

VELA LEASE S.r.l.

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

€537,000,000.00 Series 2003-1-A1 Asset Backed Floating Rate Notes due December 2015 (Issue Price: 100%)

€605,500,000.00 Series 2003-1-A2 Asset Backed Floating Rate Notes due December 2015 (Issue Price: 100%)

€64,000,000.00 Series 2003-1-B Asset Backed Floating Rate Notes due December 2015 (Issue Price: 100%)

€23,000,000.00 Series 2003-1-C Asset Backed Floating Rate Notes due December 2015 (Issue Price: 100%)

Application has been made to the Luxembourg Stock Exchange to list the € 537,000,000.00 Series 2003-1-A1 Asset Backed Floating Rate Notes due December 2015 (the "**Series I-A1 Notes**"), the € 605,500,000.00 Series 2003-1-A2 Asset Backed Floating Rate Notes due December 2015 (the "**Series I-A2 Notes**" and together with the **Series I-A1 Notes**, the "**Senior Notes**"), the € 64,000,000.00 Series 2003-1-B Asset Backed Floating Rate Notes due December 2015 (the "**Series I-B Notes**") and the € 23,000,000.00 Series 2003-1-C Asset Backed Floating Rate Notes due December 2015 (the "**Series I-C Notes**" and together with the Series I-B Notes, the "**Mezzanine Notes**" and the terms and conditions applicable thereto and to the Senior Notes, the "**Senior and Mezzanine Notes Conditions**") of Vela Lease S.r.l., a limited liability company organised under the laws of the Republic of Italy (the "**Issuer**"). In connection with the issue of the Senior and Mezzanine Notes, the Issuer will issue € 13,350,000.00 Series 2003-1-D Asset Backed Floating Rate Notes due December 2015 (the "**Series I-D Notes**" and the applicable terms and conditions, the "**Series I-D Notes Conditions**"; the Series I-D Notes together with the Senior and Mezzanine Notes, the "**Notes**" and the Senior and Mezzanine Notes Conditions together with the Series I-D Notes Conditions, the "**Conditions**"). No application has been made to list the Series I-D Notes on any stock exchange.

This document is issued pursuant to Article 2, paragraph 3, of Italian Law n. 130 of 30th April 1999 (the "**Securitisation Law**").

Calculations as to the expected average life of the Senior and Mezzanine Notes can be made based on certain assumptions as set out in the section "Expected Average Life of the Senior and Mezzanine Notes". However, there is no certainty that the Senior and Mezzanine Notes will receive their full principal outstanding and all the interest accrued thereon and ultimately the obligations of the Issuer to pay principal and interest on the Senior and Mezzanine Notes could be reduced as a result of losses incurred in respect of the Portfolio.

The net proceeds of the offering of the Notes will be applied by the Issuer to fund the purchase of a portfolio of monetary claims and connected rights arising under lease contracts (the "**Lease Contracts**") between Locafit S.p.A. ("**Locafit**" or the "**Originator**"), as lessor, and the lessees thereunder (the "**Lessees**"), that meet specified objective criteria (the "**Initial Portfolio**"). The Initial Portfolio has been purchased by the Issuer under the terms of a master receivables purchase agreement (the "**Master Receivables Purchase Agreement**") executed on 16th October 2002, as subsequently amended, between Locafit and the Issuer pursuant to the Securitisation Law whereby the Issuer shall be able, on a quarterly basis, to purchase further portfolios of monetary claims and connected rights arising under further Lease Contracts that meet specified objective criteria (the "**Subsequent Portfolios**" and each a "**Subsequent Portfolio**" and, together with the Initial Portfolio, the "**Portfolio**"). The principal source of payment of interest and repayment of principal on the Notes will be collections and recoveries made in respect of leasing receivables and connected rights (the "**Receivables**") deriving from payments due under the Portfolio.

Unless previously redeemed in accordance with the relevant Conditions, each Series of Notes will be redeemed on the Interest Payment Date which shall fall in December 2015 (the "**Final Maturity Date**"). In any event, no payment of principal in respect of any of the Senior and Mezzanine Notes will be made prior to the expiration of eighteen months following the Issue Date, except in the event of redemption for tax reasons as set out in Condition 6.4.

The Notes will be subject to mandatory pro rata redemption or optional redemption as specified in the relevant Conditions.

Interest on the Notes will accrue on a daily basis starting from 4th February 2003 (the "**Issue Date**") and will be payable quarterly in arrears on the 16th day of March, June, September and December in each year subject to adjustment for non business days, commencing on 17th March 2003. The Series I-A1 Notes will bear interest at an annual rate equal to the Euro Interbank Offered Rate for three month Euro deposits ("**Euribor**") plus a margin of 0.32% per annum until and including the first Interest Payment Date on which the Collateral Portfolio Outstanding Amount is less than 10% of the Collateral Portfolio Outstanding Amount as of 31st December 2002, as calculated on 16th October 2002 (the "**Clean Up Option Date**") and thereafter a margin of 0.64% per annum. The Series I-A2 Notes will bear interest at an annual rate equal to Euribor plus a margin of 0.45% per annum until and including the Clean Up Option Date and thereafter a margin of 0.90% per annum. The Series I-B Notes will bear interest at an annual rate equal to Euribor plus a margin of 1.00% per annum until and including the Clean Up Option Date and thereafter a margin of 2.00% per annum. The Series I-C Notes will bear interest at an annual rate equal to Euribor plus a margin of 1.75% per annum until and including the Clean Up Option Date and thereafter a margin of 3.50% per annum.

The Series I-A1 Notes are expected, on issue, to be rated Aaa by Moody's and AAA by Standard & Poor's (the "**Rating Agencies**"). The Series I-A2 Notes are expected, on issue, to be rated Aaa by Moody's and AAA by Standard & Poor's. The Series I-B Notes are expected, on issue, to be rated A1 by Moody's and A by Standard & Poor's. The Series I-C Notes are expected, on issue, to be rated Baa2 by Moody's and BBB by Standard & Poor's. No rating is expected for the Series I-D Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal by the organisation assigning rating.

The Notes will be limited recourse obligations solely of the Issuer. In particular, the Notes will not be obligations or responsibilities of, and will not be guaranteed by, Locafit (in any capacity), the Principal Paying Agent, the Luxembourg Paying Agent, the Computation Agent, the Agent Bank, the Account Bank, the Corporate Servicer, the Cash Manager, the Hedging Counterparty, the Managers, the Arrangers or the Representative of the Noteholders. No person, other than the Issuer, will accept any liability to Noteholders in respect of any failure by the Issuer to pay any amount due under the Notes.

The Notes will be issued and held from the Issue Date in 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. Monte Titoli will accept the Notes of each Series for clearance on and from the Issue Date.

For a discussion of certain risks and other factors that should be considered in connection with an investment in the Notes, see "**Special Factors**" and "**Selected Aspects of Italian Law**".

Arrangers

BNP PARIBAS

FINANZIARIA INTERNAZIONALE

Joint Lead Managers

BNP PARIBAS

BNL

Co-Manager

COFIRI SIM S.p.A.

The Issuer accepts responsibility for the information contained in this Offering Circular, other than that information for which Locafit accepts responsibility in the following paragraph. 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 with the facts and does not omit anything likely to affect the import of such information.

Locafit accepts responsibility for the information included in this Offering Circular in the sections headed "The Portfolio", "Locafit S.p.A.", "Credit and Collection Policy", "Recovery Policy" and any other information contained in this Offering Circular relating to itself and the Portfolio. To the best of the knowledge and belief of Locafit (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

*None of BNP Paribas, BNL and Cofiri (collectively the "**Managers**"), the Issuer, the Arrangers has undertaken or will undertake any investigations, searches or other actions to verify the details of the Portfolio sold by Locafit to the Issuer, nor has the Issuer, any of the Managers, any of the Arrangers or any other party to the Securitisation Transaction undertaken, nor will they undertake, any investigations, searches or other actions to establish the existence of the Portfolio. In the Master Receivables Purchase Agreement and in the Warranty and Indemnity Agreement, Locafit has agreed, subject to certain conditions, to indemnify the Issuer for the non-existence of the Portfolio or its non-conformity with the Eligibility Criteria set out in the Warranty and Indemnity Agreement (see "Description of the Warranty and Indemnity Agreement") and in the Master Receivables Purchase Agreement (see "Description of the Master Receivables Purchase Agreement").*

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 Issuer, Locafit (in any capacity), the Managers, the Representative of the Noteholders, the Arrangers or any other party to the Securitisation Transaction. Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall, under any circumstances, constitute a representation or create any implication that there has been no change, or any event reasonably likely to involve any change, in the condition (financial or otherwise) of the Issuer or Locafit or the information contained herein since the date of this Offering Circular or that the information contained herein is correct as at any time subsequent to the date of this Offering Circular.

*The Notes will be issued and held from the Issue Date in 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. Monte Titoli will accept the Notes of each Series for clearance on and from the Issue Date. The expression "**Monte Titoli Account Holders**" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli (as intermediari aderenti) and includes Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") (as an organismo estero di gestione accentrata – foreign clearing house) and any depository banks appointed by Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and is also expected to include Clearstream, Luxembourg (as a foreign clearing house) in the near future. Monte Titoli shall also act as depository for Euroclear and Clearstream, Luxembourg. The Notes will at all times be in book entry form and title to the Notes will be evidenced by book entry in accordance with the provisions of (i) Article 28 of Decreto Legislativo No. 213 of 24th June 1998 and (ii) "Regolamento recante norme di attuazione del decreto legislativo 24 giugno 1998, n. 213 in materia di mercati" of Commissione Nazionale per le società e la Borsa – CONSOB approved by Deliberazione No. 11768 of 23rd December 1998 of CONSOB as amended by CONSOB Resolution No. 12497 of 20th April 2000, CONSOB Resolution No. 13085 of 18th April 2001 and CONSOB Resolution No. 13659 of 10th July 2002. No physical document of title will be issued in respect of the Notes.*

*The Notes are limited recourse obligations of the Issuer. By operation of Italian law, the Issuer's right, title and interest in and to the Portfolio and any rights that the Issuer has acquired against Locafit or third parties for the benefit of the holders of the Notes (collectively, the "**Issuer's Rights**") will be segregated from all other assets of the Issuer.*

*Both before and after a winding-up of the Issuer, amounts deriving from the Portfolio and the other Issuer's Rights will be available exclusively for the purposes of satisfying the Issuer's obligations to the Issuer Secured Creditors. The "**Issuer Secured Creditors**" are (i) the Noteholders; and (ii) the Issuer's other creditors under the Transaction Documents.*

The Portfolio and the other Issuer's Rights may not be seized or attached in any form by creditors of the Issuer other than the Noteholders until full discharge by the Issuer of its payment

obligations under the Notes or cancellation of the Notes. See “Selected Aspects of Italian Law – Securitisation Law”.

The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. The Issuer and the Managers require persons into whose possession this Offering Circular (or any part of it) comes 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 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. 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 Offering Circular 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 Offering Circular, see “Subscription and Sale”.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the “**Securities Act**”) or any State securities laws. The Notes may not be offered, sold or delivered directly or indirectly within the United States or to, or for the account of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable State securities laws. For the purposes of this paragraph “State” means any state of the United States of America.

In this Offering Circular references 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 25th March 1957, as amended by, inter alia, the Single European Act 1986, the Treaty of European Union of 7th February 1992 establishing the European Union and the European Council of Madrid of 16th December 1995.

Neither this Offering Circular 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 or the 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.

In connection with the distribution of the Senior and Mezzanine Notes, BNP PARIBAS may over-allot or effect transactions with a view to supporting the market price of the Senior and Mezzanine Notes at a level, which might not otherwise prevail. However, there may be no obligation on BNP PARIBAS to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall be in compliance with all applicable laws, regulations and rules.

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

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THE PRINCIPAL PARTIES

Issuer	Vela Lease S.r.l., a limited liability company incorporated in the Republic of Italy under Italian Law No. 130 of 30 th April 1999 (the “ Securitisation Law ”), registered in the register of financial intermediaries held by the Bank of Italy pursuant to Article 107 of the Italian Legislative Decree No. 385 of 1 st September 1993 (as amended, the “ Banking Act ”) and Fiscal Code No. 03678280268, having its registered office at Via Vittorio Alfieri No. 1, 31015 Conegliano (Treviso), Italy, the entire issued quota capital of which, equal to Euro 10,000 is held by the Quotaholders (“ Vela Lease ”).
Quotaholders	<p>Finanziaria Internazionale Securitisation Group S.p.A., a joint stock company incorporated under the laws of the Republic of Italy, registered with No. 8945 in the register held by <i>Ufficio Italiano dei Cambi</i> pursuant to Article 106 of the Banking Act, having its registered office at Via Vittorio Alfieri No. 1, 31015 Conegliano (Treviso), Italy (“Finanziaria Internazionale Securitisation Group”).</p> <p>Finanziaria Internazionale Holding S.p.A., a joint stock company incorporated under the laws of the Republic of Italy, registered with No. 9832 in the register held by <i>Ufficio Italiano dei Cambi</i> pursuant to Article 106 of the Banking Act, having its registered office in Via Vittorio Alfieri No. 1, 31015 Conegliano (Treviso), Italy (“Finanziaria Internazionale Holding”).</p> <p>Locafit S.p.A., a joint stock company incorporated under the laws of the Republic of Italy, Fiscal Code No. 00862460151 and registered under No. 143 in the register of financial intermediaries held by Bank of Italy pursuant to Article 107 of the Banking Act, having its registered office at Corso Italia No. 15, 20122 Milan, a member of the BNL Banking Group, registered under No. 1005 of the register of the banking groups held by the Bank of Italy pursuant to Article 64 of the Banking Act (“Locafit”).</p>
Originator	Locafit.
Servicer	Locafit. The Servicer will act as such pursuant to the Servicing Agreement.
Computation Agent	Securitisation Services S.p.A., a joint stock company incorporated under the laws of Italy and registered in the register of financial intermediaries held by the Bank of Italy pursuant to Article 107 of the Banking Act, having its registered office at 1, Via Vittorio Alfieri, 31015, Conegliano (Treviso), Italy (“ Securitisation Services ”). The Computation Agent will act as such pursuant to the Agency Agreement.
Principal Paying Agent, Account Bank and Agent Bank	BNP Paribas Securities Services, a company incorporated under the laws of the Republic of France, with registered office at Rue d’Antin, 75002 Paris, acting through its Milan branch, having its registered office at Via Ansperto No. 5, 20123 Milan, Italy (“ BNP Paribas ”).

Securities Services - Milan branch”). The Principal Paying Agent, the Account Bank and the Agent Bank will act as such pursuant to the Agency Agreement.

Cash Manager

BNP Paribas, a company incorporated under the laws of the Republic of France, with registered office at 16 Boulevard des Italiens, 75009 Paris, France, acting through its Milan branch (**“BNP Paribas – Italian branch”**), having its registered office in Piazza San Fedele 2, 20121 Milan, enrolled in the register of banks held by the Bank of Italy pursuant to Article 13 of the Banking Act, acting in its capacity as cash manager (hereinafter, the **“Cash Manager”**). The Cash Manager will act as such pursuant to the Agency Agreement.

Luxembourg Paying Agent and Listing Agent

BNP Paribas Securities Services, a company incorporated under the laws of the Republic of France, with registered office at Rue d’Antin, 75002 Paris, acting through its Luxembourg branch, with address at 23, Avenue de la Porte Neuve L-2085 Luxembourg (**“BNP Paribas Securities Services – Luxembourg branch”**). The Luxembourg Paying Agent will act as such pursuant to the Agency Agreement. The Luxembourg Paying Agent and the Principal Paying Agent are together referred to as the **“Paying Agents”**.

Representative of the Noteholders

Securitisation Services. The Representative of the Noteholders will act as such pursuant to the Senior and Mezzanine Notes Subscription Agreement and the Series 1-D Notes Subscription Agreement.

Corporate Servicer

Securitisation Services. The Corporate Servicer will provide certain corporate administrative services to the Issuer pursuant to the Corporate Services Agreement.

Hedging Counterparty

BNP Paribas, a company incorporated under the laws of the Republic of France, with registered office at 16 Boulevards des Italiens, 75009 Paris, France (**“BNP Paribas”**). The Hedging Counterparty will act as such pursuant to the Hedging Agreements.

Arrangers

BNP Paribas and Finanziaria Internazionale Securitisation Group.

Joint Lead Managers

BNP Paribas, acting through its London branch, having its registered office at 10 Harewood Avenue, NW1 6AA London, United Kingdom and BNL S.p.A. a bank incorporated under the laws of the Republic of Italy, having its registered office at Via Veneto n. 119 Rome, Italy (**“BNL”**).

Co-Manager

Cofiri SIM S.p.A. a company incorporated under the laws of the Republic of Italy, having its registered office at Via Paisiello n. 5, 00198 Rome, Italy (**“Cofiri”** and together with the Joint Lead Managers, the **“Managers”**).

TRANSACTION SUMMARY INFORMATION

The following information is a summary of certain aspects of the transaction. This summary should be read in conjunction with, and is qualified in its entirety by reference to, the detailed information presented elsewhere in this Offering Circular. A glossary of the principal defined terms appears at the end of this Offering Circular.

Principal Features of the Notes

The Notes The Notes will be issued by the Issuer on or about 4th February 2003 (the “**Issue Date**”) in the following series (each a “**Series**”):

The Senior Notes Series 2003-1-A1 € 537,000,000.00 Asset Backed Floating Rate Notes due December 2015

Series 2003-1-A2 € 605,500,000.00 Asset Backed Floating Rate Notes due December 2015

The Mezzanine Notes Series 2003-1-B € 64,000,000.00 Asset Backed Floating Rate Notes due December 2015

Series 2003-1-C € 23,000,000.00 Asset Backed Floating Rate Notes due December 2015

The Series 1-D Notes Series 2003-1-D € 13,350,000.00 Asset Backed Floating Rate Notes due December 2015

Issue Price The Notes will be issued at the following percentages of their principal amount:

<i>Series</i>	<i>Issue Price</i>
Series 1-A1	100%
Series 1-A2	100%
Series 1-B	100%
Series 1-C	100%
Series 1-D	100%

Interest The Notes will bear interest as follows:

Senior Notes The Series 1-A1 Notes and the Series 1-A2 Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at the following margins above Euribor:

Series 1-A1: 0.32% per annum up to and including the Clean Up Option Date and thereafter a margin of 0.64% per annum;

Series 1-A2: 0.45% per annum up to and including the Clean Up Option Date and thereafter a margin of 0.90%

per annum.

Mezzanine Notes

The Series 1-B Notes and the Series 1-C Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at the following margins above Euribor:

Series 1-B: 1.00% per annum up to and including the Clean Up Option Date and thereafter a margin of 2.00% per annum;

Series 1-C: 1.75% per annum up to and including the Clean Up Option Date and thereafter a margin of 3.50% per annum.

Series 1-D Notes

The Remuneration in respect of the Series 1-D Notes will be payable quarterly in arrears in Euro on each Interest Payment Date in each year.

Interest in respect of each Series of Notes will accrue on a daily basis and is payable quarterly in arrears in Euro on the 16th day of March, June, September and December in each year (or, if such day is not a Business Day, the immediately following Business Day) (each such date an “**Interest Payment Date**”). The first payment in respect of each Series of Notes will be due on the Interest Payment Date falling on 17th March 2003 in respect of the period from (and including) the Issue Date to (but excluding) such date.

Form and Denomination

The denomination of the Notes will be Euro 1,000. The Notes will be held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holders. The Notes have been accepted for clearance by Monte Titoli with effect from the Issue Date. The Notes will at all times be in book entry form and title to the Notes will be evidenced by book entry in accordance with the provisions of Article 28 of Italian Legislative Decree No. 213 of 24th June 1998 and Resolution No. 11768 of 23rd December 1998 of CONSOB as amended. No physical document of title will be issued in respect of the Notes.

Status

Save as provided in the Conditions, the Series 1-A1 Notes and the Series 1-A2 Notes rank *pari passu* and rateably without any preference or priority among themselves for all purposes, but in priority to the Series 1-B Notes, the Series 1-C Notes and the Series 1-D Notes. The Series 1-B Notes rank *pari passu* and rateably without any preference or priority among themselves for all purposes, but in priority to the Series 1-C Notes and the Series 1-D Notes and subordinated to the Series 1-A1 Notes and the Series 1-A2 Notes. The Series 1-C Notes rank *pari passu* and rateably without any preference or priority among themselves for all purposes, but in priority to the Series 1-D Notes and

subordinated to the Series 1-A1 Notes, the Series 1-A2 Notes and the Series 1-B Notes. The Series 1-D Notes rank *pari passu* and rateably without any preference or priority among themselves for all purposes, but subordinated to the Series 1-A1 Notes, the Series 1-A2 Notes, the Series 1-B Notes and the Series 1-C Notes.

The obligations of the Issuer to each Noteholder as well as to each of the other Issuer Secured Creditors will be limited recourse obligations of the Issuer. Each Noteholder, together with each of the other Issuer Secured Creditors, will have a claim against the Issuer only to the extent of the Issuer Available Funds. The Intercreditor Agreement and the Conditions will set out the order of priority of application of the Issuer Available Funds (the “**Priority of Payments**”). For further details see “*Priority of Payments*” and “*Description of the Transaction Documents – The Intercreditor Agreement*” below.

Mandatory pro rata Redemption

Each Series of Notes will be subject to mandatory pro rata redemption in full or in part on any Interest Payment Date falling in or after September 2004 in accordance with the provisions of the relevant Conditions, in each case if on such date there are sufficient Issuer Available Funds which may be applied for this purpose in accordance with the Priority of Payments.

Optional Redemption

The Issuer may on any Interest Payment Date falling on or after the Clean Up Option Date, redeem all but not some only of the Senior and Mezzanine Notes at their Principal Amount Outstanding together with all accrued but unpaid interest thereon up to and including the relevant Interest Payment Date. Any such redemption (“**Optional Redemption**”) shall be effected by the Issuer on giving not less than 30 days’ prior notice in writing to the Representative of the Noteholders, to the Originator and to the holders of the Senior and Mezzanine Notes in accordance with Condition 13 (*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 (such as a certificate signed by the sole director or at least two directors of the Issuer) that it will have the funds, not subject to interests of any other person, to discharge all its outstanding liabilities in respect of the Senior and Mezzanine Notes and any amounts required under the Intercreditor Agreement to be paid in priority to or *pari passu* with the Senior and Mezzanine Notes of each Series.

Final Redemption

To the extent not otherwise redeemed, the Notes of each Series will be redeemed at their Principal Amount Outstanding on the Interest Payment Date falling in December 2015 (the “**Final Maturity Date**”).

The Notes, to the extent not redeemed in full by their Final Maturity Date, shall be cancelled.

Redemption for Tax Reasons

If, at any time, the Issuer confirms to the Representative of the Noteholders that on the next Interest Payment Date the Issuer would be required to deduct or withhold (other than in respect of a withholding tax under Italian Legislative Decree No. 239 of 1st April 1996, as amended by Italian Law No. 409 and No. 410 of 23rd November 2001, any such withholding a “**Decree No. 239 Deduction**”) any amount from any payment of principal or interest on the Notes (or that amounts payable to the Issuer in respect of the Receivables would be subject to withholding or deduction) for or on account of any present or future taxes, duties, assessments or governmental charges by the Republic of Italy or any political sub-division thereof or any authority thereof or therein, the Issuer may redeem on the next succeeding Interest Payment Date all but not some only of such Series of Notes at their Principal Amount Outstanding together with accrued but unpaid interest up to and including the relevant Interest Payment Date, in accordance with Senior and Mezzanine Notes Condition.

Withholding on the Notes

Payments under the Notes may be subject to a Decree No. 239 Deduction or any other withholding or deduction required to be made by the applicable law. Upon the occurrence of any withholding 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. For further details see “*Taxation*” below.

Security for the Notes

By virtue of the operation of Article 3 of the Securitisation Law and the Transaction Documents, the Issuer’s right, title and interest in and to the Receivables 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 it is 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 the Issuer’s other creditors under the Transaction Documents (the “**Issuer Secured Creditors**”) or to any other creditors of the Issuer in respect of costs in relation to the Securitisation Transaction, in priority to the Issuer’s obligations to any other creditors. After publication in the Official Gazette of the Republic of Italy of a notice of the sale of the Receivables by Locafit to the Issuer, the assets relating to the Securitisation Transaction may not be seized or attached in any form by creditors of the Issuer (other than the Noteholders, the other Issuer Secured Creditors and third party creditors in respect of costs relating to the Securitisation Transaction), until full discharge by the Issuer of its payment obligations to the

Noteholders and to the other Issuer Secured Creditors (or cancellation of the Notes).

In addition, security over certain monetary rights of the Issuer arising out of certain Transaction Documents and over any Eligible Investments will be granted by the Issuer in favour of the Representative of the Noteholders for the benefit of the Noteholders. See for further details “*Description of the Transaction Documents - The Security Documents*” below.

Collection Account

All amounts under the Receivables received or recovered by the Servicer from the Lessees will be paid into an account (the “**Collection Account**”) established in the name of the Issuer with the Account Bank. The Collection Account will be maintained with the Account Bank for as long as the Account Bank is an Eligible Institution.

Payments Account

All amounts due to the Issuer other than amounts deriving from the Receivables will be paid into an account (the “**Payments Account**”) established in the name of the Issuer with the Account Bank. The Payments Account will be maintained with the Account Bank for as long as the Account Bank is an Eligible Institution.

Debt Service Reserve Account

The Issuer will establish a Euro denominated account (the “**Debt Service Reserve Account**”) with the Account Bank into which it will deposit an amount equal to the Debt Service Reserve Amount. The Issuer will fund the Debt Service Reserve Account: (i) on the Issue Date out of the net proceeds of the issue of the Notes (ii) on any following Interest Payment Date from the Residual Issuer Available Funds. The amounts standing to the credit of the Debt Service Reserve Account will be available to the Issuer on each Interest Payment Date as part of the Issuer Available Funds to meet its obligations in respect of (i) interest under the Senior and Mezzanine Notes and (ii) any other payments to be paid under the Priority of Payments in priority to or *pari passu* with such interest, should the amounts received in respect of the Receivables prove to be insufficient. To the extent that the amount standing to the credit of the Debt Service Reserve Account on any Interest Payment Date is lower than the Debt Service Reserve Amount, the Issuer will credit available amounts of the Residual Issuer Available Funds, in accordance with the Priority of Payments, to the Debt Service Reserve Account to bring the balance of such account up to (but not exceeding) the Debt Service Reserve Amount.

