subsequent Portfolio if all the conditions precedent for their purchase, including the Performance Conditions, are satisfied. If the Performance Conditions of any Pool are not satisfied as at a Collection Period End Date

but are satisfied with reference to a successive Collection Period End Date during the Revolving Period, the Issuer may, subject to the satisfaction of all other relevant conditions precedent, purchase such Receivables on the Purchase Date immediately succeeding such Collection Period End Date in respect of which the Performance Conditions are satisfied.

**Performing Receivable** means the Receivables arising under the Lease Contracts that are classified as performing.

**Pool** means each of the Auto Pool, the Equipment Pool or the Real Estate Pool and **Pools** means all of them.

**Pool Default Ratio** means, in respect of any Pool during the Revolving Period and with reference to the Collection Period End Date, the ratio between (a) the Outstanding Principal Amount of all Defaulted Receivables outstanding on such date in a Pool, and (b) the Outstanding Principal Balance Amount of all Receivables in such Pool.

**Pool Delinquency Ratio** means, in respect of any Pool during the Revolving Period and with reference to the Collection Period End Date, the ratio between (a) the Outstanding Principal Amount of all Delinquent Receivables outstanding on such date in a Pool, and (b) the Outstanding Principal Amount of all Receivables in such Pool.

**Pool Performing Outstanding Principal Balance** means, in respect of each Pool, the Outstanding Principal Amount of the Receivables comprised in such Pool less any Delinquent Principal Instalments due in respect of Lease Contracts included in such Pool less the aggregate scheduled future Principal Instalments of any Defaulted Receivables included in such Pool.

**Pool Yield Condition** means, in respect to the purchase of each Subsequent Portfolio by the Issuer from the Originator, the condition that the weighted average of the spreads over the three month Euribor payable under all the performing Receivables of the Portfolio arising out of Lease Contracts with a floating interest rate shall be equal to or higher than the following percentages, as of the immediately preceding Collection Period End Date:

- (i) 3,20% in relation to the Receivables comprised in the Real Estate Pool;
- (ii) 2,80% in relation to the Receivables comprised in the Equipment Pool; and
- (iii) 1,65% in relation to the Receivables comprised in the Auto Pool.

**Portfolio** means the Initial Portfolio and each Subsequent Portfolio of Receivables purchased by the Issuer from the Originator pursuant to the terms of the Transfer Agreement.

**Portfolio Initial Outstanding Principal Balance** means the aggregate Outstanding Principal Amount of all the Receivables comprised in the Portfolio as of the Valuation Date of the relevant transfer to the Issuer pursuant to the Transfer Agreement.

**Portfolio Outstanding Principal Balance** means the sum of the Outstanding Principal Amount of each Receivable comprised in the Portfolio.

**Portfolio Performing Outstanding Principal Balance** means the (a) Portfolio Outstanding Principal Balance less (b) any Delinquent Principal Instalments, less (c) the aggregate of all scheduled future Principal Instalments of any Defaulted Receivables.

**Post-Enforcement Priority of Payments** means the order of priority pursuant to which the Issuer Available

Funds shall be applied following the service of an Enforcement Notice in accordance with the Conditions and the Intercreditor Agreement.

**Pre-Enforcement Priority of Payments** means the order of priority pursuant to which the Issuer Available Funds shall be applied on each Payment Date prior to the service of an Enforcement Notice in accordance with the Conditions and the Intercreditor Agreement.

**Principal Accumulation Ledger** means the ledger on which the Investment Account Bank shall, *inter alia*, credit all amounts transferred on each Payment Date during the Revolving Period to the Issuer Investment Account from the Issuer Principal Accumulation Account and the proceeds of the investment thereof.

**Principal Amount Outstanding** means, on any day:

- (c) in relation to each Class of Notes, the aggregate principal amount outstanding of all Notes in such Class;
- (d) in relation to a Note, the principal amount of that Note upon issue less the aggregate amount of all Principal Payments (as defined in Condition 7.2 (*Mandatory redemption*)) in respect of that Note that have been repaid on or prior to that date.

**Principal Component** means, in relation to the Initial Portfolio and each Subsequent Portfolio, the sum of the Outstanding Principal Balance of all the Receivables comprised in the relevant portfolio as at the relevant Valuation Date.