Adjustment Reserve Account

The Issuer will establish a Euro denominated account (the “**Adjustment Reserve Account**”) with the Account Bank. The Adjustment Reserve Account will be funded on each Interest Payment Date with the Net Adjustment Reserve Amount, if any,

according to the Priority of Payments. The amounts standing to the credit of the Adjustment Reserve Account will be utilised in respect of any amounts due to the Lessees as Adjustment in the following Quarterly Collection Period.

Securities Account

The Issuer will establish a securities account (the “**Securities Account**”) with the Account Bank or any other Eligible Institution.

The Expense Account and the Retention Amount

The Issuer will establish a Euro denominated account (the “**Expense Account**”) with Banca Antoniana Popolare Veneta S.p.A., Conegliano branch. The Expense Account will be funded out of the net proceeds of the issue of the Notes on the Issue Date in the sum of € 30,000 (the “**Retention Amount**”) and on each Interest Payment Date according to the Priority of Payments.

During each Quarterly Collection Period, the Retention Amount will be used by the Issuer to pay any documented fees, costs, expenses and taxes required to be paid to any third party (other than the Issuer Secured Creditors) arising in connection with the Securitisation Transaction, 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 (together, the “**Expenses**”).

Priority of Payments prior to a Trigger Notice

(A) On each Settlement Date prior to the service of a Trigger Notice, the Issuer Available Funds shall be applied to fund the payment to Locafit of the Billed Residual Collected Amount to the extent not already paid to Locafit as Billed Residual Uncollected Amount.

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

First, (a) to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses (to the extent that the Retention Amount standing to the credit of the Expense Account is insufficient to pay such costs), and (b) to credit into the Expense Account such an amount equal to the lower of (i) the Retention Amount, and (ii) any Expenses paid during the immediately preceding Quarterly Collection Period;

Second, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (a) the remuneration due to the Representative of the Noteholders and any indemnity, proper costs and expenses incurred by the Representative of the Noteholders under the provisions of or in connection with any of the Transaction Documents, (b) any amounts due and payable on

such Interest Payment Date to the Agent Bank, the Account Bank, the Computation Agent, the Principal Paying Agent, the Cash Manager, the Luxembourg Paying Agent, the Corporate Servicer and the Servicer and (c) any other documented costs, fees and expenses due to persons who are not party to the Intercreditor Agreement which have been incurred in or in connection with the preservation or enforcement of the Issuer's Rights;

Third, to pay to the Hedging Counterparty any amounts due and payable under the Hedging Agreements, excluding any termination payment arising out of a termination event under the Hedging Agreements which is caused by the Hedging Counterparty;

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

Fifth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Series 1-A1 Notes and the Series 1-A2 Notes;

Sixth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Series 1-B Notes;

Seventh, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Series 1-C Notes;

Eight, to credit to the Debt Service Reserve Account such an amount to bring the balance of such account up to (but not exceeding) the Debt Service Reserve Amount;

Ninth, during the Revolving Period to pay to Locafit any amount due as Subsequent Portfolio Target Amount;

Tenth, during the Amortisation Period to pay all amounts then due and payable in respect of the Series 1-A1 Repayment Amount;

Eleventh, during the Amortisation Period to pay all amounts then due and payable in respect of the Series 1-A2 Repayment Amount once all amounts due and payable in respect of the Series 1-A1 Notes have been paid in full;

Twelfth, during the Amortisation Period to pay all amounts then due and payable in respect of the Series 1-B Repayment Amount once all amounts due and payable in respect of the Series 1-A2 Notes have been paid in full;

Thirteenth, during the Amortisation Period to pay all amounts then due and payable in respect of the Series 1-C Repayment Amount once all amounts due and payable in respect of the Series 1-B Notes have been paid in full;

Fourteenth, to pay any amount due and payable to the Hedging Counterparty arising out of any termination event under the Hedging Agreements not set forth under item *Third* above;

Fifteenth, to pay to Locafit the Purchase Price Adjustment, if any;

Sixteenth, to pay to Locafit any amount due and payable under the Transaction Documents, if any;

Seventeenth, to pay to Locafit the Billed Residual Uncollected Amount;

Eighteenth, to credit to the Payments Account any Residual Issuer Available Funds after all payments from item *First* to *Seventeenth* (included) above have been made in full provided that the Cumulative Net Default Ratio in the preceding Quarterly Collection Period has exceeded the Remuneration Trigger;

Nineteenth, to pay any amount due and payable as Remuneration in respect of the Series 1-D Notes;

Twentieth, during the Amortisation Period to pay all amounts of principal then due and payable in respect of the Series 1-D Notes, once all amounts then due and payable in respect of the Senior and Mezzanine Notes have been paid in full,

provided that to the extent that in any preceding Quarterly Collection Period the Cumulative Net Default Ratio has exceeded:

(a) 5.25%, in any of the first six Quarterly Collection Periods or 7.50% in any of the following Quarterly Collection Periods, no amount under item *Seventh* above will be paid until the full redemption of the Series 1-B Notes; or

(b) 8.00%, in any of the first six Quarterly Collection Periods or 11.00% in any of the following Quarterly Collection Periods, no amount under item *Sixth* above will be paid until the full redemption of the Series 1-A1 Notes and the Series 1-A2 Notes and no amount under item *Eight* above will be paid.

To the extent that:

- (i) on any Interest Payment Date during the Revolving Period, the Collateral Test is not positive, the difference between the Subsequent Portfolio Target

Amount and the amount paid under item *Ninth* above shall be invested in Eligible Investments;

- (ii) the Issuer Available Funds are to be applied towards redeeming the Notes on any Interest Payment Date which falls prior to the expiration of eighteen months following the Issue Date, then the Issuer shall invest such amounts in Eligible Investments,

the monies resulting from such Eligible Investments shall be applied in payment to the Noteholders in accordance with Condition 4.

**Priority of Payments
following a Trigger
Notice**

(A) On each Settlement Date following the service of a Trigger Notice, the Issuer Available Funds shall be applied to fund the payment to Locafit of the Billed Residual Collected Amount to the extent not already paid to Locafit as Billed Residual Uncollected Amount.

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

First, (a) to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses (to the extent that the Retention Amount standing to the credit of the Expense Account is insufficient to pay such costs); and (b) to credit into the Expense Account such an amount equal to the lower of (i) the Retention Amount, and (ii) any Expenses paid during the immediately preceding Quarterly Collection Period;

Second, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (a) the remuneration due to the Representative of the Noteholders and any indemnity, proper costs and expenses incurred by the Representative of the Noteholders under the provisions of or in connection with any of the Transaction Documents, (b) any amounts due and payable on such Interest Payment Date to the Agent Bank, the Account Bank, the Computation Agent, the Principal Paying Agent, the Cash Manager, the Luxembourg Paying Agent, the Corporate Servicer and the Servicer; and (c) any other documented costs fees and expenses due to persons who are not party to the Intercreditor Agreement which have been incurred in or in connection with the preservation or enforcement of the Issuer rights;

Third, to pay to the Hedging Counterparty any amounts due and payable under the Hedging Agreements, excluding any termination payment arising out of a termination event under the

Hedging Agreements which is caused by the Hedging Counterparty;

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

Fifth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Series 1-A1 Notes and the Series 1-A2 Notes;

Sixth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of principal then due and payable in respect of the Series 1-A1 Notes and the Series 1-A2 Notes;

Seventh, to pay *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Series 1-B Notes, once all amounts due and payable in respect of the Series 1-A1 Notes and the Series 1-A2 Notes have been paid in full;

Eighth, to pay *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of principal then due and payable in respect of the Series 1-B Notes, once all amounts due and payable in respect of the Series 1-A1 Notes and the Series 1-A2 Notes have been paid in full;

Ninth, to pay *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Series 1-C Notes once all amounts due and payable in respect of the Series 1-A1 Notes, the Series 1-A2 Notes and the Series 1-B Notes have been paid in full;

Tenth, to pay *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of principal then due and payable in respect of the Series 1-C Notes once all amounts due and payable in respect of the Series 1-A1 Notes, the Series 1-A2 Notes and the Series 1-B Notes have been paid in full;

Eleventh, to pay any amount due and payable to the Hedging Counterparty arising out of termination event under the Hedging Agreements not set forth under item *Third* above;

Twelfth, to pay to Locafit the Purchase Price Adjustment, if any;

Thirteenth, to pay to Locafit any amount due and payable under the Transaction Documents;

Fourteenth, to pay to Locafit the Billed Residual Uncollected Amount;

Fifteenth, to pay all amounts due and payable as Remuneration and principal then due and payable in respect of the Series 1-D

Notes once all amounts then due and payable in respect of the Senior and Mezzanine Notes have been paid in full.

To the extent that the Issuer Available Funds are to be applied towards redeeming the Notes on any Interest Payment Date which falls prior to the expiration of eighteen months following the Issue Date, the Issuer shall invest such amounts in Eligible Investments.

The monies resulting from such Eligible Investments shall be applied in payment to the Noteholders in accordance with Condition 4.

Expected Average Life of the Senior and Mezzanine Notes

The average life of the Senior and Mezzanine Notes cannot be predicted, as the actual rate of repayment of the Receivables is unknown. Calculation of the possible average life can be made based on certain assumptions including as to the rate at which the Receivables are prepaid, the amount of the Defaulted Receivables or the Delinquent Receivables and whether the Issuer exercises its option to redeem the Notes as more fully described under “*Expected Average Life of the Senior and Mezzanine Notes*” below. Based on the assumptions described in such section, and if the Issuer exercises the optional redemption pursuant to Condition 6.3, the expected average period for redemption of principal of the Series 1-A1 Notes, the Series 1-A2 Notes, the Series 1-B Notes and the Series 1-C Notes is likely to be approximately 2.2 years, 4.5 years, 6.9 years and 6.9 years, respectively. Should the Issuer not exercise the optional redemption pursuant to Condition 6.3, the expected average period for redemption of principal of the Series 1-A1 Notes, the Series 1-A2 Notes, the Series 1-B Notes and the Series 1-C Notes is likely to be approximately 2.2 years, 4.5 years, 7.6 years and 8.7 years, respectively.

Reliance should not be made upon the above forecast since it is based on many unpredictable assumptions.

Rating

The Senior and Mezzanine Notes are expected to be assigned the following ratings on the Issue Date:

	Moody’s	S&P
Series 1-A1	Aaa	AAA
Series 1-A2	Aaa	AAA
Series 1-B	A1	A
Series 1-C	Baa2	BBB

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. The Series 1-D Notes will not be assigned any credit rating.

Listing Application has been made to list each Series of the Senior and Mezzanine Notes on the Luxembourg Stock Exchange.

Performance Reporting Pursuant to the Servicing Agreement, the Servicer shall prepare on each Monthly Servicer's Report Date the Monthly Servicer's Report and on each Quarterly Servicer's Report Date the Quarterly Servicer's Report.

Pursuant to the Agency Agreement, the Computation Agent shall provide the Quarterly Payments Report and the Investors Report containing certain information with respect to the Senior and Mezzanine Notes, including the amount outstanding of the Senior and Mezzanine Notes.

Governing Law The Notes will be governed by Italian law.

Receivables The principal source of payment on the Notes will be from collections and other amounts received in respect of lease receivables (the "**Receivables**") arising out of lease contracts (the "**Lease Contracts**") between Locafit, as lessor, and certain obligors (the "**Lessees**") for the leasing of certain equipment or machinery (the "**Equipment**") or real estate property (the "**Real Estate**") or motor cars, trucks and other motor-vehicles (the "**Motor-vehicles**" and, together with the Equipment and the Real Estate, the "**Assets**").

The Receivables include, (i) any amount payable by the Lessees, by way of instalment, or for any other reason, due under the Lease Contracts as from the Initial Instalment Payment Date (the "**Instalments**"); (ii) default interest and/or other interest arising as a consequence of payment deferrals granted by the Originator, in each case, accrued on all amounts due by the Lessees under the Lease Contracts, and any other such interest payments which are to mature thereafter; (iii) penalties or other amounts due in relation to early termination of such Lease Contracts; (iv) any compensation received pursuant to Insurance Policies relating to the leased Assets, or part of them, of which the Originator is beneficiary and the amount received pursuant to any guarantee related to the Lease Contracts of which the Originator is beneficiary; (v) Agreed Prepayments; (vi) Adjustments relating to the Instalments; (vii) any other amount due by the Lessees (or their successors in title) relating to the Defaulted Receivables under the Lease Contracts; and (viii) VAT relating to the Receivables, the insurance premiums related to the Assets and the other expenses for the credit collection relating to the Receivables as from the Initial Instalment Payment Date; in each case, together with all the relevant real and personal guarantees, connected privileges and pre-emptive rights, and all other

ancillary rights pertaining thereto, as well as any and all other right, claim and action (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 the Residual due under any Lease Contract or any penalties due by the Lessees as a result of non exercise by the latter of the option to purchase the relevant Asset.

Master Receivables Purchase Agreement

On 16th October 2002, Locafit and the Issuer entered into the “**Master Receivables Purchase Agreement**”, as subsequently amended, pursuant to which, (i) Locafit sold to the Issuer, and the Issuer purchased, and (ii) during the Revolving Period, Locafit shall sell to the Issuer, and the Issuer shall purchase from Locafit, all of the Receivables meeting certain objective criteria set out thereunder (the “**Eligibility Criteria**”).

The initial portfolio (the “**Initial Portfolio**”) was purchased by the Issuer on 16th October 2002 and the Purchase Price for the Initial Portfolio will be funded through the proceeds of the issue of the Notes.

Sales of additional Receivables (the “**Subsequent Portfolios**”) will take place quarterly during the Revolving Period, and will be payable up to the Subsequent Portfolios Target Amount, to the extent there are Issuer Available Funds available for such purposes under the Priority of Payments and no Purchase Termination Event or Trigger Event has occurred and subject to the terms and conditions of the Master Receivables Purchase Agreement. See for further details “*Description of the Transaction Documents - The Master Receivables Purchase Agreement*” below.

The Initial Portfolio and all Subsequent Portfolios purchased by the Issuer from Locafit under the Master Receivables Purchase Agreement are together referred to as the “**Portfolio**”.

Purchase Price

The purchase price for the Initial Portfolio (the “**Initial Portfolio Purchase Price**”) shall be payable by the Issuer to Locafit as follows:

- (a) the Outstanding Principal of each Receivable comprised in the Initial Portfolio as of 31st December 2002 (the “**Initial Individual Purchase Price**”) and the Interim Initial Purchase Price Adjustment on the Issue Date; and
- (b) the Billed Residual Amount on each Payment Date according to the Priority of Payments.

The purchase price for the Subsequent Portfolios (the “**Subsequent Portfolio Purchase Price**”) shall be payable by the Issuer to Locafit as follows:

(a) the Outstanding Principal of each Receivable comprised in the relevant Portfolio at the relevant Interest Payment Date (the “**Subsequent Individual Purchase Price**”); and

(b) the relevant Billed Residual Amount on each Payment Date according to the Priority of Payments.

No Recourse

The sales of the Receivables by Locafit to the Issuer will be without recourse (*pro soluto*) against Locafit, in the case of a failure to pay amounts due under the Lease Contracts by any of the Lessees.

Pools of Receivables

The Receivables will be divided into the following three Pools:

“**Pool No. 1**” shall mean the aggregate of Receivables originating from Lease Contracts, the underlying Assets of which are cars, industrial light lorries, trucks, commercial vans or any other motor-vehicles; and

“**Pool No. 2**” shall mean the aggregate of Receivables originating from Lease Contracts, the underlying Assets of which are equipment or machinery; and

“**Pool No. 3**” shall mean the aggregate of Receivables originating from Lease Contracts, the underlying Assets of which are real estate assets.

Purchase Termination Events

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

(a) *Breach of obligations by Locafit:*

Locafit defaults in the performance or observance of any of its obligations under any of the Transaction Documents to which it is party and except where, in the sole and absolute opinion of the Representative of the Noteholders, such default is incapable of remedy, such default remains unremedied for 30 (thirty) days after the Representative of the Noteholders has given written notice thereof to the Issuer and Locafit, certifying that such default is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Senior and Mezzanine Noteholders; or

(b) *Breach of representations and warranties by Locafit:*

Any of the representations and warranties given by Locafit under any of the Transaction Documents to which

it is party is or proves to have been incorrect or misleading in any material respect when made or deemed to be made; or

(c) *Insolvency of Locafit:*

(i) Locafit is adjudicated under any *fallimento*, *concordato preventivo*, *amministrazione controllata*, *amministrazione straordinaria* or any other applicable bankruptcy proceedings; or

(ii) Locafit takes any action for a restructuring or deferment of any of its obligations or makes a general assignment or an arrangement or composition with its creditors or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it applies for suspension of payments; or

(d) *Winding up of Locafit:*

An order is made or an effective resolution is passed for the winding up, liquidation, dissolution or extraordinary administration in any form of Locafit of which the Representative of the Noteholders becomes aware; or

(e) *Breach of Ratios:*

(i) for two consecutive Interest Payment Dates, the Portfolio Delinquency Ratio for the immediately preceding Quarterly Collection Period exceeds the Trigger Delinquency Ratio; or

(ii) for two consecutive Interest Payment Dates during the Revolving Period, the Portfolio Default Ratio for the immediately preceding Quarterly Collection Period exceeds the Trigger Default Ratio; or

(iii) for two consecutive Interest Payment Dates, the Cumulative Net Default Ratio during the immediately preceding Quarterly Collection Period exceeds the following percentages:

As at the end of:	Cumulative Net Default Ratio:
1 st Quarterly Collection Period	1.40%
2 nd Quarterly Collection Period	1.40%
3 rd Quarterly Collection Period	1.80%
4 th Quarterly Collection Period	1.80%
5 th Quarterly Collection Period	2.00%
From the 6 th Quarterly Collection Period	2.70%

or

- (iv) starting from the Effective Date, on any Interest Payment Date, the Cumulative Net Default Ratio of the Portfolio has exceeded 5.25% in any of the first six Quarterly Collection Periods and thereafter 7.50%,

then the Representative of the Noteholders may (or, if so requested by an Extraordinary Resolution of a Meeting or upon the occurrence of any of the events under (c)(i), (d) or (e) above, shall) give written notice (a **“Purchase Termination Notice”**) to the Issuer and Locafit. The Issuer Available Funds shall be applied on each succeeding Interest Payment Date in accordance with the Priority of Payments prior to a Trigger Notice provided that, to the extent that the Issuer Available Funds are to be applied towards redeeming the Notes on any Interest Payment Date which falls prior to the expiration of eighteen months following the Issue Date, the Issuer shall invest such amounts in Eligible Investments.

After the service of a Purchase Termination Notice from the Representative of the Noteholders, the Issuer shall refrain from purchasing any further Subsequent Portfolios under the Master Receivables Purchase Agreement.

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

Trigger Events

If any of the following events (each a “**Trigger Event**”) occurs:

(a) *Non-payment:*

Default is made:

- (i) in the payment on the Final Maturity Date of the Senior and Mezzanine Notes, or any of them, of the amount of principal then due on such Senior and Mezzanine Notes, or any of them; or
- (ii) for a period of 5 (five) Business Days or more in the payment on the due date therefor of the amount of interest then due on the Senior Notes; or
- (iii) for a period of 5 (five) Business Days or more in the payment on the due date therefore of the amount of interest then due on the Mezzanine Notes, provided that the Purchase Termination Event referred in Condition 10.1(e)(iv) has not occurred; or

(b) *Breach of obligations by the Issuer:*

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 principal or interest on the 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 (thirty) days after the Representative of the Noteholders has given written notice thereof to the Issuer and Locafit, certifying that such default is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Senior and Mezzanine 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 party 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:*

- (i) an administrator, administrative receiver or liquidator of the Issuer is appointed over or in

respect of the whole or any part of the undertaking, assets and/or revenues of the Issuer or the Issuer becomes subject to any bankruptcy, liquidation, administration, insolvency, composition, reorganisation (among which, without limitation, *fallimento*, *concordato preventivo*, *amministrazione controllata*, with the meaning ascribed to those expression by the laws of the Republic of Italy or proceedings under Title IV, Heading I of the Banking Act) or similar proceedings (or application for the commencement of any such proceedings is made) unless the Representative of the Noteholders has received legal advice that such proceedings are manifestly without grounds or the whole or any substantial part of the assets of the Issuer, other than any portfolio of assets which is purchased by the Issuer for the purposes of further securitisation transactions, is subject to a *pignoramento* or other similar procedure having a similar effect; or

(ii) the Issuer takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for bankruptcy or suspension of payments; or

(e) *Winding-up of the Issuer:*

An order is made or an effective resolution is passed for the winding up, liquidation, dissolution or extraordinary administration in any form of the Issuer, except a winding up for the purposes of or pursuant to an amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders, or by an Extraordinary Resolution of the Noteholders; or

(f) *Unlawfulness:*

It is or will become unlawful in any material respect (in the sole opinion of the Representative of the Noteholders) to be material for the Issuer or Locafit, as the case may be, to perform or comply with any of its obligations under or in respect of the Notes or any other Transaction Document to which it is a party,

then the Representative of the Noteholders if so requested by an Extraordinary Resolution of a Meeting shall (or in the case of any

of the events under (a), (d), (e) and (f) above, may): (i) serve a notice (a “**Trigger Notice**”) on the Issuer and Locafit; and (ii) be entitled to direct the sale of the Portfolio provided however that a sufficient amount shall be realised to allow discharge in full of all amounts owing to the Senior and Mezzanine Noteholders and amounts ranking in priority thereto or *pari passu* therewith.

After the service of a Trigger Notice, the Issuer shall refrain from purchasing any further Subsequent Portfolios under the Master Receivables Purchase Agreement and the Issuer Available Funds shall be applied in accordance with the Priority of Payments following a Trigger Notice, provided that, to the extent that the Issuer Available Funds are to be applied towards redeeming the Notes on any Interest Payment Date which falls prior to the expiration of eighteen months following the Issue Date, the Issuer shall invest such amounts in Eligible Investments. For further details see “*Priority of Payments following a Trigger Notice*”.

Repurchase of the Receivables

Pursuant to the Clean Up Option, the Issuer has granted to Locafit the right to repurchase the outstanding Portfolio on the Clean Up Option Date. Locafit may exercise such Clean Up Option provided that the Issuer has certified to the Representative of the Noteholders and produced evidence acceptable to the Representative of the Noteholders that it will have the necessary funds (not subject to the interests of any persons) to discharge all of the outstanding liabilities in respect of the Senior and Mezzanine Notes and any amount required to be paid under the Intercreditor Agreement in priority to or *pari passu* therewith. For further details see “*Description of the Transaction Documents – The Master Receivables Purchase Agreement*”.

Servicing Agreement

Pursuant to a servicing agreement, entered into on 16th October 2002, as subsequently amended, between Locafit as Servicer and the Issuer, the Servicer has agreed to collect and service the Receivables in compliance with the Securitisation Law (the “**Servicing Agreement**”).

The Servicer shall pay daily into the Collection Account all the amounts received in respect of Instalments or any other amounts whatsoever received in respect of the Receivables (the “**Collections**”). For further details see “*Description of the Transaction Documents – The Servicing Agreement*”.

Warranty and Indemnity Agreement

Pursuant to a Warranty and Indemnity Agreement entered into on 16th October 2002, as subsequently amended, between the Issuer and Locafit (the “**Warranty and Indemnity Agreement**”), Locafit has made certain representations and warranties and has given certain indemnities to the Issuer in relation to, *inter alia*, the Receivables and has agreed to indemnify the Issuer in respect

of certain liabilities incurred by the Issuer as a result of the breach of such representations and warranties. For further details see “*Description of the Transaction Documents – The Warranty and Indemnity Agreement*”.

Intercreditor Agreement Pursuant to an agreement entered into on or about the Issue Date (the “**Intercreditor Agreement**”) between, *inter alia*, the Issuer, Locafit, the Representative of the Noteholders (on its own behalf and as agent for the Noteholders), the Computation Agent, the Cash Manager, the Agent Bank, the Account Bank, the Paying Agents, the Corporate Servicer, the Quotaholders and the Servicer, provision will be made as to the application of the proceeds arising out of the Receivables and as to the circumstances in which the Representative of the Noteholders will be entitled to exercise certain rights in respect of the Receivables.

Under the Intercreditor Agreement, the Issuer Secured Creditors will acknowledge and accept that the Managers shall not be liable in respect of any loss, liability, claim, expenses or damage suffered or incurred by any of the Issuer Secured Creditors as a result of the performance by the Representative of the Noteholders of its duties provided by the Transaction Documents. For further details see “*Description of the Transaction Documents – The Intercreditor Agreement*”.

Senior and Mezzanine Notes Subscription Agreement The Issuer, the Managers, Locafit and the Representative of the Noteholders have entered into an agreement on 23rd December 2002, as subsequently amended, (the “**Senior and Mezzanine Notes Subscription Agreement**”) under which the Managers have agreed to subscribe for the Senior and Mezzanine Notes subject to the conditions set out therein.

Under the Senior and Mezzanine Notes Subscription Agreement the Managers will appoint Securitisation Services as Representative of the Noteholders in relation to the Senior and Mezzanine Notes.

Series 1-D Notes Subscription Agreement The Issuer, Locafit and the Representative of the Noteholders will enter into an agreement on or about the Issue Date (the “**Series 1-D Notes Subscription Agreement**”) under which Locafit will agree to subscribe for the Series 1-D Notes subject to the conditions set out therein.

Under the Series 1-D Notes Subscription Agreement Locafit will appoint Securitisation Services as Representative of the Noteholders in relation to the Series 1-D Notes.

Agency Agreement The Issuer, the Paying Agents, the Computation Agent, the Cash Manager, the Account Bank and the Agent Bank will enter into an agreement on or about the Issue Date (the “**Agency**”

Agreement”) under which the Agent Bank, the Account Bank, the Cash Manager, the Hedging Counterparty, and the Computation Agent will agree to provide certain calculation and cash administration services to the Issuer and the Paying Agents will agree to perform certain services in relation to the Notes including calculating the amount of interest payable under the Notes and arranging for the payment of these amounts to the Noteholders.

Hedging Agreements

The Issuer will protect itself against certain interest rate risks arising in respect of its floating rate interest obligations under the Notes by entering into on or about the Issue Date certain hedging agreements (the **“Hedging Agreements”**) with the Hedging Counterparty. The Hedging Agreements will terminate on the Final Maturity Date of the Notes unless terminated earlier in accordance with their terms.

Letter of Undertaking

The Issuer, the Originator and the Representative of the Noteholders will enter into a letter of undertaking on or about the Issue Date (the **“Letter of Undertaking”**) whereby the Originator will undertake to indemnify the Issuer from certain regulatory and tax costs and other costs and liabilities incurred by the Issuer. In addition, the Originator will undertake to ensure that the Issuer is not subject to insolvency proceedings as a result of its failure to fulfil its obligations to maintain a minimum capital. The Originator will agree to ensure that the Issuer is not wound up by reason of the reduction of the Issuer’s capital below the required minimum as provided by Italian law or regulation from time to time in force.

Corporate Services Agreement

The Corporate Servicer will provide certain corporate administrative services to the Issuer pursuant to a corporate services agreement to be entered into on or about the Issue Date between the Issuer and the Corporate Servicer (the **“Corporate Services Agreement”**).

Deed of Pledge

By an Italian law deed of pledge to be executed by the Issuer on or about the Issue Date (the **“Deed of Pledge”** and, together with the Deed of Charge referred to below, the **“Security Documents”**) the Issuer, *inter alia*, shall grant, in favour of the Representative of the Noteholders (acting for itself and for the benefit of the Noteholders and the other Issuer Secured Creditors) a pledge over certain monetary rights to which the Issuer is entitled pursuant to the Transaction Documents to which the Issuer is a party (excluding the Deed of Pledge) other than the Receivables and over any Eligible Investment.

Deed of Charge

By an English law deed of charge to be executed on or about the Issue Date (the **“Deed of Charge”**) by the Issuer and the Representative of the Noteholders (acting for itself as

representative and agent for the Noteholders and the other Issuer Secured Creditors) with BNP Paribas, the Issuer shall, in favour of the Representative of the Noteholders (acting also in its capacity as agent for the Noteholders and the other Issuer Secured Creditors) create security over all the Issuer's rights, benefits, interests and entitlements arising from (i) the Senior and Mezzanine Notes Subscription Agreement, and (ii) the Hedging Agreements.

SPECIAL FACTORS

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

SUITABILITY

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

LIABILITY UNDER THE NOTES

The Notes are limited recourse obligations of the Issuer and amounts payable thereunder are payable solely from amounts received by the Issuer from or in respect of the Portfolio and the other Issuer's Rights and receipts under the Transaction Documents to which it is or will be a party. On the Issue Date, the Issuer will have no significant assets other than the Portfolio and the other Issuer's Rights. Although the Issuer may undertake further securitisations in accordance with the Conditions, the Noteholders will not have any recourse to the assets of such securitisations.

The Notes will be obligations solely of the Issuer. In particular, the Notes will not be obligations or responsibilities of Locafit (in any capacity), the Agent Bank, the Account Bank, the Corporate Servicer, the Cash Manager, the Representative of the Noteholders, the Servicer, the Computation Agent, the Principal Paying Agent, the Luxembourg Paying Agent, the Hedging Counterparty, the Quotaholders, the Arrangers or the Managers. None of 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.

SUBORDINATION

In respect of the obligation of the Issuer to pay interest on the Senior and Mezzanine Notes and the Remuneration on the Series 1-D Notes, the relevant Conditions and the Intercreditor Agreement provide that the Series 1-A1 Notes and the Series 1-A2 Notes will rank *pari passu* and without any preference or priority among themselves, but in priority to the Series 1-B Notes, the Series 1-C Notes and the Series 1-D Notes; the Series 1-B Notes will rank *pari passu* and without any preference or priority among themselves, but subordinated to the Series 1-A1 Notes and the Series 1-A2 Notes, and in priority to the Series 1-C Notes and the Series 1-D Notes; the Series 1-C Notes will rank *pari passu* and without any preference or priority among themselves, but subordinated to the Series 1-A1 Notes, the Series 1-A2 Notes and the Series 1-B Notes and in priority to the Series 1-D Notes; the Series 1-D Notes will rank *pari passu* and without any preference or priority among themselves, but subordinated to the Series 1-A1 Notes, the Series 1-A2 Notes, the Series 1-B Notes and the Series 1-C Notes.

Prior to the delivery of a Trigger Notice, in respect of the obligation of the Issuer to repay the principal in respect of the Senior and Mezzanine Notes and in respect of the Series 1-D Notes, the relevant Conditions and the Intercreditor Agreement provide that the Series 1-A1 Notes will rank *pari passu* and without any preference or priority among themselves, but in priority to the Series 1-A2 Notes, the Series 1-B Notes, the Series 1-C Notes and the Series 1-D Notes; the Series 1-A2 Notes will rank *pari passu* and without any preference or priority among themselves, but subordinated to the Series 1-A1 Notes and in priority to the Series 1-B Notes, the Series 1-C Notes and the Series 1-D Notes; the Series 1-B Notes will rank *pari passu* and without any preference or priority among themselves, but subordinated to the Series 1-A1 Notes and the Series 1-A2 Notes and in priority to the Series 1-C Notes and the Series 1-D Notes; the Series 1-C Notes will rank *pari passu* and without any preference or priority among themselves, but subordinated to the Series 1-A1 Notes, the Series 1-A2 Notes and the Series 1-B Notes and in priority to the Series 1-D Notes; the Series 1-D Notes will rank *pari passu* and without any preference or priority among themselves, but subordinated to the Series 1-A1 Notes, the Series 1-A2 Notes, the Series 1-B Notes and the Series 1-C Notes.

As a result, to the extent that any losses are suffered by any of the Noteholders at the Final Maturity Date, such losses will be borne in the first instance by the Series 1-D Noteholders, then (to the extent that the Series 1-C Notes have not been redeemed) by the Series 1-C Noteholders, then (to the extent that the Series 1-B Notes have not been redeemed) by the Series 1-B Noteholders, then (to the extent that the Series 1-A1 Notes and the Series 1-A2 Notes have not been redeemed) by the Series 1-A1 Noteholders and the Series 1-A2 Noteholders.

After the delivery of a Trigger Notice upon the occurrence of a Trigger Event, as long as any Series 1-A1 Notes and Series 1-A2 Notes are outstanding, unless notice has been given to the Issuer declaring the Series 1-A1 Notes and the Series 1-A2 Notes due and payable, the Series 1-B Notes, the Series 1-C Notes and the Series 1-D Notes shall not be capable of being declared due and payable and the Series 1-A1 Noteholders and the Series 1-A2 Noteholders will be entitled to determine the remedies to be exercised. Remedies pursued by the Series 1-A1 Noteholders and the Series 1-A2 Noteholders could be adverse to the interests of the Series 1-B Noteholders, the Series 1-C Noteholders and the Series 1-D Noteholders. After full repayment of the Series 1-A1 Notes and the Series 1-A2 Notes, as long as any Series 1-B Notes are outstanding, unless notice has been given to the Issuer declaring the Series 1-B Notes due and payable, the Series 1-B Notes shall not be capable of being declared due and payable and the Series 1-B Noteholders will be entitled to determine the remedies to be exercised. Remedies pursued by the Series 1-B Noteholders could be adverse to the interests of the Series 1-C Noteholders and the Series 1-D Noteholders. After full repayment of the Series 1-B Notes, as long as any Series 1-C Notes are outstanding, unless notice has been given to the Issuer declaring the Series 1-C Notes due and payable, the Series 1-C Notes shall not be capable of being declared due and payable and the Series 1-C Noteholders will be entitled to determine the remedies to be exercised. Remedies pursued by the Series 1-C Noteholders could be adverse to the interests of the Series 1-D Noteholders.

ISSUER'S ABILITY TO MEET ITS OBLIGATIONS UNDER THE NOTES

The Issuer will not as of the Issue Date 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 from the Portfolio, 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 "*Special Factors - Credit Risks of Locafit and other Parties*" below).

The Issuer is subject to the risk of delay arising between the receipt of payments due from the Lessees and third party guarantors under the Lease Contracts and the Scheduled Instalment Dates.

The Issuer is also subject to the risk of default in payment by the Lessees and the failure to realise or to recover sufficient funds in respect of such Defaulted Receivables to fully discharge them. This risk is mitigated (i) with respect to the Series 1-A1 Notes and the Series 1-A2 Notes by the credit support provided by the Series 1-B Notes, the Series 1-C Notes and the Series 1-D Notes; (ii) with respect to the Series 1-B Notes by the credit support provided by the Series 1-C Notes and the Series 1-D Notes; (iii) with respect to the Series 1-C Notes by the credit support provided by the Series 1-D Notes.

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

Further, there can be no assurance that, over the life of the Notes or on the Final Maturity Date of any Series of Notes, the levels of Collections and the recoveries received from the Portfolio will be sufficient to ensure timely and full receipt of amounts due under the Notes.

Noteholders will receive payments in respect of principal and interest on the Notes only if and to the extent that the Issuer has sufficient funds to make such payments. If there are not sufficient funds available to the Issuer to pay in full all principal and interest and any 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. After the Notes have become due and payable following the occurrence of a Trigger Event, the only remedy available to the Noteholders and the other Issuer Secured Creditors is the exercise by the Representative of the Noteholders of the Issuer's Rights under the Transaction Documents.

CREDIT RISK OF LOCAFIT 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 Locafit and the other parties to the Transaction Documents of their respective various obligations under the Transaction Documents to which they are a party. In particular, without limiting the generality of the foregoing, the timely payment of amounts due on the Notes, will depend on the ability of the Servicer to service the Portfolio and to recover the amounts relating to Defaulted Receivables and the continued availability of hedging under the Hedging Agreements. In each case the performance by the Issuer of its obligations thereunder is dependent on the solvency of the Servicer and the Hedging Counterparty (or any permitted successors or assignees appointed under the Servicing Agreement and the Hedging Agreements).

RISKS ASSOCIATED WITH LEASE RECEIVABLES

Termination of Lease Contracts by the insolvency receiver of the Originator

The precise impact that the insolvency of the Originator would have on the Lease Contracts after the assignment of the Receivables deriving therefrom is unclear under the Italian law. The general view is that the receiver of the Originator should continue to be bound by the Lease Contracts, although there can be no assurance that the court will not, in the relevant insolvency proceedings, authorise the receiver to terminate the Lease Contracts.

In practice, such termination is unlikely to occur since it would expose the receiver to the risk of claims from, *inter alia*, (i) the Lessees (who could claim for damages as a consequence of the loss

of the asset); and (ii) the transferee of the assigned Receivables (who can claim for rental payments due under the terminated Lease Contracts), and such claims could be for an amount greater than the value of the Asset and in such circumstances, it is reasonable to conclude that the receiver would not have an economic interest to terminate the Lease Contracts.

If it is held that the Lease Contracts would continue notwithstanding the Originator's insolvency, the Lessees would remain in possession of the leased Assets and would continue to be obliged to pay the lease rentals. Since the right to receive Instalments under the Lease Contracts would previously have been assigned by the Originator to the Issuer, to the extent that such assignment has been properly perfected against third parties through the publication of a notice in the Official Gazette, and save in circumstances where the assignment may be set aside under claw-back provisions of Article 67 of the Insolvency Law (as subsequently supplemented by the Securitisation Law) (see "*Selected Aspects of Italian Law*" below), the right to receive the Instalments would continue to vest in the Issuer.

Right to future receivables

Under the terms of the Master Receivables Purchase Agreement, the Originator undertakes to transfer to the Issuer, upon an early termination of a Lease Contract, proceeds deriving from the sale of the leased Asset under such Lease Contract or if a new lease contract is entered into in respect of such leased Asset, the receivables deriving from such new lease contract. In the event that the Originator is or becomes insolvent, the court will treat the Issuer's claims to such future sale proceeds or receivables under any such new lease contract 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.

THE REPRESENTATIVE OF THE NOTEHOLDERS

The Conditions and the Intercreditor Agreement contain provisions requiring the Representative of the Noteholders to have regard to the interests of the holders of each Series of Notes as regards all powers, authorities, duties and discretion of the Representative of the Noteholders as if they formed a single Series (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 Series of Notes, to have regard only to the interests of the holders of the Series of Notes then outstanding ranking highest in the order of priority.

SERVICING OF THE PORTFOLIO

The Portfolio is serviced by Locafit acting as Servicer from the date of execution of the Servicing Agreement under the terms of such agreement. The net cash flows from the Portfolio may be affected by decisions made, actions taken and the collection procedures adopted pursuant to the provisions of the Servicing Agreement by the Servicer.

PROJECTIONS, FORECASTS AND ESTIMATES

Estimates of the expected average lives of the Senior and Mezzanine 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, the projections are only an estimate. Actual results may vary from the projections, and the variations may be material.

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.

SUBSTITUTE TAX UNDER THE NOTES

Payments under the Notes may in certain circumstances described in the section headed "*Taxation*" be subject to Decree No. 239 Deduction. In such circumstances, any beneficial owner of an interest payment relating to the Notes of any series will receive amounts of interest payable on the Notes net of Decree No. 239 Deduction. At the date of this Offering Circular, such Decree No. 239 Deduction 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 any Decree No. 239 Deduction 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, the Issuer 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.

Without prejudice to the above, in the event that any Notes are redeemed in whole or in part prior to the date which is earlier than eighteen months after the Issue Date, the Issuer will be obliged to pay tax in Italy at a rate of 20% of all interest accrued on such principal amount repaid early up to the relevant repayment date. See "*Taxation*".

PROPOSED EUROPEAN WITHHOLDING TAX DIRECTIVE

The European Union is currently considering proposals for a new directive regarding the taxation of savings income. Subject to a number of important conditions being met, it is proposed that member states will be required to provide to the tax authorities of another member state details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other member state, subject to the right of certain member states to opt instead for a withholding system for a transitional period in relation to such payments. The proposals are not yet final and they may be subject to further amendment and/or clarification. 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 22nd December 1986. Pursuant to the regulations issued by the Bank of Italy on 22nd 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 receivables will be treated as off-balance sheet assets and liabilities, costs and revenues and will be recorded in separate annexes to the explanatory notes of the financial statements. 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 of the Portfolio. It is, however, possible that the Ministry of Finance

or another competent authority may issue regulations, letters or rulings relating to the Securitisation Law which might alter or affect the tax position of the Issuer. See further “*Taxation*”.

YIELD AND PAYMENT CONSIDERATIONS

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

FURTHER SECURITISATIONS

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

LIMITED LIQUIDITY OF THE NOTES

There is not currently an active and liquid secondary market for the Notes. There can be no assurance that a secondary market for the Notes will develop or if a secondary market does develop, that it will provide Noteholders of any Series with liquidity of investment or that such market will continue for the life of the Notes. Consequently, any purchaser of the Notes must be prepared to hold the Notes until final redemption or earlier application in full of the proceeds of enforcement by the Representative of the Noteholders of the Issuer’s Rights. Application has been made to list the Notes on the Luxembourg Stock Exchange.

ITALIAN USURY LAW

Italian Law No. 108 of 7th March 1996 (the “**Usury Law**”) introduced legislation preventing lenders from applying interest rates equal to or higher than the thresholds set on a quarterly basis by a Decree issued by the Italian Treasury (the “**Usury Thresholds**”). Subsequent judgments 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 (which was considered by certain jurists to have been accepted in the rulings of the Supreme Court), 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 Rate, 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.

On 29th December 2000, the Government issued law decree No. 394 (“**Decree 394/2000**”), converted into law by the Italian Parliament on 28th February 2001, which clarifies the uncertainty over the interpretation of the Usury Law and provides, *inter alia*, that interest will be deemed to be usurious only if the interest rate agreed by the parties exceeds the Usury Thresholds at the time when the loan agreement or any other credit facility was entered into or the interest rate was agreed.

Under the terms of the Warranty and Indemnity Agreement, the Originator has represented and warranted to the Issuer, *inter alia*, that each Lease Contract has been stipulated by the Originator, and the performance by the Originator under such contract is, in each case, in compliance with applicable law from time to time in force, including usury provisions (see “*Description of the Transaction Documents-Warranty and Indemnity Agreement*”).

CHANGE OF LAW

The structure of the transaction and, *inter alia*, the issue of the Notes and ratings assigned to the Senior and Mezzanine 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.

HISTORICAL INFORMATION

The historical financial and other information set out in the sections headed “*Locafit S.p.A.*”, “*Credit and Collection Policy*”, “*Recovery Policy*”, and “*The Portfolio*”, including in respect of the delinquency and default rates, represents the historical experience of Locafit. There can be no assurance that the future experience and performance of Locafit as Servicer of the Portfolio will be similar to the experience shown in this Offering Circular.

TERMS OF THE LEASE CONTRACTS

Although the majority of the Lease Contracts entered into by Locafit with the Lessees are based on the standard terms and conditions of Locafit, there can be no guarantee that the Lease Contracts do not contain any terms or conditions that adversely affect in any manner the value of the Receivables or the enforceability of the Lease Contracts. None of the Issuer, the Arrangers, the Managers and the Representative of the Noteholders has undertaken or will undertake any investigations, searches or other actions to verify the details of the Portfolio or, in particular, the terms of each Lease Contract. Locafit will represent, in the Warranty and Indemnity Agreement, that the Lease Contracts conform to Locafit’s standard forms of lease contracts as from time to time adopted.

LIMITED NATURE OF CREDIT RATINGS ASSIGNED TO THE SENIOR AND MEZZANINE NOTES

Each credit rating assigned to the Senior and Mezzanine Notes reflects the relevant Rating Agency’s assessment only of the likelihood that interest and principal will be paid by the final redemption date, not that it 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 Senior and Mezzanine Notes, or any market price for the Senior and Mezzanine Notes; or
- whether an investment in the Senior and Mezzanine Notes is a suitable investment for any particular Noteholder.

A rating is not a recommendation to purchase, hold or sell the Senior and Mezzanine Notes.

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

Further risks of which prospective Noteholders should be aware, are evidenced in “Selected Aspects of Italian Law”.

The Issuer believes that the factors described above and in the section “Selected Aspects of Italian Law” 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 Series may occur for other reasons and the Issuer does not represent that such 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 principal on such Notes on a timely basis or at all.

THE PORTFOLIO

The Lease Contracts

The Lease Contracts have been entered into by Locafit primarily with small and medium size private businesses and other individual entrepreneurs (excluding individual persons). The Lease Contracts are based on Locafit's standard form which incorporates certain standard terms and conditions and which contains a description of the Asset, the rental payments and any other agreed terms or conditions. The Lease Contracts are substantially similar in general form and content but each is unique to the Asset included in the Lease Contract and reflects any specially negotiated terms and conditions (if any) relating to the specific Asset. All of the Lease Contracts are "net leases" which require the Lessee to maintain the Asset in good working order or condition, to bear all other costs of operating and maintaining the Asset, inclusive of payment of taxes and insurance relating thereto and cannot be cancelled by the Lessee.

The Lease Contracts expressly prohibit the Lessee from terminating the contract earlier than the stated expiration date. However, Locafit sometimes waives such prohibition when a Lessee specifically and reasonably requests termination, on the condition that it acts in such a way so as to not incur any adverse financial consequences. Historically, only a small percentage of the Lease Contracts outstanding have been terminated by negotiated early settlement.

The Receivables are divided into the three following Pools:

"Pool No. 1" shall mean the aggregate of Receivables originating from Lease Contracts, the underlying Assets of which are cars, industrial light lorries, trucks, commercial vans or any other motor-vehicles (the **"Motor-vehicles"**);

"Pool No. 2" shall mean the aggregate of Receivables originating from Lease Contracts, the underlying Assets of which are equipment or machinery (the **"Equipment"**); and

"Pool No. 3" shall mean the aggregate of Receivables originating from Lease Contracts, the underlying Assets of which are real estate assets (the **"Real Estate"**).

The Eligibility Criteria

Pursuant to the Master Receivables Purchase Agreement, Locafit has sold and shall sell to the Issuer and the Issuer has purchased and shall purchase from Locafit the Initial Portfolio and the Subsequent Portfolios including only Receivables with respect to which: (A) for the Initial Portfolio the first Instalment to be paid by the relevant Lessee is scheduled on the Initial Instalment Payment Date and the last Instalment is scheduled to be paid before 1st June 2014 (inclusive), while for the Subsequent Portfolios the first Instalment to be paid by the relevant Lessee is scheduled to be paid after the relevant Valuation Date and the last Instalment is scheduled to be paid before 1st June 2014 (inclusive) and (B) deriving from Lease Contracts which meet, at the relevant Valuation Date, the following Eligibility Criteria:

- (i) the underlying Assets of the Lease Contracts are:
 - Motor-vehicles (Pool No.1)
 - Equipment (Pool No.2)
 - Real Estate (Pool No.3)

and are not ships or aircraft and the Real Estate underlying the Lease Contracts are not under construction;

- (ii) the Lease Contracts have been originated by Locafit as one sole lessor;
- (iii) all Lease Contracts have monthly Instalments to be paid in advance and at the relevant Valuation Date have at least four invoiced instalments (the amount advanced by the Lessees upon the coming into force of the Lease Contract is included);
- (iv) there is at least one Instalment due on 1st January 2003 for the Initial Portfolio and it is due on the first calendar day of the following month of the relevant Selection Date for the Subsequent Portfolios, to be paid by RID direct debit system;
- (v) as at the relevant Valuation Date there are no Delinquent Instalments or overdue adjustments;
- (vi) the Lease Contracts have not been terminated due to the relevant Lessee's insolvency;
- (vii) the Instalments are payable in Euro with a fixed rate or a floating rate based on EURIBOR (or similar indexes);
- (viii) the related Lessees are domiciled in the Republic of Italy and the Assets are located in the Republic of Italy;
- (ix) the relevant payments are made only by RID direct debit system;
- (x) the Lessee is not an employee of Locafit nor an individual, nor a public administration or similar entity, an Information Technology Company (Rae Code equal to 790 and Sae Code equal to 430), or a company which is a member of the BNL Group;
- (xi) the percentage equal to the ratio between (1) the Residual and (2) the original cost of the relevant leased Asset does not exceed:
 - Pool No.1 and Pool No.2: 10% for Lease Contracts with an original tenor lower than or equal to 5 years and 5% for Lease Contracts with an original tenor higher than 5 years;
 - Pool No.3: 30% for Lease Contracts with an original tenor lower than or equal to 10 years and 20% for Lease Contracts with an original tenor higher than 10 years;
- (xii) the coming into force of the Lease Contracts did not occur prior to 1st January 1995; and
- (xiii) the Lease Contracts have not been granted under the following subsidy law ('legge di agevolazione'): Law 1329/65- Legge Sabatini, Law 64/86 - Impianti e Macchinari, Law 21/93 - Regione Autonoma Sardegna, Law 42/93 - Irfis Comm. Regione Sicilia, Law 23/86 - Irfis Indus. Regione Sicilia, Law 96/81 - Law "Pop" Regione Campania Assessorato all'industria – Presidenza del Consiglio dei Ministri, Law 416/81 – Provincia di Trento, Law 4/81 – Provincia di Trento, Law 13/87 – Provincia di Bolzano, Law 11/82 – Provincia di Bolzano, Law 25/81 – Ministero dell'Industria Commercio e Artigianato regolam. CEE – facilitazione prevista dalla Camera di Commercio Industria Artigianato Agricoltura di Brescia - Law Regione Veneto, Law 48/93 – Finlombarda, L.R. Lombardia 34/96 e L.R. Lombardia 35/96 – Regione Emilia Romagna, L.R. 9/94 Serv.Ind. – Fidi Toscana (1 e 2 L.R. 27/93 e L.R. 84/96) - Legge Regionale Umbria Artigiani, Law 5B/98- Misure di Razionalizzazione della Finanza, Law 662/96 - Legge Regionale Umbria, Ob. 2 Az. 1 -

Legge Regionale Lazio, Law 29/96 – Agevolazione Finanziaria, Agevolazione per gli Investimenti nelle Aree Svantaggiate, Law 388/2000 - Legge Sabatini 1329/65 Emilia Romagna. With reference to the Purchase of Subsequent Portfolios, this Eligibility Criteria (xiii), will be replaced by the following Criteria: “the Lease Contracts have not been granted under any subsidy law (“*legge di agevolazione*”) with exception for the following: Law 240/81 (Artigiancassa), Law 341/95 and Law 266/97 (Incentivi Automatici), Law 488/92 (Nuovi Incentivi Turismo Commercio e Industria) and Law 598/94, as subsequently amended (Innovazione Tecnologica e Tutela Ambientale)”.

Conditions for Purchase of Subsequent Portfolios

During the Revolving Period, the Receivables selection will be subject to the Eligibility Criteria. In addition, in order to mitigate the effect that the Receivables comprised in Subsequent Portfolios might have on the quality of the total Portfolio, under the Master Receivables Purchase Agreement, the Issuer will purchase Receivables related to each Pool during the relevant period, if:

(1) with reference to each Pool:

A) the Pool Default Ratio and the Pool Delinquency Ratio for the Receivables comprised into the Portfolio before the purchase of each Subsequent Portfolio has not exceeded, during and at the end of, respectively, the immediately preceding Quarterly Collection Period, the following ratios:

Pool	Pool Delinquency Ratio	Pool Default Ratio
Pool No.1	11.55%	1.25%
Pool No.2	6.00%	0.80%
Pool No.3	8.00%	1.85%

B) in case of floating rate Lease Contracts included in the Subsequent Portfolio, the minimum weighted average spread (in respect of the Outstanding Principal) over the relevant Index Rate shall be at least equal to 2.6% for Pool No.1, 1.8% for Pool No.2 and 1.5% for Pool No.3;

C) in case of fixed rate Lease Contracts included in the Subsequent Portfolio, the difference between the weighted average rate (in respect of the Outstanding Principal) and the fixed rate of interest provided according to the relevant Hedging Agreement shall be at least equal to 4.7% for Pool No.1, 4.3% for Pool No.2 and 4.0% for Pool No.3;

(2) the Weighted Average Internal Margin for each Subsequent Portfolio shall be at least 3.1%;

(3) following the purchase of the relevant Subsequent Portfolio:

A) the Receivables included in the Collateral Portfolio relating to each single Lessee do not account for more than 1% of the Collateral Portfolio;

B) the Receivables included in the Collateral Portfolio relating to the ten largest Lessees do not account for more than 6% of the Collateral Portfolio;

C) the Receivables included in the Collateral Portfolio relating to Lessees domiciled in Southern Italy do not account for more than 11% of the Collateral Portfolio;

D) the Receivables included in the Collateral Portfolio relating to each single Pool:

(i) for Pool 1 do not exceed 15% of Total Collateral Portfolio;

(ii) for Pool 2 do not exceed 40% of Total Collateral Portfolio;

(iii) for Pool 3 do not exceed 75% of Total Collateral Portfolio.