**Principal Deficiency** means the difference between:

- (a) the Target Principal Repayment Amount related to the immediately preceding Payment Date; and
- (b) any amount applied under items (vii), (ix), (xi) and (xiii) of the Pre-Enforcement Priority of Payments on the immediately preceding Payment Date,

*provided that* the Principal Deficiency applicable to the First Payment Date shall be equal to zero.

**Principal Instalment** means, in relation to each Lease Contract, the principal component of each Instalment (excluding, for the avoidance of doubt, the principal component of the Residual Instalment).

**Principal Paying Agent** means JPMorgan Chase Bank, N.A., Milan Branch, and its permitted successors or assignees from time to time.

**Principal Payment** means the principal amount redeemable in respect of each Note as determined in accordance with Condition 7.2.

**Principal Repayment Amount** means on each Payment Date, the amount which shall be equal to the lesser of:

- (a) the Target Principal Repayment Amount less the amounts (if any) to be paid on such Payment Date under items (vii), (ix) and (xi) of the Pre-Enforcement Priority of Payments; and
- (b) the Issuer Available Funds to remain on such Payment Date after payments under items (i) to (xii) of the Pre-Enforcement Priority of Payments.

**Priority of Payments** means the order of priority pursuant to which the Issuer Available Funds shall be applied on each Payment Date prior to and/or following the service of an Enforcement Notice in accordance with the Conditions and the Intercreditor Agreement.

**Pro-Rata Amortisation Payment Date** means each Payment Date after the Initial Period on which the Pro-Rata Conditions have been satisfied.

**Pro-Rata Cessation Event** means, following a Pro-Rata Amortisation Payment Date, the Notes having been redeemed in accordance with Condition 7.2.1 for three Payment Dates, as a result of the non satisfaction of the Pro-Rata Conditions.

**Pro-Rata Conditions** means, in respect of any Payment Date, the following conditions:

- (i) the unpaid Principal Deficiency being equal to zero at the immediately preceding Payment Date following payments under the applicable Priority of Payments are made;
- (ii) the balance of the Cash Reserve being equal to the Scheduled Cash Reserve Amount at the relevant Payment Report Date;
- (iii) at least five years having elapsed from the Issue Date; and
- (iv) the Cumulative Gross Default Ratio having not met the Excess Spread Trapping Trigger.

**Purchase Date** means the date on which the transfer of each Subsequent Portfolio takes place being the date on which Fineco Leasing receives the relevant Confirmation Notice from the Calculation Agent.

**Purchase Report** means the quarterly purchase report sent by the Originator to the Issuer in connection with each relevant Subsequent Portfolio, in accordance with the terms of the Transfer Agreement.

**Purchase Report Date** means the date, no later than the 9<sup>th</sup> Business Day before the relevant Payment Date, on which the Purchase Report has to be prepared by the Originator pursuant to the terms of the Transfer Agreement.

**Purchase Termination Event** means any of the events the occurrence of which determines the termination of the Revolving Period, as set out in clause 4 of the Transfer Agreement.

**Purchase Termination Notice** means the notice served by the Representative of the Noteholders on the Issuer following the occurrence of a Purchase Termination Event, in accordance with the provisions of the Transfer Agreement.

**Quotaholder** means Stichting F-E Red.

**Rating Agencies** means Fitch and Moody's.

**Rate of Interest** means, in respect of each Class of Notes, Three Month Euribor (or, in the case of the Initial Interest Period, the Euribor for two months deposit in Euro), plus the Relevant Margin for such Class of Notes.

**Real Estate Pool** means the pool of Receivables arising from Lease Contracts relating to real estate assets.

**Receivables** means each and every right arising under the Lease Contracts comprised in the Initial Portfolio and each Subsequent Portfolio, including; but not limited to:

- (i) Instalments, including any adjustments thereto as a result of any indexation;
- (ii) interest accrued or which is to mature on all amounts outstanding from the Lessees under the Lease Contracts (for the avoidance of doubt, the amounts herein referred to, are only the amounts transferred to

the Issuer according to the other points of this paragraph);