E) On each Interest Payment Date referred to below, the Collateral Portfolio Outstanding Amount, divided by the Collateral Portfolio Outstanding Amount as at the Effective Date, shall not be greater than the following percentages:

Interest Payment Date	March	June	September	December
2004	100.00%	100.00%	97.50%	95.00%
2005	92.50%	90.00%	87.50%	85.00%
2006	82.50%	80.00%	77.50%	75.00%
2007	72.50%	70.00%	67.50%	65.00%
2008	62.50%	60.00%	57.50%	55.00%
2009	52.50%	50.00%	47.50%	45.00%
2010	42.50%	40.00%	37.50%	35.00%
2011	32.50%	30.00%	27.50%	25.00%
2012	22.50%	20.00%	17.50%	15.00%
2013	12.50%	10.00%	7.50%	5.00%
2014	2.50%	0.00%	0.00%	0.00%

General Description of the Initial Portfolio

The Initial Portfolio comprises Receivables arising out of 19,843 Lease Contracts for an aggregate financed amount of Euro 2,091,036,479.99 and an Outstanding Principal of Euro 1,247,487,738.49 as of 31st December 2002.

The average original financed amount is Euro 105,379.05. There is no single contract with an Outstanding Principal amount greater than Euro 9,176,508.34. There are no Lessees who have an Outstanding Principal amount of more than Euro 11,771,241.19. All the Lease Contracts have monthly Instalments.

Specific Details of the Initial Portfolio

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

- Table 1 - Breakdown of Number of Contracts and Outstanding Principal by Pool
- Table 2 - Breakdown of Number of Contracts and Outstanding Principal by Residual Life
- Table 3 - Breakdown of Number of Contracts and Outstanding Principal by Type of Interest Rate
- Table 4 - Breakdown of Number of Contracts and Outstanding Principal by Pool and Range of Outstanding Principal
- Table 5 - Breakdown of Number of Contracts and Outstanding Principal by Region and Geographical Area
- Table 6 - Breakdown of Number of Contracts and Outstanding Principal by Economic Activity Sector
- Table 7 - Breakdown of Number of Contracts and Outstanding Principal by Subsidy's Typology

TABLE 1**BREAKDOWN OF NUMBER OF CONTRACTS AND OUTSTANDING PRINCIPAL BY POOL***Amounts in Euro*

Pool	Number of Contracts	%	Outstanding Principal*	%
Pool No.1 (Motor-vehicles).....	6,828	34.41%	114,639,621.38	9.19%
Pool No.2 (Equipment).....	11,693	58.93%	487,208,780.79	39.06%
Pool No.3 (Real Estate).....	1,322	6.66%	645,639,336.32	51.76%
TOTAL	19,843	100%	1,247,487,738.49	100%

*Outstanding Principal as of 31st December 2002**TABLE 2****BREAKDOWN OF NUMBER OF CONTRACTS AND OUTSTANDING PRINCIPAL BY RESIDUAL LIFE***Amounts in Euro*

Months	Number of Contracts	%	Outstanding Principal*	%
00-12.....	3,282	16.54%	21,996,038.49	1.76%
13-24.....	5,079	25.60%	100,846,550.15	8.08%
25-30.....	2,815	14.19%	90,609,936.71	7.26%
31-36.....	2,247	11.32%	96,615,720.04	7.74%
37-48.....	3,430	17.29%	204,324,961.45	16.38%
49-60.....	1,962	9.89%	176,956,709.58	14.19%
61-96.....	728	3.67%	332,565,612.83	26.66%
Over 96.....	300	1.51%	223,572,209.24	17.92%
TOTAL	19,843	100%	1,247,487,738.49	100%

*Outstanding Principal as of 31st December 2002

TABLE 3**BREAKDOWN OF NUMBER OF CONTRACTS AND OUTSTANDING PRINCIPAL BY TYPE OF INTEREST RATE***Amounts in Euro*

Pool	Number of Contracts	%	Outstanding Principal*	%
Fixed Rate.....	9,132	46.02%	181,199,734.98	14.53%
Floating Rate.....	10,711	53.98%	1,066,288,003.51	85.47%
TOTAL	19,843	100%	1,247,487,738.49	100%

*Outstanding Principal as of 31st December 2002**TABLE 4****BREAKDOWN OF NUMBER OF CONTRACTS AND OUTSTANDING PRINCIPAL BY POOL AND RANGE OF OUTSTANDING PRINCIPAL***Amounts in Euro*

Range (Euro/Thousand)	Pool 1		Pool 2		Pool 3	
	No. of Contracts	Outstanding Principal	No. of Contracts	Outstanding Principal*	No. of Contracts	Outstanding Principal
0-26.....	5,648	57,880,416.20	6,884	76,509,524.74	20	314,041.24
26-52.....	764	27,957,860.60	2,247	83,697,301.15	83	3,275,227.54
52-103.....	408	27,945,259.33	1,497	108,515,046.97	220	16,703,031.41
103-258....	8	856,085.25	836	128,608,419.97	402	67,023,410.47
258-516...	0	0	193	68,315,691.28	258	96,326,955.73
516-1,549.	0	0	36	21,562,796.68	250	221,814,053.24
Over 1,549	0	0	0	0	89	240,182,616.69
TOTAL	6,828	114,639,621.38	11,693	487,208,780.79	1,322	645,639,336.32

*Outstanding Principal as of 31st December 2002

TABLE 5

BREAKDOWN OF NUMBER OF CONTRACTS AND OUTSTANDING PRINCIPAL BY REGION AND GEOGRAPHICAL AREA

Amounts in Euro

Regions	Number of Contracts	%	Outstanding Principal*	%
Valle d' Aosta.....	15	0.08%	683,601.24	0.05%
Piemonte.....	1,626	8.19%	104,001,666.66	8.34%
Liguria.....	1,262	6.36%	59,88,987.58	4.80%
Lombardia.....	3,138	15.81%	251,175,242.81	20.13%
Trentino AA.....	115	0.58%	19,049,458.56	1.53%
Veneto.....	3,067	15.46%	284,996,546.94	22.85%
Friuli VG.....	478	2.41%	26,460,258.15	2.12%
Emilia Romagna.....	1,276	6.43%	92,038,481.23	7.38%
Northern Italy	10,977	55.32%	838,287,425.17	67.20%
Toscana.....	1,518	7.65%	102,478,770.28	8.21%
Umbria.....	425	2.14%	16,451,632.04	1.32%
Marche.....	1,464	7.38%	72,399,793.20	5.80%
Lazio.....	1,770	8.92%	78,465,425.05	6.29%
Abruzzo.....	316	1.59%	9,504,387.62	0.76%
Molise.....	55	0.28%	2,748,776.07	0.22%
Central Italy	5,548	27.96%	282,048,784.26	22.61%
Campania.....	620	3.12%	26,239,289.26	2.10%
Puglia.....	1,179	5.94%	44,281,247.99	3.55%
Basilicata.....	105	0.53%	4,302,332.30	0.34%
Calabria.....	267	1.35%	9,628,635.92	0.77%
Sicilia.....	884	4.45%	27,466,812.25	2.20%
Sardegna.....	263	1.33%	15,233,211.34	1.22%
Southern Italy	3,318	16.72%	127,151,529.06	10.19%
TOTAL	19,843	100%	1,247,487,738.49	100%

*Outstanding Principal as of 31st December 2002

TABLE 6

BREAKDOWN OF NUMBER OF CONTRACTS AND OUTSTANDING PRINCIPAL BY ECONOMIC ACTIVITY SECTOR

Amounts in Euro

Industry	Number of Contracts	%	Outstanding Principal*	%
Other sales and distribution services...	4,329	21.82%	242,185,627.97	19.41%
Non industrial.....	82	0.41%	3,463,561.32	0.28%
Wholesale and retail trade.....	2,446	12.33%	166,383,077.07	13.34%
Building and construction industry.....	2,667	13.44%	100,498,224.81	8.06%
Transportation services.....	1,550	7.81%	75,243,697.40	6.03%
Food, beverages, tobacco.....	1,141	5.75%	39,775,250.65	3.19%
Electronics, electrical goods, EDP.....	861	4.34%	64,929,350.33	5.20%
Hotels and public services.....	450	4.34%	31,633,239.83	2.54%
Chemicals.....	249	1.25%	25,986,770.84	2.08%
Miscellaneous industrial products.....	663	3.34%	38,366,515.24	3.08%
Textiles, footwear, clothing.....	1,071	5.40%	84,609,403.71	6.78%
Metal goods excluding machinery and transport.....	1,251	6.30%	117,903,370.95	9.45%
Communications.....	4	0.02%	333,997.75	0.03%
Industrial and agricultural machinery...	848	4.27%	83,894,053.79	6.73%
Mining, minerals.....	541	2.73%	43,301,235.47	3.47%
Transport.....	331	1.67%	24,036,680.48	1.93%
Rubber, plastic.....	473	2.38%	45,430,227.89	3.64%
Metals.....	149	0.75%	9,445,587.85	0.76%
Agriculture, forestry, fisheries.....	221	1.11%	8,593,568.20	0.69%
Paper, printing, publishing.....	456	2.30%	38,664,986.08	3.10%
Oil and gas.....	60	0.30%	2,809,310.86	0.23%
TOTAL	19,843	100%	1,247,487,738.49	100%

*Outstanding Principal as of 31st December 2002

TABLE 7

**BREAKDOWN OF NUMBER OF CONTRACTS AND OUTSTANDING PRINCIPAL BY
SUBSIDY'S TYPOLOGY**

Amounts in Euro

Subsidy	Number of Contracts	%	Outstanding Principal*	%
Not Subsidized.....	16,686	84.09%	1,113,923,511.95	89.29%
Law 240/81 (Artigiancassa).....	2,248	11.33%	52,669,684.09	4.22%
Law 341/95 (Incentivi Automatici).....	248	1.25%	10,146,932.98	0.81%
Law 488/92.....	104	0.52%	15,257,430.79	1.22%
Law 488/92 (Nuovi Incentivi).....	295	1.49%	29,535,920.01	2.37%
Law 598/94 (Innovazione Tecnologica e Tutela Ambientale).....	262	1.32%	25,954,258.67	2.08%
TOTAL	19,843	100%	1,247,487,738.49	100%

*Outstanding Principal as of 31st December 2002

During the Revolving Period on each Interest Payment Date, the Issue will purchase a Subsequent Portfolio from Locafit, subject to certain conditions. Although the Subsequent Portfolios shall satisfy certain Eligibility Criteria, there can be no assurances that such Subsequent Portfolios will have the same characteristics as the Initial Portfolio described in the preceding tables.

Performance Analysis

The following tables set forth the default experience of Locafit in respect of its lease receivables.

Table A - Locafit Gross Default Experience by Pool and by Year

Table B - Static Pool Analysis

Table C - Recovery Analysis

TABLE A

**LOCAFIT GROSS DEFAULT EXPERIENCE BY POOL AND BY YEAR GROSS
DEFAULT AMOUNTS BY HALF YEAR OF DEFAULT
(AS A % OF AVERAGE POOL OUTSTANDING AMOUNT IN EACH HALF YEAR)**

Pool	1998		1999		2000		2001		2002	
	2 nd	1 st	2 nd	1 st	2 nd	1 st	2 nd	1 st	2 nd	1 st
	Half	Half	Half	Half	Half	Half	Half	Half	Half	Half
Pool No. 1 (Motor-vehicles)	0.20%	0.44%	0.28%	0.39%	0.37%	0.52%	0.78%	0.69%	0.57%	0.69%
Pool No. 2 (Equipment)	0.32%	0.26%	0.36%	0.74%	0.50%	0.57%	0.69%	0.51%	0.44%	0.68%
Pool No. 3 (Real Estate)	0.00%	0.32%	0.36%	0.40%	0.24%	0.08%	0.10%	0.36%	0.14%	0.30%
Total Portfolio	0.21%	0.29%	0.36%	0.58%	0.38%	0.34%	0.42%	0.45%	0.29%	0.47%

TABLE B

STATIC POOL ANALYSIS: OUTSTANDING AT DEFAULT DATE

Total Portfolio

Amounts in Euro as at 30th June 2002

Year of origination	Production: Financed Amount	Time of default from origination to default date (in years)								
		1	2	3	4	5	6	7	8	Total
1995	302,351,944	0.30%	0.50%	0.52%	0.88%	0.07%	0.16%	0.00%	0.00%	2.44%
1996	311,892,532	0.29%	0.90%	0.55%	0.31%	0.24%	0.01%	0.00%		2.30%
1997	359,298,122	0.13%	0.86%	0.47%	0.31%	0.14%	0.00%			1.91%
1998	551,715,228	0.34%	0.63%	0.91%	0.72%	0.11%				2.72%
1999	674,299,516	0.34%	0.74%	0.88%	0.05%					2.01%
2000	868,201,664	0.26%	0.74%	0.06%						1.06%
2001	1,312,559,736	0.23%	0.14%							0.37%
2002*	566,606,921	0.00%								0.00%

** as at 30th June 2002*

Pool No. 1: Motor-vehicles

Amounts in Euro as at 30th June 2002

Year of origination	Production: Financed Amount	Time of default from origination to default date (in years)								
		1	2	3	4	5	6	7	8	Total
1995	12,973,055	0.32%	0.36%	0.66%	0.25%	0.10%	0.00%	0.00%	0.00%	1.70%
1996	20,345,182	0.17%	0.87%	0.71%	0.10%	0.15%	0.00%	0.00%		2.00%
1997	24,806,711	0.17%	0.59%	0.21%	0.05%	0.13%	0.00%			1.15%
1998	56,377,674	0.29%	1.27%	0.50%	0.14%	0.02%				2.22%
1999	90,830,770	0.61%	1.24%	0.49%	0.07%					2.41%
2000	110,564,069	0.64%	0.96%	0.04%						1.64%
2001	119,175,810	0.45%	0.35%							0.80%
2002*	68,338,285	0.00%								0.00%

* as at 30th June 2002

Pool No. 2: Equipment

Amounts in Euro as at 30th June 2002

Year of origination	Production: Financed Amount	Time of default from origination to default date (in years)								
		1	2	3	4	5	6	7	8	Total
1995	198,566,715	0.44%	0.73%	0.46%	0.57%	0.07%	0.02%	0.00%	0.00%	2.29%
1996	201,726,453	0.33%	0.87%	0.53%	0.46%	0.35%	0.01%	0.00%		2.56%
1997	219,907,147	0.20%	0.81%	0.74%	0.45%	0.11%	0.01%			2.31%
1998	292,240,191	0.48%	0.80%	1.41%	0.27%	0.06%				3.01%
1999	322,584,568	0.53%	0.99%	0.66%	0.08%					2.26%
2000	388,143,475	0.41%	0.90%	0.11%						1.43%
2001	506,390,630	0.44%	0.21%							0.65%
2002*	209,106,305	0.00%								0.00%

* as at 30th June 2002

Pool No. 3: Real Estate

Amounts in Euro as at 30th June 2002

Year of origination	Production: Financed Amount	Time of default from origination to default date (in years)								
		1	2	3	4	5	6	7	8	Total
1995	90,812,174	0.00%	0.00%	0.62%	1.65%	0.08%	0.51%	0.00%	0.00%	2.85%
1996	89,820,897	0.24%	0.96%	0.58%	0.00%	0.00%	0.00%	0.00%		1.77%
1997	114,584,204	0.00%	1.01%	0.00%	0.09%	0.21%	0.00%			1.32%
1998	203,097,363	0.15%	0.23%	0.31%	1.53%	0.22%				2.43%
1999	260,884,179	0.00%	0.27%	1.28%	0.00%					1.55%
2000	369,494,120	0.00%	0.50%	0.00%						0.50%
2001	686,993,396	0.04%	0.05%							0.09%
2002*	289,162,331	0.00%								0.00%

* as at 30th June 2002

TABLE C
RECOVERY ANALYSIS
RECOVERIES FROM ASSET SALE AND OTHER RECOVERIES

Total Portfolio

Amounts in Euro as at 30th June 2002

Year of Default	Credit Outst. at the Default Date	Time of recovery from the default date to the recovery date (months)						Total
		1 - 6	6 - 12	12 - 18	18 - 24	24 - 30	>30	
1995	447,185	15.72%	12.13%	0.00%	25.60%	0.00%	5.24%	58.68%
1996	1,494,057	6.16%	8.60%	4.41%	4.22%	13.53%	12.40%	49.32%
1997	3,135,635	15.00%	20.67%	13.54%	7.86%	3.21%	1.68%	61.96%
1998	5,725,579	16.73%	18.11%	6.77%	1.07%	8.37%	20.44%	71.48%
1999	11,653,186	38.35%	11.95%	5.44%	16.00%	1.08%	1.13%	73.95%
2000	12,564,970	26.94%	9.09%	6.45%	4.93%	0.39%		47.81%
2001	15,908,285	15.93%	5.18%	1.96%				23.07%
2002*	13,035,506	5.73%						5.73%

** as at 30th June 2002*

Pool No.1: Motor-vehicles

Amounts in Euro as at 30th June 2002

Year of Default	Credit Outst. at the Default Date	Time of recovery from the default date to the recovery date (months)						Total
		1 - 6	6 - 12	12 - 18	18 - 24	24 - 30	>30	
1995	13,889	96.19%	0.00%	0.00%	0.00%	0.00%	0.00%	96.19%
1996	45,279	19.17%	0.00%	29.66%	18.06%	0.00%	0.00%	66.89%
1997	205,475	29.43%	45.43%	8.29%	4.99%	3.78%	2.81%	94.74%
1998	385,224	31.76%	14.02%	9.91%	3.70%	8.04%	0.00%	67.43%
1999	732,080	33.59%	15.93%	10.58%	4.54%	0.43%	0.07%	65.15%
2000	1,921,427	25.52%	17.79%	10.92%	4.77%	0.31%		59.31%
2001	2,338,956	26.78%	10.08%	2.24%				39.10%
2002*	1,479,491	20.13%						20.13%

** as at 30th June 2002*

Pool No.2: Equipment

Amounts in Euro as at 30th June 2002

Year of Default	Credit Outst. at the Default Date	Time of recovery from the default date to the recovery date (months)						Total
		1 - 6	6 - 12	12 - 18	18 - 24	24 - 30	>30	
1995	433,296	13.14%	12.52%	0.00%	26.42%	0.00%	5.40%	57.48%
1996	1,448,778	5.75%	8.87%	3.62%	3.79%	13.96%	12.79%	48.78%
1997	2,713,869	15.08%	12.50%	15.02%	8.71%	3.42%	1.73%	56.46%
1998	3,185,627	25.30%	24.97%	10.54%	1.47%	2.39%	2.72%	67.39%
1999	7,706,836	26.08%	13.74%	7.22%	8.35%	1.59%	1.70%	58.69%
2000	9,255,291	25.85%	8.05%	6.06%	5.63%	0.43%		46.01%
2001	8,183,070	21.80%	6.98%	3.16%				31.95%
2002*	6,799,001	4.59%						4.59%

** as at 30th June 2002*

Pool No.3: Real Estate*Amounts in Euro as at 30th June 2002*

Year of Default	Credit Outst. at the Default Date	Time of recovery from the default date to the recovery date (months)						Total
		1 - 6	6 - 12	12 - 18	18 - 24	24 - 30	>30	
1995								
1996								
1997	216,292	0.37%	99.58%	0.00%	0.00%	0.00%	0.00%	99.95%
1998	2,154,729	1.36%	8.71%	0.63%	0.00%	17.26%	50.29%	78.25%
1999	3,214,269	68.86%	6.75%	0.00%	36.96%	0.00%	0.00%	112.56%
2000	1,388,252	36.15%	4.05%	2.91%	0.47%	0.28%		43.87%
2001	5,386,259	2.28%	0.33%	0.00%				2.62%
2002*	4,757,014	2.88%						2.88%

** as at 30th June 2002*

EXPECTED AVERAGE LIFE OF THE SENIOR AND MEZZANINE NOTES

Weighted average life refers to the average amount of time that will elapse from the date of issuance of a security to the date of distribution to the investor of amounts distributed in net reduction of principal of such security (assuming no losses). The weighted average life of the Senior and Mezzanine Notes will be influenced by, *inter alia*, the actual rate of collection of the Receivables.

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

The following table shows the weighted average life and the expected maturity of the Senior and Mezzanine Notes and has been prepared based on characteristics of the Receivables included in the Portfolio and on the following additional assumptions:

- (i) no Purchase Termination Event or Trigger Event occur in respect to the Notes;
- (ii) assumption for default rate, delinquency rate, prepayment rate and recovery rate at historical level;
- (iii) repayment of principal under the Senior and Mezzanine Notes occurs from the Interest Payment Date falling in September 2004;
- (iv) the Clean Up Option is exercised.

	Expected Average Life
Series 1-A1 Notes	2.2 years
Series 1-A2 Notes	4.5 years
Series 1-B Notes	6.9 years
Series 1-C Notes	6.9 years

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

Reliance should not be made upon the above forecast since it is based on many unpredictable assumptions.

USE OF PROCEEDS

The net proceeds from the issue of the Notes, being approximately € 1,240,679,775.00, will be applied by the Issuer to pay the Purchase Price for the Initial Portfolio payable on the Issue Date, pursuant to the Master Receivables Purchase Agreement.

THE ISSUER

Introduction

The Issuer was incorporated in the Republic of Italy pursuant to the Securitisation Law as a limited liability company on 23rd November 2001 under the name of Aristarco Finance S.r.l. (renamed Vela Lease S.r.l. pursuant to a resolution of the Issuer's Quotaholders' meeting dated 10th October 2002) registered in the register of companies of Treviso and in the special register held by the Bank of Italy pursuant to Article 107 of the Banking Act. Since the date of its incorporation the Issuer has not engaged in any business other than the purchase of the Initial Portfolio. No indebtedness, other than the Issuer's costs and expenses of incorporation and current expenses, has been incurred by the Issuer. The Issuer has no employees.

The authorised and issued capital of the Issuer is € 10,000 fully paid up divided into 3 quotas as follows:

- Finanziaria Internazionale Securitisation Group, a quota equal to 80% of the capital;
- Finanziaria Internazionale Holding, a quota equal to 11% of the capital; and
- Locafit, a quota equal to 9% of the capital.

Principal Activities

The principal corporate purpose of the Issuer, as set out in Article 2 of its by-laws (*statuto*) and as provided for in the Securitisation Law, is to perform securitisation transactions (*operazioni di cartolarizzazione*). The Issuer has been established as a multi-purpose vehicle and accordingly may carry out other securitisation transactions in addition to the one contemplated in this Offering Circular, subject to restrictions, which are detailed in Condition 3.

So long as any of the Notes remain outstanding, the Issuer shall not be entitled to incur any other indebtedness or engage in any business, pay any dividends, repay or otherwise pay back any equity capital, establish any subsidiaries, hire employees or have premises, consolidate or merge with any other entity or convey or transfer its property or assets to any entity (otherwise than as contemplated in the Conditions) or increase its capital, except as provided under the Conditions and the Transaction Documents.

Directors

The Directors of the Issuer are Mr. Andrea Perin, Mr. Luigi Bussi and Mr. Carmelo Larosa, who were appointed for three years and will remain in charge until the approval of the balance sheet for the year ending on 31st December 2004.

The Issuer's registered office is located at Via Vittorio Alfieri No. 1, 31015 Conegliano (TV), Italy.

Auditors

The external qualified accountant to the Issuer is Dott. Lino De Luca, whose business address is Via Vittorio Alfieri, 1, 31015 Conegliano (TV) Italy.

Capitalisation and Indebtedness Statement

The capitalisation of the Issuer at the date of this Offering Circular and its liabilities for the issuance of the Notes, pursuant to the regulations issued by the Bank of Italy on 22nd March 2000 will be shown in the “*Nota integrativa*” to the balance sheet of the Issuer, is as follows:

Capital

3 quotas for an aggregate amount of € 10,000 fully paid up as stated

in the balance sheet of the Issuer as of 31st December 2003 € 10,000

Borrowings

Note € 1,242,850,000.00

The issuance of the Notes will be reported as an off balance sheet liability in the “*Nota integrativa*” to the financial statements of the Issuer at the Issue Date as follows:

Off-balance sheet assets and liabilities

A. Asset securitised under the Initial Portfolio € 1,247,487,738.49

B. Total Securities issued: € 1,242,850,000.00

The Series 1-A1 Notes: € 537,000,000.00

The Series 1-A2 Notes: € 605,500,000.00

The Series 1-B Notes: € 64,000,000.00

The Series 1-C Notes: € 23,000,000.00

The Series 1-D Notes: € 13,350,000.00

As of the date of this Offering Circular the Issuer has no loan capital outstanding, term loans outstanding and no other borrowings or indebtedness in the nature of borrowing nor any contingent liabilities or guarantees.

Independent Auditors' Report

The following is the text of a report to be sent to the Directors of the Issuer by Dott. Lino De Luca, external qualified accountant to the Issuer. The Issuer's accounting reference date will be 31st December of each year, with the first statutory accounts that will be drawn up to 31st December 2002. The current financial period of the Issuer will end on 31st December 2002.

“To:

Vela Lease S.r.l. (the “Issuer”)

Via Vittorio Alfieri, 1

31015 Conegliano (Treviso)

To the kind attention of Mr. Andrea Perin, Mr. Luigi Bussi and Mr. Carmelo Larosa

January 31st, 2003

Dear Sirs,

I report in connection with the issue by Vela Lease S.r.l. of € 537,000,000.00 Series 2003-1-A1 Asset Backed Floating Rate Notes due December 2015, € 605,500,000.00 Series 2003-1-A2 Asset Backed Floating Rate Notes due December 2015, € 64,000,000.00 Series 2003-1-B Asset Backed Floating Rate Notes due December 2015, € 23,000,000.00 Series 2003-1-C Asset Backed Floating Rate Notes due December 2015 and € 13,350,000.00 Series 2003-1-D Asset Backed Floating Rate Notes due December 2015 (together the “**Notes**”) referred to in the Offering Circular dated 31st January 2003 in relation thereto (the “**Offering Circular**”).

Terms not otherwise defined herein shall have the meaning ascribed to them in the Offering Circular.

The financial information set out below is based on the non-statutory financial statements of the Issuer for the period from incorporation on 23rd November 2001 to 31st January 2003 (the “**financial statements**”), to which no adjustments were considered necessary.

The financial statements are the responsibility of the Directors of the Issuer who approved their issue. The Issuer is also responsible for the contents of the Offering Circular in which this report is included.

It is my responsibility to compile the financial information set out in my report from the financial statements, to form an opinion on the financial information and to report my opinion to you. I have conducted my work in accordance with Italian generally accepted accounting principles and reporting practices. My work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

I planned and performed my work so as to obtain all the information and explanations which I considered necessary, in order to provide me with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

In my opinion the financial information set out below gives, for the purposes of the Offering Circular, a true and fair view of the state of affairs of the Issuer as at 31st January 2003.