- (iii) penalties or other amounts due in relation to early termination of such Lease Contracts;
- (iv) any compensation received pursuant to (i) the Insurance Policies or (ii) pursuant to the indemnity provisions in favour of the Originator contained in the Insurance Policies executed by the Lessees, as follows: (a) in respect of any amount due in connection with any Receivable which is unpaid, such unpaid amount; (b) in case the insured event (in respect of which the Insurance Policy has been executed) results in a reduction of the Instalments due under the relevant leased Asset, the amount equal to the present value of such reduction; or (c) in case of an early termination of the relevant Lease Contract, the aggregate of (x) amounts due but unpaid by the Lessee as of the date of termination; and (y) the amount payable by the Lessee pursuant to the Lease Contract upon early termination;
- (v) any variation in Instalments (hereinafter, "**Instalment Variation**") as a result of any amendment to the Lease Contracts,

in each case, together with all the relevant real and personal guarantees, connected privileges and pre-emptive rights, and all other ancillary rights (*accessori*) pertaining thereto, as well as any and all other rights, claims and actions (including any action for damages) and defence inherent or otherwise ancillary to such rights, claims and actions and/or to the exercise thereof, in accordance with the provisions of the Lease Contracts and/or all other documents and agreements connected to them and/or pursuant to the applicable law, as well as any other right of the Originator in relation to any and all the insurance policies executed in connection with the Receivables and the Lease Contracts, but excluding (w) any value added tax; (x) the residual instalment (*riscatto*) due under a Lease Contract payable by the Lessee upon the payment of which the Lessee shall acquire ownership of the leased Asset; (y) administrative expenses incurred in the collection and in the delivery of Receivables and other ancillary expenses incurred in relation to the Receivables; and (z) amounts paid by the Lessees by way of insurance premium if such premium is invoiced separately from the Instalments.

**Reference Banks** means three (3) major banks in the Euro-Zone inter-bank market selected by the Principal Paying Agent with the approval of the Representative of the Noteholders.

**Relevant Margin** means:

- 0.06% per annum in respect of the Class A1 Notes;
- 0.13% per annum in respect of the Class A2 Notes;
- 0.28% per annum in respect of the Class B Notes; and
- 0.58% per annum in respect of the Class C Notes.

**Report Date** means the date falling 12 Business Days before each Payment Date on which the Servicer Report, the Account Bank Report and the Investment Account Bank Report have to be provided pursuant to the relevant Transaction Document.

**Representative of the Noteholders** means J.P. Morgan Corporate Trustee Services Limited, acting through its office at Trinity Tower, 9 Thomas More Street, London E1W 1YT and any of its successors.

**Residual Instalment** means the residual amount payable at the end of the contractual term under the Lease Contract if the Lessee exercises its option to purchase the leased Asset (*riscatto*).

**Revolving Period** means the period commencing on (and including) the Issue Date and ending on the Purchase Date falling in October 2007 (inclusive) (or, if earlier, the date on which a Purchase Termination Notice has been delivered).

**Rules of the Organisation of the Noteholders** means the by-laws of the Organisation of Noteholders, attached to the Conditions.

**Scheduled Cash Reserve Amount** means:

- (A) if the Principal Amount Outstanding of the Class A Notes of such Payment Date (for the avoidance of doubt, after deducting therefrom any principal to be repaid out of funds set aside under items (vii), (ix) and (xi) of the Pre-Enforcement Priority of Payments on such Payment Date) is higher than 50% of their Initial Principal Amount, Euro 31,589,000;
- (B) if (a) the Principal Amount Outstanding of the Class A Notes of such Payment Date (for the avoidance of doubt, after deducting therefrom any principal to be repaid out of funds set aside under items (vii), (ix) and (xi) of the Pre-Enforcement Priority of Payments on such Payment Date) is equal to or less than 50% of their Initial Principal Amount and (b) the balance of the Cash Reserve has been equal to the Scheduled Cash Reserve Amount at the two preceding Payment Report Dates, the greater of:
  - (i) 3.10% of the Principal Amount Outstanding of the Notes on the immediately preceding Payment Date; and
  - (ii) 1.50% of the Initial Principal Amount Outstanding of the Notes.

**Securities Act** means the U.S. Securities Act of 1933, as amended.

**Securitisation** means the securitisation of the Receivables comprised in the Portfolio made by the Issuer through the issuance of the Notes.

**Securitisation Law** means Italian Law No. 130 of 30 April 1999, as amended and supplemented from time to time.

**Security Documents** means the Deed of Pledge and the Deed of Charge.

**Security Interest** means any mortgage, charge, guarantee, pledge, lien, right of set-off, special privilege (*privilegio speciale*), assignment by way of security, retention of title or any other security interest whatsoever or any other agreement or arrangement having the effect of conferring security.

**Senior Return** means, on each Payment Date, a premium in an amount equal to the aggregate amount of interest accrued on the Residual Instalments during the immediately preceding Collection Period, as calculated by the Servicer according to the Servicing Agreement and to be paid to the Originator on each Payment Date in accordance with the relevant Priority of Payments.

**Servicer** means Fineco Leasing or its permitted successors or assignees from time to time.

**Servicer Report** means the report to be made by the Servicer on each Report Date pursuant to the Servicing Agreement.

**Servicing Agreement** means the servicing agreement entered into on the Transfer Date, between the Issuer and the Servicer, as may be modified from time to time in accordance with the provisions contained therein and

including any agreement or other document expressed to be supplemental thereto.

**Servicing Fee** means the fee that the Issuer will pay on each Payment Date to the Servicer, calculated pursuant to the terms of the Servicing Agreement.

**SFM** means Structured Finance Management (Netherlands) B.V., a private limited liability company incorporated under the laws of The Netherlands, having its registered office in Rivierstaete Building, Amsteldijk 166, 1079 LH Amsterdam, The Netherlands.

**S&P** means Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies Inc.

**Sole Arranger** means Capitalia.

**Solvency Condition** means the receipt by the Issuer of (i) a solvency certificate of the Originator, and (ii) a certificate issued within the ten days preceding the Purchase Date by the competent Register of Companies showing that the Originator is not subject to any insolvency proceedings and (iii) starting from the Purchase Date falling in October 2006 and thereafter on each Payment Date falling in April and October, during the Revolving Period, a bankruptcy certificate (*certificato fallimentare*) which gives evidence that no insolvency proceedings have been commenced against the Originator.

**Southern Regions** means the following Italian regions: Campania, Sicilia, Sardegna, Puglia, Molise, Calabria and Basilicata.

**Stichting Corporate Services Agreement** means the agreement entered into on or about the Issue Date between the Issuer, the Quotaholder and the Stichting Corporate Services Provider.

**Stichting Corporate Services Provider** means SFM.

**Stichting F-E Red** means Stichting F-E Red, a foundation incorporated under the laws of the Netherlands, with registered office at Amsteldijk 166, 1079 LH Amsterdam, the Netherlands.

**Structured Finance Management** means Structured Finance Management (Italy) S.r.l., with registered office in Via Romanino No. 1, 25122 Brescia (Italy) and enrolled with the Companies Register of Brescia with No. 02508180987.

**Subordinated Lender** means Fineco Leasing in its capacity as subordinated lender pursuant to the Subordinated Loan Agreement and any of its permitted successors and assignees.

**Subordinated Loan** means the subordinated loan made available by the Subordinated Lender to the Issuer under the Subordinated Loan Agreement.

**Subordinated Loan Agreement** means the subordinated loan agreement entered into on or about the Issue Date between the Issuer and the Subordinated Lender under which the Subordinated Lender has accepted to make available to the Issuer the Subordinated Loan.

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

**Subsequent Portfolio** means each subsequent portfolios of Receivables transferred to the Issuer pursuant to

the Transfer Agreement.

**Subsequent Portfolio Valuation Date** means, in respect of each Subsequent Portfolio, the Collection Period End Date immediately prior to the Purchase Date of such Subsequent Portfolio.

**Subsequent Portfolio Eligibility Criteria** means the object criteria to be satisfied by the Receivables comprised in each Subsequent Portfolio, as set out in the Transfer Agreement.

**Swap Agreement** means the swap agreement dated on or about the Issue Date between the Swap Counterparty and the Issuer, as may be modified from time to time in accordance with the provisions contained therein and including any agreement or other document expressed to be supplemental thereto.

**Swap Counterparty** means BNP Paribas or its permitted successors or assignees from time to time.

**Swap Counterparty Floating Amount** means the product of (a) the Swap Counterparty Floating Notional Amount, (b) the Swap Counterparty Floating Rate and (c) the Day Count Fraction.