Statement of Current Assets and Capital and Reserves as at January 31st, 2003

	31/01/2003	31/12/2002
Current Assets	Euro	Euro
Cash and due from banks	€ 321	€ 326
Start up Cost	€ 2,608	€ 2,608
Other assets	€ 7,810	€ 7,805
Total	€ 10,739	€ 10,739
Current Liability and Capital	Euro	Euro
Capital	€ 10,000	€ 10,000
Liability	€ 739	€ 739
Total	€ 10,739	€ 10,739
The Portfolio	€ 1,214,729,137	

Notes to the statement:

1. Basis of Preparation

The statement has been prepared under the historical cost criteria and in accordance with applicable accounting standards.

2. Trading Activity

Excepted the purchase of the Initial Portfolio pursuant to the Master Receivables Purchase Agreement, the Issuer has not carried out any trading activity during the period from 23rd November 2001 to 31st January 2003, nor did it have any income, incur in any expenses (other than the Issuer's costs and expenses of incorporation and costs related to the purchase of the Initial Portfolio recorded as credits towards the securitisation transaction) or pay any dividends.

3. Capital

The Issuer was incorporated on 23rd November 2001.

The called up and paid up capital of the Issuer amounts to Euro 10,000 divided into three quotas of Euro 8,000, Euro 1,100, and Euro 900 respectively.

4. The Portfolio

The Portfolio was purchased by the Issuer from Locafit on 16th October 2002 and it comprises lease receivables arising out of lease contracts between Locafit, as lessor, and certain obligors for the leasing of certain equipment or machinery or real estate property or motor cars, trucks and other motor-vehicles.

The Portfolio is not included within the “*Current Assets and Capital and Reserves*” stated above in accordance with Italian Law n.130 of 30th April 1999, which provides that securitisation transactions have to be indicated *off-balance sheet*.

5. Collections on Portfolio

The collections and recovery on the Portfolio from 16th October 2002 to 31st January 2003 and any other events are not reflected in the non-statutory financial statements, the amounts collected and recovered have been and will be transferred to the Issuer’s account on or before the Issue Date in accordance with the Servicing Agreement.

Yours faithfully,

Dott. Lino De Luca

(Public Certified Accountant)’

LOCAFIT S.P.A.

Historic Overview

Locafit S.p.A. (*Locazione Macchinari Industriali S.p.A.*) was one of the first companies undertake leasing business in Italy. It was incorporated on the 4th December 1969 with an initial share capital of ITL 100,000,000 owned by Locafrance (55%), Efibanca S.p.A. (25%), Banca Nazionale del Lavoro Holding (10%) and Société Financière Européenne Luxembourg (10%).

Subsequently the entire share capital of Locafit was acquired by BNL Group, which already held interests in Locatrice Italiana S.p.A., the first leasing company founded in Italy in 1963.

In the 80's the BNL Group developed its activity in many leasing sectors. In the 90's Locafit, as a sub-holding of the BNL Group, incorporated some of the BNL's leasing companies (Locafit Centro, Leasing Artigiano S.p.A., Federconsorzi Leasing and Sud Leasing), providing leasing services in different sectors (as, *inter alia*, financial leasing, transport, real estate, export leasing).

As of 30th June 2002, Locafit's share capital was Euro 110,000,000, comprising 110,000,000 shares of Euro 1.00 each.

Leasing Market in Italy

According to Assilea (the trade association of Italian leasing companies), the Italian leasing market continued to grow in 2001, showing only a slight and gradual deceleration with respect to the expansion recorded in 1999 (+ 27%) and in 2000 (+20.5%). The total value of new leasing contracts executed in 2001 was around Euro 32,261,690 million, an increase of 20.5 percent compared to the previous year. According to Assilea, the value of contracts executed for the first semester 2002 was Euro 15,921 million for 211,271 new contracts. This shows an increase in the leasing market of 4.95% compared to the first semester 2001.

In 2001, the trends of business in the various market sectors (cars and trucks, equipment and real estate) were more or less in line with the average of previous years. In terms of contracts finalised, real estate leases were 37% higher, equipment leases were 10.6% higher and car and truck leases were 11.4% higher.

Locafit's market position

According to Assilea, Locafit continues to rank 6th on the Italian market by value of contracts as of September 2002 (Euro 1.056,50 million), with a 4.50% market share.

As of September 2002 the real estate segment represents 51.1% of the total value of the contracts executed by Locafit and confirms Locafit leadership in the real estate market, the equipment segment represents 34.7% and the transport segment 11.8% of the total value of the contracts executed by Locafit.

Contracts Executed by Locafit: Breakdown by Segment

Segment	2000		2001		% Change Difference in Value
	No of contracts	Value in Euro mn	No of contracts	Value in Euro mn	
Vehicles	4,040	133.42	3,999	141.17	5.81%
Equipment	6,234	506.63	6,052	629.25	24.20%
Real Estate	642	577.27	644	905.11	56.79%
Other	23	74.00	25	14.27	-80.71%
Total	10,939	1,291.33	10,720	1,689.81	30.86%

From a geographic perspective, Locafit's activity covers the whole of Italy, but is predominant in the North, where 70% of the Italian leasing market is concentrated. Locafit's network consists of 10 branches, 9 agencies and 50 selling points.

It distributes its products through:

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

In 2001, Locafit generated 10,686 new leasing contracts for an aggregate value of Euro 1,689.84 million (a 30.80 % increase over 2000).

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

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

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

According to the terms of the Lease Contract, the Lessee is required to monitor the condition of the asset, vehicle or machine. All Lease Contracts require the Lessee to maintain the asset in good working order and condition and to bear all costs of managing and maintaining the asset (inclusive of payment of taxes and insurance against fire and theft). The insurance coverage obtained by the Lessee varies according to the specific type of asset covered, but in all cases the policy must expressly be in favour of Locafit. Such insurance coverage does not apply to ships and aircraft, the terms and conditions of which are decided on a case by case basis.

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

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

Shareholders

As of 30 June 2002, the sole shareholder of Locafit was BNL.

Board of Directors, Board of Statutory Auditors and Senior Management

The table below shows the members of Locafit's Board of Directors as of 30 June 2002:

Name	Position
Ademaro Lanzara	Chairman of the Board
Giovanni Calabretta	Vice-Chairman of the Board
Luigi Menegatti	Managing Director
Euclide Furia	Director
Marco Giovacchini	Director

The table below shows the members of the Board of Statutory Auditors as of 30 June 2002:

Name	Position
Lucio Mariani	Chairman of the Board
Giudo Nori	Auditor
Michele Carpaneda	Auditor
Luigi Capè	Auditor
Elisabetta Clerici	Auditor

Employees

As of 30th June 2002, Locafit employed 228 people. At that date, the work force included 7 executives and 117 middle managers, the remainder being clerical staff.

CREDIT AND COLLECTION POLICY

Main factors involved in the assessment process

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

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

Assessment of the principal parties involved in the transaction

a) Customer

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

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

In order to complete the assessment process, inquiries are also made with respect to protest status and with respect to the customer's position within the private data bases, CERVED and SEK (the latter of which is also known as 'Galassia').

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

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

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

Locafit currently has an automated system for the preparation of leasing proposals. This system, which is known as SIGEPRO (Sistema per the GESTione delle PROposte di leasing), allows, *inter alia*, the reclassification of customer financial statements.

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

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

b) Supplier

The person evaluating the proposal needs to check the following for each supplier:

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

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

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

Valuation of the assets

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

The relationship between the asset to be leased and Locafit's activity is also to be checked. The proposal thus needs to highlight the reasons for which the customer has decided for the investment. In particular, the person evaluating the proposal shall need to verify:

- (i) the *possibility of shifting* the asset to a production environment which is different from the environment proposed by the customer;
- (ii) the *recoverability* of the asset (inclusive of the costs of disassembly and transport costs), also taking into account the impact of any sublease or commodatum arrangements;

- (iii) the *maintenance of the value* of the asset for the purpose of assessing whether or not the asset itself would be a sufficient guarantee in the event of the customer's inability to pay out the lease.

a) Personal property

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

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

b) Real estate

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

Internal assessment of creditworthiness

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

Direct business

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

The credit approval process involves the phases indicated hereunder.

a) Phase 1: Collection of data relative to the leasing proposals

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

The leasing proposal is filed in the system. Thereafter, the person evaluating the proposal must also enter the outcome of such file. The system has been designed to allow the Locafit network to review the outcome of previous applications (which can be viewed by inputting the reference data for the potential customer).

b) Phase 2: Determination of the person to approve the transaction

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

Overall risk includes:

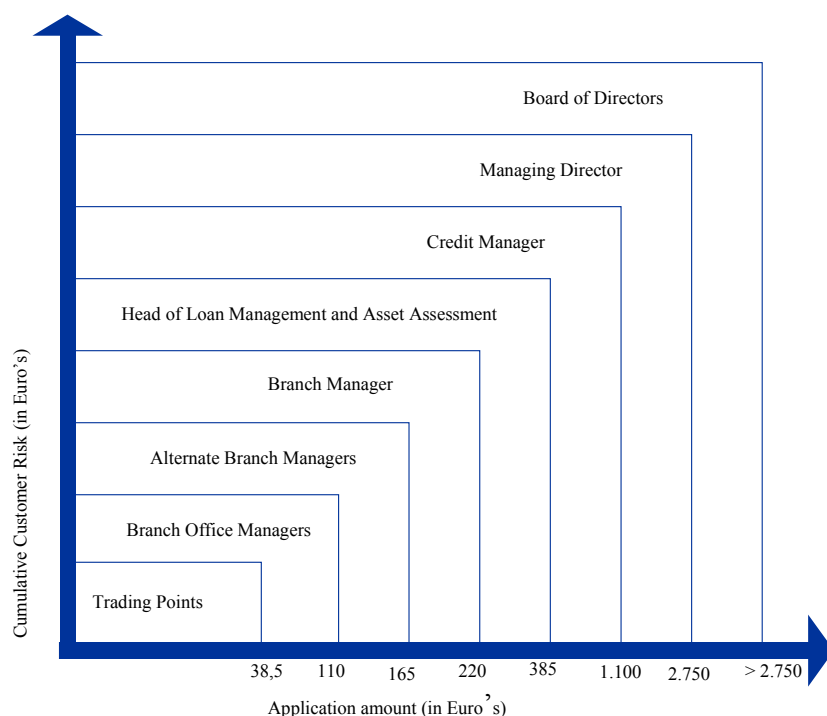
- (i) existing risk (the outstanding value of all current transactions with the same customer);
- (ii) the risk esteemed for the requested transaction (the investment for the requested transaction);
- (iii) the related risk (the outstanding value of all transactions in effect with persons related to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

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

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

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

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



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

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

c) Phase 3: Approval

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

At the time of approval, the board of directors or the manager may decide to modify the proposal and any such modifications will need to be accepted by the customer.

The details of the approval are then communicated by the marketing office to the customer and to the person who referred the transaction, if the proposal was submitted by an indirect distribution channel.

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

In the event the transaction is approved of, the status of the proposal is adjourned and filed as "Approved" in the application processing system.

d) Phase 4: Execution of the Contract

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

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

e) Phase 5: Sending of the purchase order to the supplier

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

f) Phase 6: Record of delivery

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

g) Phase 7: Payment to the supplier

Locafit pays the amount due to the supplier only upon receipt of the record of delivery, which shall be countersigned as indicated above.

Business sourced through BNL

Should the contract be sourced through BNL (Banca Leasing), and should it meet the specific criteria (see below), the approval process is delegated to an intermediary (an employee of the bank).

The authority vested for approval of the transactions sourced by BNL (Banca Leasing) is limited to the granting of vehicle leases and leases for capital goods, with an initial investment not higher than EUR 137,500. Business provided by such network excludes the lease of assets that do not possess sufficient characteristics of fungibility (e.g. computers, software, furnishings, industrial dies, HVAC systems, etc. and used assets).

The bank employee vested for the approval is guided through the Banca Leasing program by a series of standard formats that provide assistance in the process of completion of the proposal.

During the preparation of a leasing application sourced by the Locafit network, the Banca Leasing program allows access to the following databases in order to determine creditworthiness:

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

For transactions with value between EUR 137,500 and EUR 275,000, the BNL branch employee submits the proposal with his general evaluation to the bank's area manager, while the contract is drafted by the Locafit branch responsible.

Any applications for transactions amounting to more than EUR 275,000 are referred to the Locafit branch responsible.

Business sourced through indirect channels

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

Such network may only submit the gathered proposals, while Locafit shall directly handle the approval process.

Accordingly, the approval process for such transactions is identical to the procedure outlined above for direct business.

An automated system known as "SIC" is now being developed for the processing of proposals. This system:

- (i) will have an automated interface with the BNL Group's central system;
- (ii) will search all data bases available in an automated manner;
- (iii) will substitute much of the manual processing work now needed in order to prepare the leasing proposals because of the ability of the new system to automatically insert any existing information regarding the customers;
- (iv) will directly print out the contracts.

Methods used for payment of instalments

Payments of approximately 90% of the invoices are made through direct debit. Alternatively permanent payment orders are requested.

Invoices for the lease payments are dated as of the first business day of the month for all contracts in Locafit's portfolio, and the payments are carried out as of the same date.

Prepayments

A prepayment option is not provided for in Locafit's standard lease contract, although it is an option that Locafit may grant on a case-by-case basis.

As a rule, once the possibility of granting a prepayment option has been evaluated, Locafit shall request the payment of an amount for the purchase of the asset; this amount is equal to the sum of the remaining lease payments due, discounted at a rate which is less than the contractual rate.

RECOVERY POLICY

The recovery process: management of watchlist credits

Since 1996, Locafit has managed its recovery procedures through an internal program designed to produce rapid and efficient recovery of watchlist credits. This program allows prompt reporting of unpaid amounts, control over the recovery process, and management of the recovery formalities with instruments which facilitate the timely identification of balances that can be immediately recovered and of accounts for which litigation shall be necessary.

The recovery process involves the following departments:

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

The identification of unpaid amounts occurs by means of a review of the customer's account. Such review is conducted with the use of automated analytical tools which allow to identify any due credits that permit further analysis or a recovery effort.

Monitoring and recovery efforts prior to legal action

Locafit assigns an anagraphic or contractual *solvency code* to each credit. The choice of the code depends on whether the data shows the expected solvency of a customer or of single contracts.

The recovery process, which begins at 'Level 2' (Reporting of unpaid amounts), consists of four separate phases that take place over a specific time period as indicated hereunder:

- 1. Level 2: Reporting of past-due amount
- 2. Level 3: Formal request for payment
- 3. Level 4: Commencement of recovery proceedings
- 4. Level 5: Notice of advanced termination

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

For those contracts paid by means of direct debit through the banking system, the reporting of any unpaid sums to Locafit's accounting office generally occurs about 10-15 days following the default in payment. For those contracts paid by means of permanent payment order, reporting generally requires about 30 days.

Within 30 days of the due date of the lease payment, the system for identifying unpaid amounts provides information on the defaulted amounts and the extent of the delay.

At the end of the monthly processing operations, any contracts having only one unpaid direct debit instalment or one unpaid permanent payment order are transferred to the credit watchlist program and are assigned a code, which identifies them as "watchlist credits". Subsequently the contracts become part of Level 2.

The program prints out a report listing all unpaid amounts providing statistic information for each geographic area and showing the location amounts and situation of all credits under surveillance.

The report highlights any positions classified as watchlist credit.

The watchlist risk positions are then managed by the nearest branch to the watchlist customer. Such branch immediately receives notice of the default and at the same time, the ongoing monitoring by the head office continues.

The default is immediately and automatically communicated both to the network unit in charge of managing the commercial relationship with the customer and to the customer himself by means of a letter.

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

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

Locafit's head office shall always check to ensure that the network units have received the reporting of the unpaid amounts, and if necessary, shall request feedback from the network staff.

The aforementioned activity must take place within 20 days. Once such time period has elapsed, such position shall automatically be transferred to the subsequent risk level.

b) Phase II (LEVEL 3): Formal request for payment

The position is automatically classified at 'Level 3' following the 20-day period of Level 2 classification.

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

The network unit involved is also immediately informed of such phase. In addition, if the customer is also a BNL customer, a notice of the situation is also provided to the BNL branch involved.

The letter of request for payment is accompanied by an account statement showing the past-due amount, the interest accrued in arrears, and the default management costs

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

The aforementioned activity must take place within 40 days. Once such period has elapsed, the position is automatically transferred to the subsequent risk level.

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

Unpaid accounts may be managed internally or may be referred to external collection agencies. Locafit regularly uses three collection agencies. For cases handled internally, Locafit has a recovery staff of five employees.

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

The mandate to collect the claim is assigned through the transmittal of a customer form which includes: the details of the contract which is in default, the overall credit exposure, the interest due, the type of asset leased, the date of expiration of the contract, the date on which the contract was entered into, the name of the bank responsible for carrying out the payment of the invoice, the supplier of the asset, accounting details and the maximum amount (in percentage) which the collection agency may spend for the recovery.

The mandate for the recovery given to an outside collection agency has a maximum term of 60 days. Should no amount be recovered during this period, the collection agency shall not be entitled to any compensation. In the event of recovery, Locafit shall pay the collection agency a fee proportioned to the amount recovered.

When a defaulted account is not referred to an outside collection agency, the recovery effort is handled internally by Locafit by personnel that has not had contact with the customer: the change in the personnel managing the recovery procedure is aimed at emphasizing the deterioration of the customer's position. During this phase, efforts are mainly directed toward the recovery of the specific credit.

The employee assigned to the recovery looks for possible solutions, contacting the client, the guarantors and the bank when he deems it appropriate and even evaluating and analyzing the possible proposals supplied by the customer.

A procedure for the registration of the recovery activity shall be respected so to keep monitoring the recovery activity and to follow up on the progress of such activity.

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

The employee assigned for the recovery must complete his activity within 40 days. Once such period has elapsed, the position is automatically transferred to the subsequent risk level.

d) Phase IV (LEVEL 5): Notice of advanced termination

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

In any event, should 30 days elapse without any evidence of the will to pay the amounts due shown in any way by the customer, the position shall be transferred to the litigation office for the commencement of legal proceedings. The contract is then transferred from the "watchlist credit" program to the "contenzioso" area.

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

Workout

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

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

At this point, the procedure continues in the following way:

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

With the termination of the contract, formalised through the sending of a registered letter, the status of the account changes from “Lease Contract” to “Terminated Contract”, the billing of the lease payments is discontinued, and the litigation management system provides a letter of termination which bears, *inter alia*, a date which is the same date as the date of the last changeover of the status of the account. This letter includes the name and address of the customer, the balance of the credit and the balance of the bank account statement showing the amounts unpaid.

During the litigation phase, the aim of the recovery is not only the specific credit, but also the entire exposure of the customer.

The most common actions for this purpose are:

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

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

DESCRIPTION OF THE TRANSACTION DOCUMENTS

The description of the Transaction Documents set out below is a summary of certain features of these Transaction Documents and is qualified in its entirety by reference to the detailed provisions of such Transaction Documents. Prospective Noteholders may inspect a copy of the Transaction Documents upon request at the registered office of the Representative of the Noteholders and at the office of the Principal Paying Agent and the Luxembourg Paying Agent.

THE MASTER RECEIVABLES PURCHASE AGREEMENT

Pursuant to the Master Receivables Purchase Agreement entered into on 16th October 2002, as subsequently amended, between the Issuer and the Originator, the latter has transferred to the Issuer without recourse (*pro soluto*), a portfolio of monetary claims and connected rights arising out of certain Lease Contracts in accordance with the Securitisation Law (the “**Initial Portfolio**”).

Under the Master Receivables Purchase Agreement, quarterly during the Revolving Period the Originator shall sell to the Issuer additional Receivables (the “**Subsequent Portfolios**” and, together with the Initial Portfolio, the “**Portfolio**”), that will be payable up to the Subsequent Portfolio Target Amount, to the extent there are Issuer Available Funds available for such purposes under the Priority of Payments and provided that no Purchase Termination Event or Trigger Event has occurred and subject to the terms and conditions thereof.

The Receivables included in each Portfolio have been and shall be selected on the basis of certain objective criteria (the “**Eligibility Criteria**”) agreed between the Originator and the Issuer under the Master Receivables Purchase Agreement; for further details see “*The Portfolio*”.

Pursuant to the terms of the Master Receivables Purchase Agreement, the Originator has assigned and transferred to the Issuer, *pro soluto* pursuant to the combined provisions of Article 1 and 4 of the Securitisation Law, the Receivables which comply with the criteria described below, together with, *inter alia*, all rights to:

- (i) any amount payable by the Lessees, by way of Instalment, or for any other reason, due under the Lease Contracts;
- (ii) default interest and/or other interest arising as a consequence of payment deferrals granted by the Originator, in each case, accrued on all amounts due by the Lessees under the Lease Contracts, and any other such interest payments which are to mature thereafter;
- (iii) penalties or other amounts due in relation to early termination of such Lease Contracts;
- (iv) any compensation received pursuant to Insurance Policies relating to the leased Assets, or part of them, of which the Originator is beneficiary and the amount received pursuant to any guarantee related to the Lease Contracts of which the Originator is beneficiary;
- (v) agreed Prepayments;
- (vi) Adjustments relating to the Instalments;
- (vii) any other amount due by the Lessees (or their successors in title) relating to the Defaulted Receivables under the Lease Contracts; and
- (viii) VAT relating to the Receivables, the insurance premiums related to the Assets and the other expenses for the credit collection relating to the Receivables (the “**Billed Residual Amount**”) from the Initial Instalment Payment Date;

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 right, claim and action (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 the Residual (*riscatto*) due under any Lease Contract or any penalties due by the Lessees as a result of non exercise by the latter of the option to purchase the relevant Asset.

In the event that the Originator intends to purchase the Portfolio on any Interest Payment Date starting from the Clean Up Option Date, and the Collateral Portfolio Outstanding Amount at that time is lower than 10% of the Collateral Portfolio Outstanding Amounts of 31st December 2002, as calculated at the Effective Date, the transfer price payable to the Issuer for the sale of the Portfolio must be: (a)(i) in the case of Receivables that are not Defaulted Receivables, equal to the Outstanding Principal (as defined in the “*Glossary*”) at the time of such sale; and (ii) in the case of Defaulted Receivables, for the relevant part of the price, not higher than the Current Value (as defined in the “*Glossary*”) of such Defaulted Receivables at the time of such sale; plus (b) any costs and expenses incurred by the Issuer in relation thereto and not already included in the gross accounting value of such Receivables as determined under (a)(i) and (ii) above. In no event shall the transfer price be lower than (i) the Principal Amount Outstanding on the Senior and Mezzanine Notes to be redeemed (plus interest accrued thereon) on the Clean Up Option Date; plus (ii) a sum equal to any payments to be made by the Issuer in priority to or *pari passu* with the Senior and Mezzanine Notes according to the Priority of Payments and any other documented expenses and costs related to the Securitisation Transaction accrued and unpaid as to the Clean Up Option Date.

In certain circumstances, Locafit is entitled to renegotiate Lease Contracts or, as an alternative, it has the faculty to repurchase the Receivables to which such renegotiation is connected. In the event of extension of the term of any Lease Contract, or in the event of increase of the amount originally granted to the Lessee, Locafit has undertaken in the Master Receivables Purchase Agreement to repurchase the Receivables to which such extension or increase is connected.

In addition, the Master Receivables Purchase Agreement provides that if, after the Selection Date, it transpires that any Receivable does not meet the Eligibility Criteria, then it will be deemed not to have been assigned and transferred to the Issuer pursuant to the Master Receivables Purchase Agreement. If, after the Selection Date, it transpires that any Receivable which meets the Eligibility Criteria has not been included in the Portfolio, then such Receivable shall be deemed to have been assigned and transferred to the Issuer by the Originator pursuant to the Master Receivables Purchase Agreement.

The Master Receivables Purchase Agreement provides for certain transferability conditions applicable in relation to the sale of the Subsequent Portfolios; for further details see “*The Portfolio*”.

The Master Receivables Purchase Agreement is governed by and construed in accordance with Italian Law. The Court of Milan shall be exclusively competent to hear any disputes that arise in connection therewith.

THE WARRANTY AND INDEMNITY AGREEMENT

Pursuant to the Warranty and Indemnity Agreement entered into on 16th October 2002, as subsequently amended, between the Issuer and the Originator, the latter has given certain representations and warranties to the Issuer in respect of the Portfolio transferred to the Issuer pursuant to the Master Receivables Purchase Agreement.

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

- (i) Lease Contracts, Receivables, Assets and Collateral Securities;
- (ii) disclosure of information;
- (iii) the Securitisation Law and Article 58 of the Consolidated Banking Act; and
- (iv) miscellaneous.

In particular, the Originator represents and warrants as of the Effective Date, *inter alia*, as follows:

(A) with respect to the Lease Contracts:

- (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 Lessee and/or the relevant third party guarantor) and enforceable against the receiver (if any) of the Lessee and/or the relevant third party guarantor, in accordance with its terms;
- (ii) each Lease Contract (as amended and/or integrated) has been entered into, executed and performed 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, consumer credit protection, 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;
- (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 Master Receivables Purchase 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) there were no due but unpaid Instalments under the relevant Lease Contracts and none of the Lessees was in default of any terms or conditions of the relevant Lease Contracts; and all the amounts due under the Lease Contracts have been promptly and fully paid and all the obligations connected thereunder have been timely and duly performed by the relevant Lessees;

(B) with respect to the Receivables:

- (i) the Receivables are valid and existing in the amount set out in Annex 5 to the Master Receivables Purchase Agreement. The list of Receivables contained in

Annex 5 to the Master Receivables Purchase Agreement is an accurate list of all of the Receivables and contains the indication of the Initial Individual Purchase Price and the Subsequent Individual Purchase Price for each Receivable;

- (ii) each Receivable 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; and
- (iii) the Originator has not waived or discharged any Lessee and/or third party obligor from its obligations, nor subordinated its own rights to claims of other creditors thereof, except in relation to payments made in a corresponding amount 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;

(C) with respect to the Assets:

- (i) 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;
- (ii) at the time of the execution of the Lease Contract, the relevant leased Real Estate was duly registered with the competent land offices or a valid application had been duly submitted for its registration, in compliance with all applicable laws and regulations;
- (iii) all the Assets are located in Italy or, in the case of Motor-vehicles, registered in Italy; and
- (iv) the Assets are covered by Insurance Policies covering the usual risks connected thereto. The Insurance Policies are in the name of the Originator or in the name of the Lessee but held for the benefit of the Originator.