**Swap Counterparty Floating Amount** means the Principal Amount Outstanding of the Notes, which shall be determined by the Calculation Agent or (failing the Calculation Agent) the Representative of the Noteholders pursuant to the terms of the Cash Allocation, Management, Payment and Agency Agreement on each Payment Report Date through the delivery of the Payment Report.

**Swap Counterparty Floating Rate** means the Euribor rate (as defined in Condition 6.2(B)) applicable to the Notes for the relevant Calculation Period plus the Swap Margin (as defined in the Swap Agreement).

**Swap Payment Date** means the second Business Day prior to each Payment Date.

**Swap Trigger** means any of the events which results in an early termination of the Swap Agreement pursuant to the terms of such agreement.

**Target Principal Repayment Amount** means, with reference to each Payment Date, the difference between:

- (a) the Principal Amount Outstanding of the Notes as at the immediately preceding Collection Period End Date, less any amount standing to the credit of the Principal Accumulation Ledger of the Issuer Investment Account on such date; and
- (b) the Portfolio Performing Outstanding Principal Balance as at the preceding Collection Period End Date.

**Three Month Euribor** has the meaning set out in Condition 6.2.

**Transaction Documents** means the Intercreditor Agreement, the Transfer Agreement, the Deed of Pledge, the Deed of Charge, the Administrative Services Agreement, the Servicing Agreement, the Warranty and Indemnity Agreement, the Subscription Agreement, the Stichting Corporate Services Agreement, the Subordinated Loan Agreement, the Cash Allocation, Management, Payment and Agency Agreement, the Mandate Agreement, the Letter of Undertakings, the Swap Agreement, the Monte Titoli Mandate Agreement, the Master Definitions Agreements, the Offering Circular, the Conditions of the Notes, the Rules of the Organisation of the Noteholders, each Purchase Report and each Confirmation Notice.

**Transfer Agreement** means a receivables purchase agreement entered into on the Transfer Date between the Originator and the Issuer, as may be modified from time to time in accordance with the provisions contained therein and including any agreement or other document expressed to be supplemental thereto.

**Transfer Date** means 10 May 2006.

**“usi”** means customary practices as provided by Article 8 of the Italian Civil Code.

**Unpaid Principal Deficiency** means, with reference to any Payment Report Date, the debit balance recorded on the Principal Deficiency Ledger taking into account any amounts to be credited thereto on the immediately succeeding Payment Date.

**U.S. persons** has the meaning given to it in the Securities Act.

**Warranty and Indemnity Agreement** means the warranty and indemnity agreement entered into on the Transfer Date, between the Originator and the Issuer, as may be modified from time to time in accordance with the provisions contained therein and including any agreement or other document expressed to be supplemental thereto.

**Valuation Date** means, as the case may be, the Initial Portfolio Valuation Date or each Subsequent Portfolio Valuation Date.

**Yield Conditions** means, collectively, the Aggregate Yield Condition and the Pool Yield Condition and **Yield Condition** means any of them, as the context may require.

**ISSUER**

**F-E Gold S.r.l.**

Via Romanino No. 1  
25122 Brescia – Italy

**ORIGINATOR, SERVICER, SUBORDINATED LENDER & CASH MANAGER**

**Fineco Leasing S.p.A.**

Via Marsala No. 42/A  
25122 Brescia – Italy

**REPRESENTATIVE OF THE NOTEHOLDERS**

**J.P. Morgan Corporate Trustee Services Limited**

9 Thomas More Street  
London E1W 1YT – England

**ACCOUNT BANK & PRINCIPAL PAYING AGENT**

**JPMorgan Chase Bank N.A., Milan Branch**

Via Catena No. 4  
Milan – Italy

**INVESTMENT ACCOUNT BANK**

**JPMorgan Chase Bank N.A., London Branch**

Trinity Tower  
9 Thomas More Street  
London E1W 1YT – England

**CALCULATION AGENT**

**Capitalia S.p.A.**

Via Paisiello No. 5  
00187 Rome – Italy

**LUXEMBOURG LISTING AGENT &**

**LUXEMBOURG PAYING AGENT**

**J.P. Morgan Chase Bank Luxembourg S.A.**

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**SWAP COUNTERPARTY**

**BNP Paribas**

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**ADMINISTRATIVE SERVICES PROVIDER**

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*As to Italian Law*

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