The above representations shall be deemed repeated as at the Issue Date and, in relation to each sale of Subsequent Portfolios, as at each Interest Payment Date with respect to the facts and circumstances at that time. The Originator has undertaken to repeat the representations and warranties described in (B)(ii) and (iii) above on each date of publication of the assignment notice in the *Gazzetta Ufficiale della Repubblica Italiana*, pursuant to the Master Receivables Purchase Agreement.

Under Clause 8 of the Warranty and Indemnity Agreement, in the event that the Issuer is required, in line 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 and any amount so advanced by the Originator to the Issuer shall be repaid by the Issuer out of proceeds from the sale of the Asset.

The Warranty and Indemnity Agreement is governed by and construed in accordance with Italian Law. The Court of Milan shall be exclusively competent to hear any disputes that arise in connection therewith.

THE SERVICING AGREEMENT

Pursuant to the Servicing Agreement entered into on 16th October 2002, as subsequently amended, between the Issuer and Locafit (in such capacity, the “**Servicer**”), the latter has agreed to engage on behalf of the Issuer in collection and recovery activities with respect to the Portfolio.

Pursuant to the terms of the Servicing Agreement, the Servicer has agreed to administer and service the Receivables, including the collection of, and the management of judicial proceedings in relation to, such Receivables on behalf of the Issuer. In particular, the Servicer shall:

- (a) receive, in the name and on behalf of the Issuer, all Collections;
- (b) maintain a current account in its name with an Eligible Institution (the “**Servicer Account**”), into which all Collections paid through the RID system, in relation to the Receivables sold to the Issuer from time to time, shall be credited. With reference to such account, opened with the Account Bank with n. 800737400, the Servicer shall represent and warrant that:
 - (i) the Collections paid into such account arise exclusively out of the assigned Receivables;
 - (ii) the payment of any cost and expense in relation to such account is made by the Servicer;
 - (iii) it has given to the Account Bank definitive and irrevocable instructions to transfer on a daily basis into the Collection Account all amounts credited on the Servicer Account;
 - (iv) should it be necessary to extinguish the Servicer Account with the Account Bank and should such account be opened with any other Eligible Institution, (i) the Servicer Account subsequently opened shall operate pursuant to this paragraph (b), and (ii) the new depository bank declares that no right of set-off is permitted between any amounts due to it from Locafit for any reason in respect of the amounts deposited into the Servicer Account;
- (c) transfer the Collections to the Issuer on a daily basis not later than 12.00 the Business Day following the day on which the Collections have been paid;
- (d) without prejudice to the preceding paragraph (c), in the event that:
 - (i) the Collections paid by the Lessees (net of the amounts unpaid in the relevant Collection Period) in a certain day during a Collection Period are lower than Euro 1,000,000; and
 - (ii) during a Collection Period, the aggregate of the Collections made by the Lessees, not yet transferred to the Issuer (net of amounts unpaid during the relevant Collection Period) is lower than Euro 1,000,000,transfer to the Issuer such amounts at the following Settlement Date;
- (e) promptly notify in writing to the Issuer the amount of the Collections, as well as provide evidence of the transfer of such amounts to the Collection Account.

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, Locafit is also responsible for ensuring that such operations comply with the provisions of Article 2.3(c) of the Securitisation Law.

Pursuant to the terms of the Servicing Agreement, the Servicer shall *inter alia*:

- (a) manage the Receivables in compliance with the collection policy set out in Annex 1 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 arising out of the Receivables from the assets, funds and activities of the Servicer;
- (c) where necessary, commence judicial proceedings, participate in pending enforcement proceedings and/or participate in liquidation proceedings in accordance with the Collection Policy; and
- (d) maintain an effective accounting and monitoring system to ensure compliance with its obligations under the Servicing Agreement.

The Servicer shall remain at all times responsible for any activities delegated by it to third parties in accordance with the provisions of the Securitisation Law and the Bank of Italy Provisions for Securitisation Companies (*Disposizioni per le società di cartolarizzazione*) of 23rd August 2000. Without prejudice to its responsibility to monitor activities pursuant to Article 2(6) of the Securitisation Law, the Servicer may delegate to third parties the recovery of Receivables in compliance with the Collection Policy.

In return for the services provided by the Servicer, the Issuer will pay to the Servicer on each Interest Payment Date immediately following a Quarterly Collection Period a fee comprised as follows:

- (a) for the management, administration and collection of the Receivables and the other activities of the Servicer under the Servicing Agreement during each Quarterly Collection Period, a fee equal to 0.045% of the Collections in relation to the performing Lease Contracts, calculated as at the Quarterly Calculation Date immediately preceding such Interest Payment Date;
- (b) for the recovery activities during each Quarterly Collection Period, a fee equal to 0.005% of the Recoveries in relation to the Lease Contracts in respect of the Defaulted Receivables, calculated as at the Quarterly Calculation Date immediately preceding such Interest Payment Date;

The Issuer may terminate the appointment of the Servicer in certain circumstances including, *inter alia* (i) the insolvency of the Servicer, (ii) a breach by the Servicer of the Servicing Agreement which remains unremedied for longer than five days after a written demand of compliance, (iii) a failure by the Servicer to pay or transfer to the Issuer any amount due to the same which remains unremedied for more than five days from the maturity date thereof, (iv) the Auditor (as defined in the Servicing Agreement) does not issue the required certificate due to misconduct or gross default of the Servicer, and (v) a failure by the Servicer to deliver to the Issuer and the Computation Agent the Quarterly Servicer’s Report or the Monthly Servicer’s Report within five Business Days respectively from the Quarterly Servicer’s Report Date or the Monthly Servicer’s Report Date. In addition, the Servicer may resign at any time on giving twelve months’ prior written notice provided that a suitable replacement Servicer accepts to act as Servicer of the Portfolio on substantially the same terms as will be contained in the Servicing Agreement and that such replacement will not adversely affect the ratings of the Notes.

Should any amount due to the Issuer pursuant to the Servicing Agreement not be paid by the due date for payment provided for in the Servicing Agreement, default interest shall accrue on that amount at a rate equal to Euribor plus a margin equal to 1.5% per annum starting from and including the due date for payment to but excluding the date of receipt by the Issuer of the amount due.

The Servicing Agreement is governed by and construed in accordance with Italian law. The Court of Milan shall have exclusive jurisdiction to hear any disputes that arise in connection therewith.

AGENCY AGREEMENT

Pursuant to an agreement to be dated on or prior to the Issue Date between the Issuer, the Principal Paying Agent, the Luxembourg Paying Agent, the Account Bank, the Representative of the Noteholders, the Cash Manager, the Agent Bank, the Hedging Counterparty and the Computation Agent (the “**Agency Agreement**”):

- (i) the Agent Bank will agree to provide calculation services in relation to payments to be made under the Notes (including calculation of the amount of interest payable on the Senior and Mezzanine Notes on each Interest Payment Date);
- (ii) the Computation Agent will agree to perform certain other calculations in respect of the Notes, to set out, in a Quarterly Payments Report, the payments due to be made by the Issuer on each Interest Payment Date according to the relevant Priority of Payments, as set out in “*Transaction Summary Information – Principal Features of the Notes – Priority of Payments prior to a Trigger Notice and Priority of Payments following a Trigger Notice*” and to inform the Noteholders of the performance of the Portfolio by means of the Investors Report;
- (iii) the Account Bank will agree to open in the name of the Issuer and manage the Payments Account, the Collection Account, the Debt Service Reserve Account, the Securities Account and the Adjustment Reserve Account, in the name of the Issuer and in the interest of the Representative of the Noteholders, acting on behalf of the Noteholders, and to provide the Issuer with certain reporting services together with account handling services in relation to monies and securities from time to time standing to the credit of such Accounts;
- (iv) the Cash Manager will agree to provide the Issuer with certain cash administration services, in relation to the monies standing from time to time to the credit of the Cash Accounts and in relation to the securities standing from time to time to the credit of the Securities Account;
- (v) the Principal Paying Agent will agree to perform certain services in relation to the Notes, including arranging for the payment of principal and interest to the Noteholders; and
- (vi) the Luxembourg Paying Agent will agree to act as paying agent for the Issuer in Luxembourg and to act as intermediary between the Issuer and the Noteholders in Luxembourg.

Under the Agency Agreement the Issuer will instruct the Agent Bank according to the Quarterly Payments Report prepared by the Computation Agent to, and the Agent Bank shall, arrange for the transfer on or before each Interest Payment Date, of the relevant amounts, from the Accounts:

- (i) to the Principal Paying Agent to provide for the payment of principal and interest on the Notes on such Interest Payment Date; and

- (ii) to the other Issuer Secured Creditors and other creditors in respect of amounts due and payable in accordance with the relevant Priority of Payments on such Interest Payment Date, in each case to the extent that the Issuer Residual Available Funds are available for such purposes.

No payments may be made out of the Cash Accounts which would thereby cause or result in such accounts becoming overdrawn.

Under the Agency Agreement, the Account Bank shall withdraw from the Cash Accounts such amounts as are indicated in the Quarterly Payments Reports and transfer such amounts to the Agent Bank which will make the payments indicated in the Quarterly Payments Report, subject to the terms specified in the Agency Agreement.

The Cash Accounts and the Securities Account shall at all times be opened with an Eligible Institution. In the event that the Account Bank is no longer an Eligible Institution, the Issuer hereby undertakes, unless otherwise agreed with the Rating Agencies, to transfer any balance standing to the credit of the Accounts to further accounts opened with an Eligible Institution.

The Agency Agreement will be governed by and construed in accordance with Italian law. The Court of Milan shall have exclusive jurisdiction to hear any disputes that arise in connection therewith.

MANDATE AGREEMENT

Pursuant to an agreement to be dated on or prior to the Issue Date between the Issuer and the Representative of the Noteholders (the “**Mandate Agreement**”), provision will be made to authorise the Representative of the Noteholders to exercise, in the name and on behalf of the Issuer, (a) subject to the occurrence of a Trigger Event and the subsequent delivery of a Trigger Notice, all the Issuer’s Rights arising out of the Transaction Documents (other than the right to collect and recover Receivables under the Servicing Agreement) to which the Issuer is a party and the Issuer’s Rights in respect of the Receivables, including the right to direct the sale (in whole) of the Portfolio provided that a sufficient amount shall be realised to allow the discharge in full of all amounts due and payable to the Senior and Mezzanine Noteholders and amounts ranking in priority thereto or *pari passu* therewith; and (b) upon any unjustified 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.

The Mandate Agreement will be governed by Italian law. The Court of Milan will have exclusive jurisdiction in relation to any disputes arising in respect of the Mandate Agreement.

LETTER OF UNDERTAKING

Pursuant to an agreement to be dated on or prior to the Issue Date between the Issuer, the Originator and the Representative of the Noteholders (the “**Letter of Undertaking**”), the Originator will undertake to indemnify the Issuer from certain regulatory and tax costs and other costs and liabilities incurred by the Issuer. In addition, the Originator will undertake to ensure that the Issuer is not subject to insolvency proceedings as a result of its failure to fulfil its obligations to maintain a minimum capital. The Originator has agreed to ensure that the Issuer is not wound up by reason of the reduction of the Issuer’s capital below the required minimum as provided by Italian law or regulation from time to time in force.

The Letter of Undertaking will be governed by Italian law. The Court of Milan will have exclusive jurisdiction in relation to any disputes arising in respect of the Letter of Undertaking.

THE SUBSCRIPTION AGREEMENTS

Pursuant to an agreement entered into on 23rd December 2002, as subsequently amended, between the Issuer, the Managers, the Originator and the Representative of the Noteholders (the “**Senior and Mezzanine Notes Subscription Agreement**”), the Managers have agreed to subscribe for the Senior and Mezzanine Notes and pay to the Issuer the Issue Price for each such Series of Notes on the Issue Date, subject to the conditions set out therein.

Pursuant to an agreement to be dated on or prior to the Issue Date between the Issuer, Locafit and the Representative of the Noteholders (the “**Series 1-D Notes Subscription Agreement**” and together with the Senior and Mezzanine Notes Subscription Agreement, the “**Subscription Agreements**”), Locafit will agree to subscribe for the Series 1-D Notes and pay to the Issuer the Issue Price for such Series of Notes on the Issue Date, subject to the conditions set out therein.

The Senior and Mezzanine Notes Subscription Agreement will be governed by and construed in accordance with English law. The English Courts shall have exclusive jurisdiction to hear any disputes that arise in connection therewith.

The Series 1-D Notes Subscription Agreement will be governed by and construed in accordance with Italian law. The Court of Milan shall have exclusive jurisdiction to hear any disputes that arise in connection therewith.

THE INTERCREDITOR AGREEMENT

Pursuant to an agreement to be dated on or prior to the Issue Date between the Issuer, the Representative of the Noteholders (on its own behalf and as agent for the Noteholders), the Account Bank, the Servicer, the Agent Bank, the Corporate Servicer, the Cash Manager, the Hedging Counterparty, the Luxembourg Paying Agent, the Principal Paying Agent, the Originator, the Quotaholders, the Series 1-D Notes Subscriber and the Computation Agent (the “**Intercreditor Agreement**”), provision will be made as to the application of the proceeds of collections in respect of the Portfolio and as to the circumstances in which the Representative of the Noteholders will be entitled to exercise certain rights in relation to the Portfolio. The obligations owed by the Issuer to each Noteholder and, in general, to each of the Issuer Secured 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, the Conditions and the other Transaction Documents. Under the terms of the Intercreditor Agreement, each of the other Issuer Secured Creditors will undertake that, unless all of the Notes have been redeemed in full, it will not take any steps to direct the Representative of the Noteholders to enforce their rights in respect of the Portfolio.

The Intercreditor Agreement will also set out the order of priority for payments to be made by the Issuer in connection with the Securitisation Transaction.

The Intercreditor Agreement will be governed by and construed in accordance with Italian law. The Court of Milan shall have exclusive jurisdiction to hear any disputes that arise in connection therewith.

THE SECURITY DOCUMENTS

Pursuant to a deed of charge (the **“Deed of Charge”**) to be dated on or about the Issue Date and to be entered into between the Issuer, the Representative of the Noteholders (as representative and agent for the Noteholders and the other Issuer Secured Creditors) with BNP Paribas, the Issuer will, in favour of the Representative of the Noteholders (acting for itself and for the benefit of the Noteholders and the other Issuer Secured Creditors) create security over all its rights, entitlements, benefits and interest (a) under the Senior and Mezzanine Notes Subscription Agreement, and (b) as against the relevant Hedging Counterparty in (i) the Hedging Agreements and (ii) the payments due to it thereunder, including the right to recover and receive all compensation payable in respect thereof.

Pursuant to a deed to be dated on or prior to the Issue Date between the Issuer, the Representative of the Noteholders (acting for itself and also on behalf of the Noteholders), the Account Bank, the Computation Agent, the Servicer, the Hedging Counterparty, the Quotaholders, the Agent Bank, the Corporate Servicer, the Principal Paying Agent, the Luxembourg Paying Agent, the Cash Manager and the Originator (the **“Deed of Pledge”**), the Issuer will grant to the Issuer Secured Creditors:

- (i) a pledge over all the monetary contractual claims arising from the Transaction Documents (excluding the Deed of Pledge) other than the Receivables; and
- (ii) a pledge over the Eligible Investments.

The Issuer Secured Creditors will appoint the Representative of the Noteholders as their agent with respect to the rights, entitlements and benefits arising under the Deed of Pledge.

The Deed of Charge will be governed by and construed in accordance with English law and the Deed of Pledge will be governed by and construed in accordance with Italian law. The Courts of England shall have exclusive jurisdiction to hear any disputes that arise in connection with the Deed of Charge. The Court of Milan shall have exclusive jurisdiction to hear any disputes that arise in connection with the Deed of Pledge.

QUOTAHOLDERS’ AGREEMENT

Pursuant to an agreement to be dated on or prior to the Issue Date between Finanziaria Internazionale Securitisation Group, Finanziaria Internazionale Holding and Locafit (the **“Quotaholders’ Agreement”**), the Quotaholders of the Issuer will undertake, *inter alia*, not to resolve the voluntary liquidation of the Issuer and not to make any decision concerning the activity and the management of the Issuer without the approval of the Representative of the Noteholders. Finanziaria Internazionale Holding, and Finanziaria Internazionale Securitisation Group will grant to Locafit a call option right for the purchase of their quota of the Issuer, for 6 months after the full redemption of all the Notes issued by the Issuer, and Locafit will grant to Finanziaria Internazionale Holding and Finanziaria Internazionale Securitisation Group a put option right for the sale of their quota of the Issuer, for 6 months after the full redemption of all the Notes issued by the Issuer.

The Quotaholders’ Agreement will be governed by and construed in accordance with Italian law. The Court of Milan shall have exclusive jurisdiction to hear any disputes that arise in connection therewith.

THE CORPORATE SERVICES AGREEMENT

Pursuant to an agreement to be dated on or prior to the Issue Date between the Issuer and the Corporate Servicer (the “**Corporate Services Agreement**”), the Corporate Servicer will agree to provide certain corporate administration and management services to the Issuer.

These services will include the safekeeping of the documentation pertaining to the meetings of the Issuer’s Quotaholders, directors and auditors, maintaining the quotaholders’ register, preparing tax and accounting records, preparing the Issuer’s annual financial statements and liaising with the Representative of the Noteholders.

The Corporate Services Agreement will be governed by and construed in accordance with Italian law. The Court of Milan shall have exclusive jurisdiction to hear any disputes that arise in connection therewith.

HEDGING AGREEMENT

Pursuant to certain agreements to be dated on or prior to the Issue Date between the Issuer and BNP Paribas (the “**Hedging Agreements**”), the Issuer will protect itself against certain interest rate risks arising in respect of its floating rate interest obligations under the Senior and Mezzanine Notes. The Hedging Agreements will terminate on the Final Maturity Date of the Senior and Mezzanine Notes unless terminated earlier in accordance with their terms.

In the event that the short-term unsecured, unsubordinated and unguaranteed credit rating of the Hedging Counterparty is downgraded below “P-1” by Moody’s or the short-term unsecured, unsubordinated and unguaranteed credit rating of the Hedging Counterparty is downgraded below “A-1” by S&P (or its long-term rating falls below A1 from Moody’s) (the “**Minimum Swap Counterparty Ratings**”), the Hedging Counterparty shall within 30 Business Days of the occurrence of the relevant event at its cost either:

- (i) obtain a guarantee of its obligations under this Agreement from a third party, acceptable to the Rating Agencies, or arrange for a third party (having a rating which together with the rating of the Hedging Counterparty is sufficient for the Rating Agencies to maintain the then current ratings of the Notes) to become jointly and severally liable with the Hedging Counterparty for its obligations under this Agreement; or
- (ii) transfer all of its rights and obligations under this Agreement to a replacement third party acceptable to the Rating Agencies, provided that the third party (or its credit support provider) has at least the Minimum Swap Counterparty Ratings; or
- (iii) deliver to the Issuer written notices obtained from each of the Rating Agencies confirming that the then-current credit rating of the Notes will not be downgraded as a result of the credit rating of the Hedging Counterparty being downgraded below the Minimum Swap Counterparty Ratings.

The Hedging Agreements will be governed by English law. The Courts of England shall have exclusive jurisdiction to hear any disputes that arise in connection therewith.

ACCOUNTS

The Issuer shall at all times maintain the following accounts:

- (i) a Euro denominated Eligible Account, the **“Collection Account”**, which will be held at the Account Bank or any other Eligible Institution for the deposit of all Collections made during the preceding Collection Period and Quarterly Collection Period pursuant to the Servicing Agreement;
- (ii) a Euro denominated Eligible Account, the **“Payments Account”**, which will be held at the Account Bank or any other Eligible Institution, for the deposit of all amounts received by the Issuer from any party to a Transaction Document to which the Issuer is a party other than the Collections;
- (iii) a Euro denominated Eligible Account, the **“Debt Service Reserve Account”**, which will be held at the Account Bank or any other Eligible Institution for the deposit of the Debt Service Reserve Amount;
- (iv) a Euro denominated Eligible Account, the **“Adjustment Reserve Account”**, which will be held at the Account Bank or any other Eligible Institution for the deposit of the Net Adjustment Reserve Amount (if any);
collectively the **“Cash Accounts”**; and
- (vi) an Eligible Account, the **“Securities Account”**, which will be held at the Account Bank or any other Eligible Institution for the deposit of the bonds, debentures or other kinds of notes and financial instruments purchased with the monies standing to the credit of the Cash Accounts;
together with the Cash Accounts, the **“Accounts”**.

In addition to the Accounts, the Issuer shall open a Euro denominated account, the **“Expense Account”**, which will be held at the Banca Antoniana Popolare Veneta S.p.A., Conegliano branch into which the Retention Amount will be credited and from which any Expenses will be paid during each Quarterly Collection Period.

Except for the Accounts, the Expense Account and any other accounts to be opened in connection with any further securitisation, the Issuer will not open or maintain a bank account with any person without the written consent of the Representative of the Noteholders.

SELECTED ASPECTS OF ITALIAN LAW

The following is a summary only of certain aspects of Italian Law that are relevant to the transactions described in this Offering Circular and of which prospective Noteholders should be aware. It is not intended to be exhaustive and prospective Noteholders should also read the detailed information set out elsewhere in this Offering Circular.

THE SECURITISATION LAW

The Securitisation Law applies to securitisation transactions involving the “true” sale (by way of non-gratuitous assignment) of monetary claims, where the sale is to a company created in accordance with Article 3 of the same, 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 monetary claims and all costs and expenses associated with the securitisation transaction.

THE ASSIGNMENT

The assignment of the monetary claims under the Securitisation Law shall be governed by Article 58, paragraphs 2, 3 and 4 of the Banking Act (as referred to in Article 4 of the Securitisation Law), whereby, according to the prevailing interpretation, the assignment can be perfected against the Originator, assigned debtors and third party creditors by way of publication of a notice of the assignment in the *Gazzetta Ufficiale della Repubblica Italiana* (the Official Gazette of the Republic of Italy). As of the date of publication of such notice, 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 claims;
- (b) the liquidator or 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 Royal Decree 16th March 1942, no. 267 (the “**Insolvency Law**”)); and
- (c) other assignees of the Originator who have not perfected their assignment prior to the date of publication.

The publication of the notice of transfer of the Initial Portfolio from the Originator to the Issuer was published in the Official Gazette no. 255 of 30th October 2002.

The benefit of any privilege, guarantee or security interest guaranteeing or securing repayment of the assigned monetary claims is automatically transferred to and perfected with the same priority in favour of the assignor, without the need of any formality or annotation.

Assignments executed under the Securitisation Law are subject to revocation on bankruptcy under Article 67 of the Insolvency Law but only in the event that the securitisation transaction is entered into within three months of the adjudication in bankruptcy of the relevant party or in cases where paragraph 1 of Article 67 applies (if the transaction is deemed to be at an undervalue), within six months of the adjudication in bankruptcy.

CLAIMS OF CREDITORS OF THE ISSUER OTHER THAN THE ISSUER SECURED CREDITORS

By operation of Article 3 of the Securitisation Law, the Issuer's right, title and interest in and to the Portfolio and the other Issuer's Rights will be segregated from all other assets of the Issuer. Both before and after a winding-up of the Issuer, amounts deriving from the Portfolio and the other Issuer's Rights will be available for the purposes of satisfying the Issuer's obligations to the Issuer Secured Creditors. The Portfolio and the other Issuer's Rights may not be seized or attached in any form by creditors of the Issuer other than the Noteholders, until full discharge by the Issuer of its payment obligations under the Notes or cancellation of the Notes.

In addition, each Issuer Secured Creditor has agreed, in the Intercreditor Agreement, not to commence insolvency or winding-up proceedings against the Issuer, except in certain limited circumstances. 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 debt due and unpaid. However, the Issuer will undertake not to incur any debt other than as provided in, or contemplated by, the Intercreditor Agreement.

CLAW BACK OF THE SALE OF THE RECEIVABLES

The sale of the Portfolio by Locafit to the Issuer may be clawed back by a receiver of Locafit under Article 67 of the Insolvency Law but only in the event that Locafit was insolvent when the assignment was entered into and its execution was made within three months of the admission of Locafit to compulsory liquidation (*liquidazione coatta amministrativa*) pursuant to Title IV, Heading I, Section III of the Banking Act or in cases where paragraph 1 of Article 67 applies, within six months of the admission to compulsory liquidation. Locafit has represented and warranted that it is solvent as at the Effective Date under the Warranty and Indemnity Agreement and it shall represent and warrant that it is solvent on the Issue Date and on each Interest Payment Date, in relation to each sale of Subsequent Portfolios.

CLAW-BACK ACTION AGAINST PAYMENTS MADE TO COMPANIES INCORPORATED UNDER THE SECURITISATION LAW

According to Article 4 of the Securitisation Law, payments made by an assigned debtor to the Issuer may not be subject to any claw-back action according to Article 67 of the Insolvency 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 Insolvency 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 disciplined by the Italian Civil Code that may be validly entered into pursuant to the general provisions of Article 1322 of the Civil Code. According to this article, the parties to a contract can enter into any contract not belonging to a type subject to a specific legal discipline provided that such contract aims to fulfil interests that deserve to be protected by the

legal system. The Italian courts have established that Financial Leasing 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 by reference to the duration of the lease, the cost of the assets and remuneration of the financing provided by the lessor, and upon the expiry of the Financial Leasing contract the lessee has the option either to return the Leased Property to the lessor, or to purchase upon payment of the agreed price (*riscatto*), or alternatively, to enter into a new lease contract. Accordingly, three parties are generally involved in the transaction (i.e., lessor, lessee and supplier) which is completed through the stipulation of two contracts: the Financial Leasing agreement between lessor and lessee and the transfer agreement between the supplier and the lessor. The Italian Supreme Court has established that although these contracts are separate, there is a contractual link between them arising from the fact that the assets acquired by the lessor from the supplier are selected and chosen by the lessee, who is responsible for their maintenance and is subject to the risk of their loss.

Financial Leasing is subject to the provisions of the Italian Civil Code on contracts in general and to those provisions regulating specific contracts that can be applied in analogy when, in view of the particular contractual discipline agreed by the parties, the circumstances are similar to those foreseen by such provisions.

In a number of decisions given by the Italian Supreme Court in 1989 and confirmed, *inter alia*, by a decision given by the *Sezioni Unite* of the Supreme Court in 1993 (Cass. Sez. Un., 7/1/93, No. 65), contracts of Financial Leasing are distinguished into two different types: firstly, *leasing finanziario di godimento*, under which the payment of the agreed rentals represents, in line with the intention of the parties involved, only remuneration for the use of the Leased Property by the lessee; and secondly, *leasing finanziario traslativo*, under which the parties foresee, at the time of the conclusion of the contract, that the Leased Property (in view of its nature, the envisaged use and the duration of the contract) is to retain, upon expiry of the contract, a residual value significantly higher than the *riscatto*. Accordingly, it is reasonable to hold that rentals to be paid under *leasing finanziario traslativo* represent part of the consideration for the transfer of the Leased Property to the lessee following expiry of the contract upon payment of the *riscatto*, and that the exercise of the purchase option and transfer of the Leased Property to the lessee upon expiry of the contract does not constitute merely an option of the lessee but forms part of the original intention of the parties to the contract.

The Italian Supreme Court 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 good and damages. Such provisions of Article 1526 do not apply to *leasing finanziario di godimento* in respect of which the general provisions of the Italian Civil Code shall apply; according to Article 1458(1) of the Italian Civil Code, termination of a lease contract for breach of contract has, as between the parties thereto, a retroactive effect unless the lease contract provides for continuing performance, in which case the termination does not affect those acts already performed by the parties.

Therefore, 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

The Insolvency Law does not regulate the impact of insolvency of the lessee or the lessor in Financial Leasing agreements, such as the Lease Contracts. However, Articles 72 to 80 of the 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 by the lessee before the insolvency and which are still being performed at the time of declaration of insolvency. The effects of insolvency on the Lease 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.

Insolvency of the Lessees

Should a lessee be declared insolvent and unless the insolvency receiver appointed in such lessee's insolvency decides to continue the relevant lease contract, the provisions of Article 1526 of the Italian Civil Code (in the case of *leasing finanziario traslativo*) or Article 1458(1) of the Italian Civil Code (in the case of *leasing finanziario di godimento*) shall apply to the extent referred to above.

Insolvency of the Lessor

The precise impact that the insolvency of a lessor would have on lease contracts after assignment of the receivables deriving therefrom is unclear under Italian law. The general view is that the receiver of the lessor should continue to be bound by the lease contracts, although there can be no assurance that the court will not, in the relevant insolvency proceedings, authorise the receiver to terminate the lease contracts.

If it is held that the lease contracts would continue notwithstanding the insolvency of the lessor, the relevant lessees would remain in possession of the leased assets and continue to be obliged to pay the lease rentals. In the case of the Receivables, since the right to receive Instalments due under the Lease Contracts would previously have been assigned by the Originator to the Issuer, to the extent that such assignment has been properly perfected against third parties through the publication of a notice in the Official Gazette and, save in circumstances where the assignment may be set aside under claw-back provisions of Article 67 of the Insolvency Law (as subsequently amended by the Securitisation Law), the right to receive the rentals would continue to be vested in the Issuer.

SENIOR AND MEZZANINE NOTES CONDITIONS

*The following is the text of the terms and conditions of the Series 1-A1 Notes, the Series 1-A2 Notes, the Series 1-B Notes and the Series 1-C Notes (the “**Senior and Mezzanine Notes Conditions**”). In these Conditions, references to the “**Noteholder**” of a Series 1-A1 Note, a Series 1-A2 Note, a Series 1-B Note and a Series 1-C Note, or to the Series 1-A1 Noteholders, the Series 1-A2 Noteholders, the Series 1-B Noteholders or the Series 1-C Noteholders, are to the ultimate owners of the Series 1-A1 Notes, the Series 1-A2 Notes, the Series 1-B Notes and the Series 1-C Notes, as the case may be, issued in dematerialised form and evidenced as book entries with Monte Titoli S.p.A. (“**Monte Titoli**”) in accordance with the provisions of (i) Article 28 of Legislative Decree No. 213 of 24th June 1998 and (ii) Resolution No. 11768 of 23rd December 1998 of the Commissione Nazionale per le Società e la Borsa (“**CONSOB**”) as amended by CONSOB Resolution No. 12497 of 20th April 2000, CONSOB Resolution No. 13085 of 18th April 2001 and CONSOB Resolution No. 13659 of 10th July 2002. The Noteholders are deemed to have notice of and are bound by, and shall have the benefit of, inter alia, the terms of the Rules of the Organisation of the Noteholders.*

The Euro 537,000,000.00 Series 1-A1 Asset Backed Floating Rate Notes due December 2015 (the “**Series 1-A1 Notes**”), the Euro 605,500,000.00 Series 1-A2 Asset Backed Floating Rate Notes due December 2015 (the “**Series 1-A2 Notes**” and, together with the Series 1-A1 Notes the “**Senior Notes**”), the Euro 64,000,000.00 Series 1-B Asset Backed Floating Rate Notes due December 2015 (the “**Series 1-B Notes**”), the Euro 23,000,000.00 Series 1-C Asset Backed Floating Rate Notes due December 2015 (the “**Series 1-C Notes**” and together with the Series 1-B Notes, the “**Mezzanine Notes**”; the Mezzanine Notes, together with the Senior Notes, the “**Senior and Mezzanine Notes**”) and the Euro 13,350,000.00 Series 1-D Asset Backed Floating Rate Notes due December 2015 (the “**Series 1-D Notes**” and, together with the Senior and Mezzanine Notes, the “**Notes**”) have been issued by Vela Lease S.r.l. (the “**Issuer**”) on 4th February 2003 (the “**Issue Date**”) to finance the purchase from Locafit S.p.A. (“**Locafit**” or the “**Originator**”) of leasing receivables and connected rights (the “**Receivables**”) deriving from payments due under lease contracts (the “**Lease Contracts**”) entered into between the Originator, as lessor, and the lessees thereunder (the “**Lessees**”).

Any reference in these Conditions to (i) a “**Series**” of Notes or a “**Series**” of holders of Notes (“**Noteholders**”) shall be construed as a reference to the Series 1-A1 Notes, the Series 1-A2 Notes, the Series 1-B Notes, the Series 1-C Notes and the Series 1-D 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 amounts due and payable in respect of the Notes will be Collections made in respect of the Receivables that the Issuer (i) on the Effective Date, has purchased from the Originator (the “**Initial Portfolio**”) and (ii) during the Revolving Period, shall purchase from the Originator (the “**Subsequent Portfolios**” and, together with the Initial Portfolio, the “**Portfolio**”) pursuant to a master purchase agreement entered into on 16th October 2002 as subsequently amended, (the “**Master Receivables Purchase Agreement**”) between the Issuer and the Originator. The Portfolio will be segregated from all other assets of the Issuer by operation of Law No. 130 of 30th April 1999 (the “**Securitisation Law**”) and amounts deriving therefrom will be available, both before and after a winding-up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders, to pay amounts due to the other Issuer Secured Creditors under the Transaction Documents and to pay any other creditor of the Issuer in respect of costs, fees or expenses of, and any other amount payable by, the Issuer to such other creditor in relation to the securitisation of the Receivables made by the Issuer through the issuance of the

Notes (the “**Securitisation Transaction**”). Amounts deriving from the Portfolio will not be available to any other creditor of the Issuer.

By a subscription agreement entered into on 23rd December 2002, as subsequently amended (the “**Senior and Mezzanine Notes Subscription Agreement**”) between BNP Paribas, BNL S.p.A. (together, the “**Joint Lead Managers**”), Cofiri S.p.A. (the “**Co-Manager**”, and together with the Joint Lead Managers the “**Managers**”), the Issuer, the Originator and the Representative of the Noteholders, the Managers have agreed to subscribe for the Senior and Mezzanine Notes.

By a subscription agreement entered into on or about the Issue Date (the “**Series 1-D Notes Subscription Agreement**” and, together with the Senior and Mezzanine Notes Subscription Agreement, the “**Subscription Agreements**”) between the Issuer, the Representative of the Noteholders and Locafit, Locafit has agreed to subscribe for the Series 1-D Notes (in such capacity, the “**Series 1-D Notes Subscriber**”).

By a warranty and indemnity agreement entered into on 16th October 2002, as subsequently amended, (the “**Warranty and Indemnity Agreement**”) between the Issuer and the Originator, the Originator has given certain representations and warranties in favour of the Issuer in relation to the Portfolio and certain other matters 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.

By a servicing agreement entered into on 16th October 2002, as subsequently amended, (the “**Servicing Agreement**”) between the Issuer and Locafit (in such capacity, the “**Servicer**”), Locafit (as *soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento*) has agreed to administer and service the Portfolio and to collect any amounts in respect of the Portfolio on behalf of the Issuer.

By a corporate services agreement entered into on or about the Issue Date (the “**Corporate Services Agreement**”) between the Issuer and Securitisation Services S.p.A. (in such capacity, the “**Corporate Servicer**”), the Corporate Servicer has agreed to provide to the Issuer certain administrative and corporate services for so long as any Note is outstanding.

By an agency agreement entered into on or about the Issue Date (the “**Agency Agreement**”) between the Issuer, BNP Paribas Securities Services - Milan branch as account bank (the “**Account Bank**”), principal paying agent (the “**Principal Paying Agent**”) and agent bank (the “**Agent Bank**”), BNP Paribas - Italian branch as cash manager (the “**Cash Manager**”), BNP Paribas Securities Services - Luxembourg branch as Luxembourg paying agent (the “**Luxembourg Paying Agent**” and, together with the Principal Paying Agent, the “**Paying Agents**”), Securitisation Services S.p.A. as computation agent (the “**Computation Agent**”) and representative of the Noteholders (the “**Representative of the Noteholders**”), the Cash Manager, the Account Bank, the Agent Bank and the Computation Agent have agreed to provide the Issuer with certain calculation and cash administration services and the Paying Agents have agreed to perform certain services in relation to the Notes including arranging for the payment of interest and principal to the Noteholders and the Luxembourg Paying Agent has agreed, so long as any Senior and Mezzanine Notes remain listed on the Luxembourg Stock Exchange, *inter alia*, to make available for inspection such documents as may from time to time be required by the Luxembourg Stock Exchange and to arrange for the publication of any notice to be given to the Senior and Mezzanine Noteholders.

By an intercreditor agreement entered into on or before the Issue Date (the “**Intercreditor Agreement**”) between the Issuer, the Originator, the Representative of the Noteholders (for itself and on behalf of the Noteholders), the Corporate Servicer, the Servicer, the Cash Manager, the Agent Bank, the Account Bank, the Computation Agent, the Principal Paying Agent, the

Luxembourg Paying Agent, the Hedging Counterparty, the Series 1-D Notes Subscriber and the Quotaholders, provision is made as to the application of the Issuer Available Funds and as to the circumstances in which the Representative of the Noteholders will be entitled to exercise certain rights in relation to the Portfolio.

By certain hedging agreements entered into on or before the Issue Date (the “**Hedging Agreements**”) between the Issuer on the first part and BNP Paribas as hedging counterparty on the second part (in such capacity in each of the Hedging Agreements, the “**Hedging Counterparty**”), the Issuer will protect itself against certain interest rate risks arising in respect of its floating rate interest obligations in relation to the Senior and Mezzanine Notes.

By an Italian law deed of pledge executed by the Issuer on or before the Issue Date (the “**Deed of Pledge**” and, together with the Deed of Charge referred to below, the “**Security Documents**”) the Issuer, *inter alia*, shall grant, in favour of the Representative of the Noteholders (acting for itself and for the benefit of the Noteholders) and the other Issuer Secured Creditors, a pledge over certain monetary rights to which the Issuer is entitled pursuant to the Transaction Documents to which the Issuer is a party (excluding the Deed of Pledge), other than the Receivables, and over any Eligible Investment.

By an English law deed of charge executed on or about the Issue Date (the “**Deed of Charge**”) by the Issuer and the Representative of the Noteholders with BNP Paribas, the Issuer shall grant, in favour of the Representative of the Noteholders (acting in its capacity as agent for the Noteholders and the other Issuer Secured Creditors) security over all the Issuer’s rights, benefits, interests and entitlements (i) under the Senior and Mezzanine Notes Subscription Agreement, and (ii) as against the Hedging Counterparty, arising from the Hedging Agreement.

By a mandate agreement entered into on or before the Issue Date (the “**Mandate Agreement**”) between the Issuer and the Representative of the Noteholders, the Representative of the Noteholders is authorised to exercise, in the name and on behalf of the Issuer, (a) subject to a Trigger Notice being served upon the Issuer following the occurrence of a Trigger Event (each such term as defined in Condition 10 below), all the Issuer’s Rights arising out of the Transaction Documents (other than the right to collect and recover Receivables under the Servicing Agreement) to which the Issuer is a party and the Issuer’s Rights in respect of the Receivables, including the right to direct the sale (in whole) of the Portfolio, provided that a sufficient amount will be realised to allow the discharge in full of all amounts due and payable to the Senior and Mezzanine Noteholders and the amounts ranking in priority thereto or *pari passu* therewith; and (b) upon any unjustified 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 relevant defaulting party.

By a quotaholders’ agreement entered into on or about the Issue Date (the “**Quotaholders’ Agreement**”) between Locafit S.p.A., Finanziaria Internazionale Securitisation Group S.p.A., Finanziaria Internazionale Holding S.p.A. and the Issuer, certain rules have been set forth, *inter alia*, in relation to the corporate management of the Issuer and certain call/put options have been granted between the parties.

By a letter of undertaking entered into on or about the Issue Date (the “**Letter of Undertaking**”) between the Originator, the Representative of the Noteholders and the Issuer, the Originator has undertaken to indemnify the Issuer with respect to certain regulatory and tax costs and other costs and liabilities incurred by the Issuer. In addition, the Originator has undertaken to ensure that the Issuer is not subject to insolvency proceedings as a result of its failure to fulfil its obligations to maintain a minimum capital and has agreed to ensure that the Issuer is not wound up by reason of

the reduction of the Issuer's capital below the required minimum as provided by Italian law or regulation from time to time in force.

Pursuant to a master definitions agreement entered into on or about the Issue Date (the "**Master Definitions Agreement**") between all the parties to each of the Transaction Documents, certain terms used in such Transaction Documents have been defined.

A Euro denominated Eligible Account (the "**Collection Account**") has been established in the name of the Issuer with the Account Bank and to which all amounts under the Receivables received or recovered by the Servicer from the Lessees will be paid.

A Euro denominated account (the "**Expense Account**") has been established in the name of the Issuer with Banca Antoniana Popolare Veneta S.p.A. Conegliano branch, and into which an amount of Euro 30,000 (the "**Retention Amount**") will be deposited. On any Interest Payment Date the Issuer shall credit available amounts in accordance with the Priority of Payments, out of the Residual Issuer Available Funds to the Expense Account in an amount equal to the lower of (i) the Retention Amount, and (ii) any Expenses paid during the immediately preceding Quarterly Collection Period. On the Interest Payment Date on which the Notes are redeemed in full, any residual amount owned by the Issuer as Retention Amount will form part of the Issuer Available Funds.

A Euro denominated Eligible Account (the "**Payments Account**") has been established in the name of the Issuer with the Account Bank into which all amounts due to the Issuer, other than amounts deriving from the Receivables, will be paid.

A Euro denominated Eligible Account (the "**Debt Service Reserve Account**") has been established in the name of the Issuer with the Account Bank and into which the Issuer will deposit an amount equal to the Debt Service Reserve Amount. The Issuer will fund the Debt Service Reserve Account: (i) on the Issue date out of the net proceeds of the issue of the Notes (ii) on any following Interest Payment Date from the Residual Issuer Available Funds. The amounts standing to the credit of the Debt Service Reserve Account will be available to the Issuer on each Interest Payment Date as part of the Issuer Available Funds to meet its obligations in respect of (i) interest under the Senior and Mezzanine Notes and (ii) any other payments to be paid under the Priority of Payments in priority to or *pari passu* with such interest, should the amounts received in respect of the Receivables prove to be insufficient. To the extent that the amount standing to the credit of the Debt Service Reserve Account on any Interest Payment Date is lower than the Debt Service Reserve Amount, the Issuer will credit available amounts of the Residual Issuer Available Funds, in accordance with the Priority of Payments, to the Debt Service Reserve Account to bring the balance of such account up to (but not exceeding) the Debt Service Reserve Amount.

A Euro denominated Eligible Account (the "**Adjustment Reserve Account**") has been established in the name of the Issuer with the Account Bank and which will be funded on each Interest Payment Date with the Net Adjustment Reserve Amount, if any, according to the Priority of Payments.

A securities account has been established in the name of the Issuer with the Account Bank (the "**Securities Account**") for the deposit of the bonds, debentures or other kinds of notes and financial instruments purchased with the monies standing to the credit of: (i) the Collection Account; (ii) the Payments Account; (iii) the Debt Service Reserve Account; and (iv) the Adjustment Reserve Account.

These Conditions include summaries of, and are subject to the detailed provisions of the Intercreditor Agreement, the Master Receivables Purchase Agreement, the Warranty and Indemnity Agreement, the Corporate Services Agreement, the Servicing Agreement, the Hedging

Agreements, the Subscription Agreements, the Agency Agreement, the Mandate Agreement, the Security Documents, the Master Definitions Agreement, the Letter of Undertaking and the Quotaholders' Agreement (all the foregoing, together with these Conditions and the Offering Circular, the “**Transaction Documents**”).

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, Via Vittorio Alfieri 1, Conegliano (TV), Italy and at the registered office of the Luxembourg Paying Agent, being, as at the Issue Date, BNP Paribas Securities Services-Luxembourg branch, 23 Avenue de la Porte Neuve, L-2085 Luxembourg, Grand Duchy of Luxembourg.

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

The rights and powers of the Series 1-A1 Noteholders, the Series 1-A2 Noteholders, the Series 1-B Noteholders, the Series 1-C Noteholders and the Series 1-D Noteholders may only be exercised in accordance with the rules of the organisation of the Noteholders (respectively, the “**Organisation of the Noteholders**” and the “**Rules of the Organisation of the Noteholders**”) which are deemed to form an integral and substantive part of these Conditions. A copy of the Rules of the Organisation of the Noteholders may be inspected upon request at the registered offices of respectively the Issuer, the Representative of the Noteholders and the Luxembourg Paying Agent.

The Recitals hereof and the Annex(s) hereto constitute an integral and essential part of these Conditions and shall have the force of and shall take effect as covenants.

In these Conditions:

Account: means each of the Cash Accounts and the Securities Account, and “**Accounts**” means all of them.

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

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

Advance: means any amount advanced from Locafit to the Issuer pursuant to Article 8 of the Warranty and Indemnity Agreement.

Aggregate Notes Formula Redemption Amount: means, with respect to any Interest Payment Date, an amount calculated in accordance with the following formula:

$$A + B + C + D - R - CP.$$

Where:

A = the Principal Amount Outstanding of the Series 1-A1 Notes and the Series 1-A2 Notes on the day following the immediately preceding Interest Payment Date;

B = the Principal Amount Outstanding of the Series 1-B Notes on the day following the immediately preceding Interest Payment Date;

C = the Principal Amount Outstanding of the Series 1-C Notes on the day following the immediately preceding Interest Payment Date;

D = the Principal Amount Outstanding of the Series 1-D Notes on the day following the immediately preceding Interest Payment Date;

R = the Debt Service Reserve Amount on the relevant Interest Payment Date;

CP = the Collateral Portfolio Outstanding Amount on the last day of the immediately preceding Collection Period.

Amortisation Period: means the period (a) commencing on the date the Revolving Period ends and (b) ending on the earlier of (i) the Interest Payment Date falling in December 2015 and (ii) the date on which the Notes are redeemed in full.

Asset: means any Motor-vehicle, Equipment or Real Estate which is leased under any Lease Contract.

Average Collateral Portfolio Outstanding Amount: means with respect to a Quarterly Collection Period an amount equal to the sum of (i) the Collateral Portfolio Outstanding Amount as at the beginning of such Quarterly Collection Period (including the relevant Subsequent Portfolio purchased in the preceding Interest Payment Date); and (ii) the Collateral Portfolio Outstanding Amount as at the end of such Quarterly Collection Period, divided by 2 (two).

Average Pool Outstanding Amount: means with respect to a Quarterly Collection Period, an amount equal to the sum of: (i) the Pool Outstanding Amount at the beginning of such Quarterly Collection Period (including the relevant Subsequent Portfolio of such Pool purchased in the preceding Interest Payment Date); and (ii) the Pool Outstanding Amount at the end of such Quarterly Collection Period, divided by 2 (two).

Banking Act: means Italian Legislative Decree No. 385 of 1st September 1993, as the same may be amended, modified or supplemented from time to time.

Billed Residual Amount: means the aggregate amount of any V.A.T. amount relating to the Instalments, the premiums payable by the Lessees under the Insurance Policies and other expenses relating to the Collections.

Billed Residual Collected Amount: means the Billed Residual Amount accrued and due during the relevant Collection Period by each Lessee, to the extent not already paid to Locafit as Billed Residual Uncollected Amount under the same Lease Contract.

Billed Residual Uncollected Amount: means (i) the Billed Residual Amount accrued but not paid during the relevant Quarterly Collection Period by each Lessee; and (ii) the Billed Residual Amount accrued but not paid to Locafit on the preceding Interest Payment Dates.

Business Day: means a day on which the Trans-European Automated Real Time Gross Settlement Express Transfer System (“TARGET”) (or any successor thereto) is open.

Cash Accounts: means, together, the Collection Account, the Payments Account, the Adjustment Reserve Account and the Debt Service Reserve Account.

Clean Up Option: means the right to repurchase all or part of the Portfolio granted by the Issuer to Locafit Pursuant to Article 20 of the Master Receivables Purchase Agreement.

Clean Up Option Date: means the first Interest Payment Date on which the Collateral Portfolio Outstanding Amount is lower than 10% of the Collateral Portfolio Outstanding Amount as of 31st December 2002, as calculated at the Effective Date.

Clearstream: shall have the meaning ascribed to it in Condition 7.

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

Collateral Portfolio Outstanding Amount: means the sum of the Outstanding Principal of all Receivables comprised in the Collateral Portfolio.

Collection Period: means each period of one month commencing on (including) a Settlement Date and ending on (excluding) the next succeeding Settlement Date (excluding), notwithstanding that

the first Collection Period shall begin on the Valuation Date of the Initial Portfolio and shall end on (but excluding) the Settlement Date falling in January 2003.

Collateral Test: means, with reference to any Interest Payment Date, such test the result of which is positive if the sum of (i) the Collateral Portfolio Outstanding Amount (after the purchase of the Subsequent Portfolio on such Interest Payment Date), (ii) the Debt Service Reserve Amount and (iii) the Residual Issuer Available Funds (if any), after all the payments as set out in Condition 4, is at least equal to the Principal Amount Outstanding of the Notes after the relevant payments due on that Interest Payment Date have been made in full.

Collection Policy: means Locafit's collection policy in respect of the Receivables, attached as Annex 1 to the Servicing Agreement.

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

Cumulative Net Default Ratio: means, on the last day of any Quarterly Collection Period, the percentage equal to a fraction obtained by dividing: (A) (i) the sum of the Outstanding Principal as at the default date of the Receivables which have become Defaulted Receivables from the Effective Date up to the last day of such Quarterly Collection Period minus (ii) the aggregate amount of the Recovery Amounts received in respect of such Defaulted Receivables from the Effective Date up to the last day of such Quarterly Collection Period; by (B) the Outstanding Principal of the Initial Portfolio.

Debt Service Reserve Amount: means:

- (i) On the Issue Date, an amount equal to € 1,845.750.00;
- (ii) On any Interest Payment Date, the lower of:
 - 1) € 13,524,500.00; and
 - 2) an amount equal to 2.20% of the Principal Amount Outstanding of the Senior and Mezzanine Notes as of the last day of the immediately preceding Quarterly Collection Period (after all payments due on such Interest Payment Date under the relevant Priority of Payments have been made);

in any case with a minimum level of € 1,845,750.00 up to the redemption of the Senior and Mezzanine Notes.

Decree No. 239: means Legislative Decree No. 239 of 1st April 1996, as amended and supplemented from time to time, and any related regulations.

Decree No. 239 Deduction: means any withholding or deduction for or on account of "imposta sostitutiva" under Decree No. 239.

Defaulted Receivables: means any Receivables arising from the Lease Contracts which have been classified as "Contenzioso" in accordance with the Collection Policy or have at least one Instalment due and unpaid for 180 days from the Scheduled Instalment Date.

Delinquent Instalment: means any Instalment which remains unpaid by the relevant Lessee for 30 days or more after the Scheduled Instalment Date.

Delinquent Receivables: means a Receivable related to a Lease contract with respect to which there is one or more Delinquent Instalments.

Effective Date: means 16th October 2002.

Eligible Institution: means any bank with a short term rating for its unsecured, unsubordinated and unguaranteed debt obligations equal to at least P-1 from Moody's and A-1+ from S&P or,

provided that deposit held by the Issuer with such institution does not exceed 20.0% of the Principal Amount Outstanding of the Notes, than A-1 from S&P (or such other rating acceptable to the Rating Agencies).

Eligible Investment: means such Euro denominated senior (unsubordinated) debt security, bank account, deposit or other debt instruments providing a fixed principal amount at maturity issued by, or fully and unconditionally guaranteed on an unsubordinated basis by, or held at an institution having at least the following ratings: P-1 and A1 from Moody's and A-1+ from S&P (or such other rating acceptable to the Rating Agencies) with a maturity not exceeding the next following Eligible Investment Maturity Date; or, in respect of up to 20.0% (twenty per cent) of the Principal Amount Outstanding of the Notes, A-1 from S&P (or such other rating acceptable to the Rating Agencies) in respect of its unsecured, unsubordinated and unguaranteed debt obligations, with a maturity not exceeding the earlier of the date falling 30 (thirty) days thereafter and the next following Eligible Investment Maturity Date.

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

Equipment: means any plant or machinery, which is leased under any Lease Contract.

Euribor: shall have the meaning ascribed to it in Condition 5.2.

Euro or €: means the single currency introduced in the Member States of the European Community which adopted single currency in accordance with the Treaty of Rome of 25th March 1957, as amended by, *inter alia*, the Single European Act 1986, the Treaty of European Union of 7th February 1992, establishing the European Union and the European Council of Madrid of 16th December 1995.

Euroclear: shall have the meaning ascribed to it in Condition 7.

Excluded Collections: means all the amounts collected in relation to the Receivables in connection with which Locafit has agreed an Advance pursuant to Article 8 of the Warranty and Indemnity Agreement.

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 25th March 1957) as amended by the Treaty on European Union (signed in Maastricht on 7th February 1992).

Expenses: means any documented fees, costs, expenses and taxes required to be paid to any third party (other than the Issuer Secured Creditors) arising in connection with the Securitisation Transaction and any other documented costs and expenses required to be paid in order to preserve the corporate existence of the Issuer, to maintain it in good standing and to comply with applicable legislation.

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

Final Maturity Date: means the Interest Payment Date falling in December 2015.

Independent Director: means a member of the Board of Directors of Vela Lease who as at the date of his appointment and during the previous five years has not been (i) directly or indirectly a shareholder of Locafit; or (ii) a creditor, supplier, employee, director or agent of Locafit; or (iii) a relative of any person holding any of the positions under (ii) above.

Index Rate: means for each Receivable the index applicable under each Lease Contract.

Initial Portfolio: means the Receivables which are the subject matter of the first transfer between Locafit and the Issuer pursuant to the terms and conditions of the Master Receivables Purchase Agreement.

Initial Portfolio Purchase Price: means the purchase price due by the Issuer to Locafit in respect of the Initial Portfolio.

Instalment: means any amount payable by the Lessees by way of instalment, or for any other reason, due under the Lease Contracts as from the Initial Instalment Payment Date.

Insurance Policy: means any contract under which an Asset related to a Lease Contract is insured.

Interest Determination Date: means the date falling two Business Days prior to each Interest Payment Date (save in respect of the Initial Interest Period, where the Rate of Interest will be determined two Business Days prior to the Issue Date).

Interest Payment Amount: shall have the meaning ascribed to it in Condition 5.3.

Interest Payment Date: means 17th March 2003 and thereafter the 16th day of June, September, December and March of each year or, if such date is not a Business Day, the immediately following Business Day.

Interest Period: means each period from (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date, provided that the first Interest Period (the “**Initial Interest Period**”) shall begin on (and including) the Issue Date and end on (but excluding) the first Interest Payment Date falling in March 2003.

Interim Initial Purchase Price Adjustment: means the sum of (i) the accrued interest at the rate of 0.35% per annum on the sum of the Initial Individual Purchase Price from (and including) 1st January 2003 until (but excluding) the Issue Date; and (ii) Euro 144,309.93 as amount due by the Issuer in consequence of the mismatching between the Valuation Date and the Issue Date.

Issuer Available Funds: means in respect of any Payment Date, the aggregate amount of:

- (i) all interest and principal amounts relating to the Receivables paid into the Collection Account pursuant to the terms of the Servicing Agreement; and
- (ii) the Billed Residual Collected Amount paid into the Collection Account pursuant to the terms of the Servicing Agreement; and
- (iii) the Recovery Amount; and
- (iv) all net amounts received from the Hedging Counterparty pursuant to the terms of the Hedging Agreements and credited to the Payments Account; and
- (v) all amounts received by the Issuer from any party to a Transaction Document to which the Issuer is a party and credited to the Payments Account other than amounts paid in respect of the Receivables pursuant to the terms of the Servicing Agreement; and
- (vi) all amounts standing to the credit of the Debt Service Reserve Account and of the Adjustment Reserve Account; and
- (vii) all amounts of interest accrued and available on each of the Cash Accounts; and
- (viii) on the Interest Payment Date on which the Notes are redeemed in full, any residual amount owned by the Issuer as Retention Amount (after all payments due on such Interest Payment Date under the relevant Priority of Payments have been made); and
- (ix) any Advance; and
- (x) all amounts received from the sale of all or part of the Portfolio, should such sale occur.

Issuer’s Rights: means the Issuer’s rights under the Transaction Documents.

Issuer Secured Creditors: means (i) the Noteholders; and (ii) the Issuer’s other creditors under the Transaction Documents.

Maximum Pool Default Ratio: means, in respect of the Receivables comprised in the respective Pools, an amount equal to:

for Pool 1, 1.25 %;

for Pool 2, 0.80 %;

for Pool 3, 1.85 %.

Maximum Pool Delinquency Ratio: means, in respect of the Receivables comprised in the respective Pools, an amount equal to:

for Pool 1, 11.55 %;

for Pool 2, 6.00 %;

for Pool 3, 8.00 %.

Meeting: means the meeting of the Noteholders (whether originally convened or resumed following an adjournment).

Monte Titoli Account Holder: shall have the meaning ascribed to it in Condition 1.2.

Moody's: means Moody's Investors Service.

Motor-vehicle: means any car, industrial light lorry, truck, commercial van or any other motor-vehicle.

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

Net Adjustment Reserve Amount: means in respect to any Interest Payment Date, an amount by which (i) the sum of the Negative Adjustment accrued and not reimbursed as at such date in respect of all Receivables exceed (ii) the sum of the Positive Adjustment accrued and unpaid as at such date in respect of all Receivables.

Net Portfolio Yield: means, with respect to any period of time, the amount which is the aggregate of: (i) the interest and any sum accrued on the Collateral Portfolio Outstanding Amount during the relevant period, whether or not actually paid, less provisions for losses and losses with respect to such period, less the Accrued Interest (if any) and less the Interim Initial Purchase Price Adjustment (only for the first Quarterly Collection Period); (ii) the Adjustment accrued during such period (whether or not actually paid); (iii) any default interest on the Receivables paid by the Lessee during such period under the terms of the relevant Lease Contract; (iv) the amount of any and all penalties paid by the Lessee during such period; (v) any other revenues accrued to the Issuer under the Lease Contract during such period.

Optional Redemption: shall have the meaning ascribed to it in Condition 6.3.

Outstanding Principal: means, on any relevant date, in relation to any Receivable, the sum of all Principal Instalments due on any subsequent Scheduled Instalment Date and any Principal Instalments due but unpaid, plus Accrued Interest thereon as at that date. The Outstanding Principal as at 31st December 2002 was Euro 1,247,487,738.49, as calculated as of the Effective Date.

Pool: means each of Pool No. 1, Pool No. 2 and Pool No. 3 and "**Pools**" means all of them.

Pool No. 1: means the aggregate of Receivables originating from Leases the underlying Assets of which are Motor-vehicles.

Pool No. 2: means the aggregate of Receivables originating from Leases the underlying Assets of which are Equipment.

Pool No. 3: means the aggregate of Receivables originating from Leases the underlying Assets of which are Real Estate.

Pool Outstanding Amount: means on any given date with respect to any Pool, the aggregate of the Outstanding Principal of all Receivables in such Pool on such date which are included in the Collateral Portfolio.

Portfolio Default Ratio: means, in respect to any Quarterly Collection Period and any Pool, the percentage equal to a fraction obtained by dividing: (A) the Outstanding Principal as at the default date of the Receivables which have become Defaulted Receivables during such Quarterly Collection Period; (B) the Average Collateral Portfolio Outstanding Amount of such Quarterly Collection Period.

Portfolio Delinquency Ratio: means, in respect of any Quarterly Collection Period, the percentage equal to a fraction obtained by dividing: (A) the Outstanding Principal of the Receivables relating to Delinquent Receivables as at the last day of such Quarterly Collection Period; by (B) the Collateral Portfolio Outstanding Amount as at the end of such Quarterly Collection Period.

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

Principal Amount Outstanding: means, on any date, in respect of a Note, the nominal principal amount of such Note upon issue minus the aggregate amount of all principal payments in respect of such Note that have been paid up to such date.

Principal Instalment: means the principal component of each Instalment.

Priority of Payments: means the priority of payments described in Condition 4.

Purchase Price: means the Initial Portfolio Purchase Price or the Subsequent Portfolio Purchase Price, as the case may be.

Purchase Price Adjustment: means the adjustment to the Purchase Price payable pursuant to Article 7 and 21 of the Master Receivables Purchase Agreement.

Purchase Termination Event: shall have the meaning ascribed to it in Condition 10.1.

Purchase Termination Notice: shall have the meaning ascribed to it in Condition 10.1.

Quarterly Calculation Date: means the 4th Business Day immediately preceding the Interest Payment Date.

Quarterly Collection Period: means each period of three months commencing on (and including) a Settlement Date of March, June, September and December and ending respectively on (and excluding) the Settlement Date of June, September, December and March, and in the case of the first Quarterly Collection Period commencing on (and including) the Effective Date and ending on (but excluding) the Settlement Date falling in March 2003.

Quarterly Payments Report: means the quarterly report setting out all the payments to be made on the following Interest Payment Date under the Priority of Payments which shall be delivered by the Computation Agent to the Issuer, the Representative of the Noteholders, the Servicer, the Hedging Counterparty, the Agent Bank and the Rating Agencies on each Quarterly Calculation Date, pursuant to the Agency Agreement.

Quotaholders: means Finanziaria Internazionale Securitisation Group, Finanziaria Internazionale Holding and Locafit as quotaholders of the Issuer.

Rate of Interest: shall have the meaning ascribed to it in Condition 5.2.

Rating Agency: means each of Moody's and S&P and "**Rating Agencies**" means both of them.

Real Estate: means any building or real estate asset which is the subject of a Lease Contract.

Recovery Amount: means the proceeds from Defaulted Receivables, including proceeds from the sale of Assets and relocation of Assets.

Reference Bank: means each of BNL S.p.A., Unicredito Italiano S.p.A. and San Paolo IMI S.p.A. and their respective permitted successors and assigns and “**Reference Banks**” means all of them.

Relevant Date: shall have the meaning ascribed to it in Condition 9.1.

Relevant Margin: shall have the meaning ascribed to it in Condition 5.2.

Remuneration: means the amount payable on each Interest Payment Date, in respect of the Series 1-D Notes, which shall accrue during each Quarterly Collection Period and shall be calculated on each Quarterly Calculation Date immediately preceding such Interest Payment Date as the aggregate of:

- (a) the Net Portfolio Yield accrued as at the end of the immediately preceding Quarterly Collection Period;
plus
- (b) interest accrued and paid on the Collection Account, the Payments Account, the Debt Service Reserve Account and the Adjustment Reserve Account up to end of the immediately preceding Quarterly Collection Period and interest deriving from the Eligible Investments up to end of the immediately preceding Quarterly Collection Period;
plus
- (c) any and all amounts received under the Warranty and Indemnity Agreement;
plus
- (d) any and all amounts due to be received from the Hedging Counterparty on such Interest Payment Date whether or not actually paid;
minus
- (e) any and all amounts due to be paid to the Hedging Counterparty on such Interest Payment Date whether or not actually paid;
minus
- (f) during the Revolving Period any and all amounts under items “*First*”, “*Second*”, “*Fifth*”, “*Sixth*”, “*Seventh*” and “*Sixteenth*” of the Priority of Payments under Condition 4.1, and any and all amounts accrued under such items during the immediately preceding Quarterly Collection Period whether or not actually paid.

Remuneration Trigger: means the percentages set out in the following table:

Number of Quarterly Collection Period	Cumulative Net Default Ratio
1	1.00%
2	1.00%
3	1.20%
4	1.20%
5	1.30%
6	1.30%
7	1.30%
8	1.55%
9	1.55%
From 9	1.55%

Residual Issuer Available Funds: means, in respect of each Interest Payment Date, the Issuer Available Funds after all the relevant payments to be made on the Settlement Dates relating to the preceding Quarterly Collection Period have been made in full.

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

- (i) the Interest Payment Date falling in September 2004 (exclusive); and
- (ii) the date on which the Representative of the Noteholders serves a Purchase Termination Notice or a Trigger Notice on the Issuer, as provided in Condition 10.1 and Condition 10.2, respectively.

Scheduled Instalment Date: means any date on which an Instalment is due.

Screen Rate: shall have the meaning ascribed to it in Condition 5.2.

Secured Parties: means the beneficiaries of the Security Documents.

Security Interest: means any mortgage, charge, 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.

Series 1-A1 Repayment Amount: means, as of the relevant Interest Payment Date:

- (i) in the event that no Purchase Termination Event has occurred, an amount equal to the lower of:
 - (1) the Principal Amount Outstanding of the Series 1-A1 Notes on the day following the immediately preceding Interest Payment Date; and
 - (2) the Aggregate Notes Formula Redemption Amount; or
- (ii) in the event that a Purchase Termination Event has occurred, all amount of principal then due and payable in respect of the Series 1-A1 Notes.

Series 1-A2 Repayment Amount: means, as of the relevant Interest Payment Date:

- (i) in the event that no Purchase Termination Event has occurred, an amount equal to the lower of:
 - (1) the Principal Amount Outstanding of the Series 1-A2 Notes on the day following the immediately preceding Interest Payment Date; and
 - (2) the Aggregate Notes Formula Redemption Amount less the Series 1-A1 Repayment Amount; or
- (ii) in the event that a Purchase Termination Event has occurred, all amount of principal then due and payable in respect of the Series 1-A2 Notes.

Series 1-B Repayment Amount: means, as of the relevant Interest Payment Date:

- (i) in the event that no Purchase Termination Event has occurred, an amount equal to the lower of:
 - (1) the Principal Amount Outstanding of the Series 1-B Notes on the day following the immediately preceding Interest Payment Date; and
 - (2) the Aggregate Notes Formula Redemption Amount less the Series 1-A1 Repayment Amount and the Series 1-A2 Repayment Amount; or
- (iii) in the event that a Purchase Termination Event has occurred, all amount of principal then due and payable in respect of the Series 1-B Notes.

Series 1-C Repayment Amount: means, as of the relevant Interest Payment Date:

- (i) in the event that no Purchase Termination Event has occurred, an amount equal to the lower of:
 - (1) the Principal Amount Outstanding of the Series 1-C Notes on the day following the immediately preceding Interest Payment Date; and
 - (2) the Aggregate Notes Formula Redemption Amount less the Series 1-A1 Repayment Amount, the Series 1-A2 Repayment Amount and the Series 1-B Repayment Amount; or
- (ii) in the event that a Purchase Termination Event has occurred, all amount of principal then due and payable in respect of the Series 1-C Notes.

Settlement Date: means the second Business Day of each month.

S&P: means Standard & Poor's Rating Services, a division of the McGraw Hill Companies.

Subsequent Portfolio: means any additional Portfolio purchased by the Issuer pursuant to Article 3 of the Master Receivables Purchase Agreement.

Subsequent Portfolio Purchase Price: means the purchase price due by the Issuer to Locafit in respect of the Subsequent Portfolios.

Subsequent Portfolio Target Amount: means, for each Subsequent Portfolio, the Purchase Price which is no greater than the Target Amount.

Target Amount: means at any Interest Payment Date, the Principal Amount Outstanding of the Notes after any reimbursement on such date minus the Debt Service Reserve Amount minus an amount equal to the Collateral Portfolio Outstanding Amount.

Trigger Default Ratio: means in respect of any Quarterly Collection Period the percentage equal to the sum of the product in respect of each Pool of: (A) (i) the Average Pool Outstanding Amount of each Pool, divided by (ii) the Average Collateral Portfolio Outstanding Amount; multiplied by (B) the relevant Maximum Pool Default Ratio.

Trigger Delinquency Ratio: means in respect of any Quarterly Collection Period the percentage equal to the sum of the product in respect of each Pool of: (A) (i) the Pool Outstanding Amount of each Pool as at the last day of such Quarterly Collection Period (including the relevant Subsequent Portfolio purchased on the previous Interest Payment Date) divided by (ii) the Collateral Portfolio Outstanding Amount as at the last day of such Quarterly Collection Period; multiplied by (B) the relevant Maximum Pool Delinquency Ratio.

Trigger Event: means any of the events referred to in Condition 10.2.

Trigger Notice: means a notice served by the Representative of the Noteholders on the Issuer pursuant to Condition 10.2 declaring the Notes to be due and repayable following the occurrence of a Trigger Event.

Valuation Date: means, in respect of the Initial Portfolio, 11th October 2002, and in respect of each Subsequent Portfolio, each Settlement Date.

1. Form, Denomination and Title

- 1.1 The Senior and Mezzanine Notes are in dematerialised form and will be wholly and exclusively deposited with Monte Titoli in accordance with Article 28 of Italian Legislative Decree No. 213 of 24th June 1998, through the authorised institutions listed in Article 30 thereof.

1.2 The Senior and Mezzanine Notes will be held by Monte Titoli on behalf of the Noteholders until redemption or cancellation 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 Italian Legislative Decree No. 213 of 24th June 1998 and (ii) CONSOB Resolution No. 11768 of 23rd December 1998, as amended by CONSOB Resolution No. 12497 of 20th April 2000, CONSOB Resolution No. 13085 of 18th April 2001 and CONSOB Resolution No. 13659 of 10th July 2002. Since the Senior and Mezzanine Notes are in dematerialised form, no physical document of title will be issued. However, the Senior and Mezzanine Notes may be deemed for certain regulatory and fiscal purposes to constitute “*bearer*” (*al portatore*) securities and not “*registered*” (*nominativi*) securities.

1.3 The Senior and Mezzanine Notes shall be issued in denominations of Euro 1,000.

2. Status, Priority and Segregation

2.1 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.

2.2 The Senior and Mezzanine Notes are secured over certain assets of the Issuer pursuant to the Security Documents and in addition, by operation of Italian law, the Issuer’s right, title and interest in and to the Portfolio is segregated from all other assets of the Issuer. Amounts deriving therefrom will only be available, both prior to and following the winding-up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders and the other Issuer Secured Creditors in the order of priority of payments set out in Condition 4 (*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 Transaction.

2.3 The Notes of each Series will rank *pari passu* and without any preference or priority among themselves.

2.4 In respect of the obligation of the Issuer to pay interest on the Notes before the delivery of a Trigger Notice upon the occurrence of a Trigger Event, the Series 1-A1 Notes and the Series 1-A2 Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the Series 1-B Notes, the Series 1-C Notes and the Series 1-D Notes; the Series 1-B Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the Series 1-C Notes and the Series 1-D Notes, but subordinated to the Series 1-A1 Notes and the Series 1-A2 Notes; the Series 1-C Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the Series 1-D Notes, but subordinated to the Series 1-A1 Notes, the Series 1-A2 Notes and the Series 1-B Notes; the Series 1-D Notes will rank *pari passu* without preference or priority amongst themselves, but subordinated to the Series 1-A1 Notes, the Series 1-A2 Notes, the Series 1-B Notes and the Series 1-C Notes.

- 2.5 In respect of the obligation of the Issuer to repay principal on the Notes before the delivery of a Trigger Notice upon the occurrence of a Trigger Event, the Series 1-A1 Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the Series 1-A2 Notes, the Series 1-B Notes, the Series 1-C Notes and the Series 1-D Notes; the Series 1-A2 Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the Series 1-B Notes, the Series 1-C Notes and the Series 1-D Notes, but subordinated to the Series 1-A1 Notes; the Series 1-B Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the Series 1-C Notes and the Series 1-D Notes, but subordinated to the Series 1-A1 Notes and the Series 1-A2 Notes; the Series 1-C Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the Series 1-D Notes, but subordinated to the Series 1-A1 Notes, the Series 1-A2 Notes, and the Series 1-B Notes; the Series 1-D Notes will rank *pari passu* without preference or priority amongst themselves, but subordinated to the Series 1-A1 Notes, the Series 1-A2 Notes, the Series 1-B Notes and the Series 1-C Notes.
- 2.6 In respect of the obligation of the Issuer to pay interest on the Notes after the delivery of a Trigger Notice upon the occurrence of a Trigger Event, the Series 1-A1 Notes and the Series 1-A2 Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the Series 1-B Notes, the Series 1-C Notes and the Series 1-D Notes; the Series 1-B Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the Series 1-C Notes and the Series 1-D Notes, but subordinated to the Series 1-A1 Notes and the Series 1-A2 Notes; the Series 1-C Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the Series 1-D Notes, but subordinated to the Series 1-A1 Notes, the Series 1-A2 Notes and the Series 1-B Notes; the Series 1-D Notes will rank *pari passu* without preference or priority amongst themselves, but subordinated to the Series 1-A1 Notes, the Series 1-A2 Notes, the Series 1-B Notes and the Series 1-C Notes.
- 2.7 In respect of the obligation of the Issuer to repay principal on the Notes after the delivery of a Trigger Notice upon the occurrence of a Trigger Event, the Series 1-A1 Notes and the Series 1-A2 Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the Series 1-B Notes, the Series 1-C Notes and the Series 1-D Notes; the Series 1-B Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the Series 1-C Notes and the Series 1-D Notes, but subordinated to the Series 1-A1 Notes and the Series 1-A2 Notes; the Series 1-C Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the Series 1-D Notes, but subordinated to the Series 1-A1 Notes, the Series 1-A2 Notes and the Series 1-B Notes; the Series 1-D Notes will rank *pari passu* without preference or priority amongst themselves, but subordinated to the Series 1-A1 Notes, the Series 1-A2 Notes, the Series 1-B Notes and the Series 1-C Notes.
- 2.8 As long as the Notes of a Series ranking in priority to the other Series of Notes are outstanding, unless notice has been given to the Issuer declaring the Notes of such Series due and payable, the Notes of the Series ranking below shall not be capable of being declared due and payable and the Noteholders of the Series ranking in the highest priority shall be entitled to determine the remedies to be exercised.
- 2.9 The Intercreditor Agreement contains provisions regarding the protection of the respective interests of all Noteholders in connection with the exercise of the powers, authorities, rights, duties and discretion 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 holders of any Series of Notes, the Representative of the Noteholders is required to have regard only to the interests of the Series of Notes ranking prior to the other, until such Series of Notes have been redeemed in full.

3. 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:

3.1 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

3.2 Restrictions on activities

- (i) save as provided in Condition 3.9 (*Further Securitisations*), 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
- (ii) have any *società controllata* (as defined in Article 2359 of the Italian Civil Code) or any employees or premises; or
- (iii) 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
- (iv) become the owner of any real estate asset; or

3.3 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 *quote* or shares; or

3.4 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

3.5 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

3.6 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 negatively affect the interest of the Senior and Mezzanine 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 which may

negatively affect the interest of the Senior and Mezzanine 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 negatively affect the interest of the Senior and Mezzanine Noteholders; or

3.7 *Bank Accounts*

have an interest in any bank account other than the Accounts and the Expense Account; or

3.8 *Statutory Documents*

amend, supplement or otherwise modify its *statuto* or *atto costitutivo*, except where such amendment, supplement or modification (i) is required by compulsory provisions of Italian law or by the competent regulatory authorities or (ii) is not prejudicial to the interest of the Noteholders or of the other Issuer Secured Creditors; or

3.9 *Further Securitisations*

carry out any other securitisation transaction 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 subject to prior confirmation of the Rating Agencies that any such securitisation transaction will not adversely affect the rating of any of the Senior and Mezzanine Notes.

4. **PRIORITY OF PAYMENTS**

4.1 *Priority of Payments prior to a Trigger Notice*

(A) On each Settlement Date prior to the service of a Trigger Notice, the Issuer Available Funds shall be applied to fund the payment to Locafit of the Billed Residual Collected Amount to the extent not already paid to Locafit as Billed Residual Uncollected Amount.

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

First, (a) to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses (to the extent that the Retention Amount standing to the credit of the Expense Account is insufficient to pay such costs), and (b) to credit into the Expense Account such an amount equal to the lower of (i) the Retention Amount, and (ii) any Expenses paid during the immediately preceding Quarterly Collection Period;

Second, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (a) the remuneration due to the Representative of the Noteholders and any indemnity, proper costs and expenses incurred by the Representative of the Noteholders under the provisions of or in connection with any of the Transaction Documents, (b) any amounts due and payable on such Interest Payment Date to the Agent Bank, the Account Bank, the Computation Agent, the Principal Paying Agent, the Cash Manager, the Luxembourg Paying Agent, the Corporate Servicer and the Servicer and (c) any other documented costs, fees and expenses due to persons who are not party to the Intercreditor Agreement which have been incurred in or in connection with the preservation or enforcement of the Issuer's Rights;

Third, to pay to the Hedging Counterparty any amounts due and payable under the Hedging Agreements, excluding any termination payment arising out of a termination event under the Hedging Agreements which is caused by the Hedging Counterparty;

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

Fifth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Series 1-A1 Notes and the Series 1-A2 Notes;

Sixth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Series 1-B Notes;

Seventh, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Series 1-C Notes;

Eighth, to credit to the Debt Service Reserve Account such an amount to bring the balance of such account up to (but not exceeding) the Debt Service Reserve Amount;

Ninth, during the Revolving Period to pay to Locafit any amount due as Subsequent Portfolio Target Amount;

Tenth, during the Amortisation Period to pay all amounts then due and payable in respect of the Series 1-A1 Repayment Amount;

Eleventh, during the Amortisation Period to pay all amounts then due and payable in respect of the Series 1-A2 Repayment Amount once all amounts due and payable in respect of the Series 1-A1 Notes have been paid in full;

Twelfth, during the Amortisation Period to pay all amounts then due and payable in respect of the Series 1-B Repayment Amount once all amounts due and payable in respect of the Series 1-A2 Notes have been paid in full;

Thirteenth, during the Amortisation Period to pay all amounts then due and payable in respect of the Series 1-C Repayment Amount once all amounts due and payable in respect of the Series 1-B Notes have been paid in full;

Fourteenth, to pay any amount due and payable to the Hedging Counterparty arising out of any termination event under the Hedging Agreements not set forth under item *Third* above;

Fifteenth, to pay to Locafit the Purchase Price Adjustment, if any;

Sixteenth, to pay to Locafit any amount due and payable under the Transaction Documents, if any;

Seventeenth, to pay to Locafit the Billed Residual Uncollected Amount;

Eighteenth, to credit to the Payments Account any Residual Issuer Available Funds after all payments from item *First* to *Seventeenth* (included) above have been made in full provided that the Cumulative Net Default Ratio in the preceding Quarterly Collection Period has exceeded the Remuneration Trigger;

Nineteenth, to pay any amount due and payable as Remuneration in respect of the Series 1-D Notes;

Twentieth, during the Amortisation Period to pay all amounts of principal then due and payable in respect of the Series 1-D Notes, once all amounts then due and payable in respect of the Senior and Mezzanine Notes have been paid in full,

provided that to the extent in any preceding Quarterly Collection Period the Cumulative Net Default Ratio has exceeded:

- (a) 5.25%, in any of the first six Quarterly Collection Periods or 7.50% in any of the following Quarterly Collection Periods, no amount under item *Seventh* above will be paid until the full redemption of the Series 1-B Notes; or
- (b) 8.00%, in any of the first six Quarterly Collection Periods or 11.00% in any of the following Quarterly Collection Periods, no amount under items *Sixth* above will be paid until the full redemption of the Series 1-A1 Notes and the Series 1-A2 Notes and no amount under item *Eight* above will be paid.

To the extent that:

- (i) on any Interest Payment Date during the Revolving Period, the Collateral Test is not positive, the difference between the Subsequent Portfolio Target Amount and the amount paid under item *Ninth* above shall be invested in Eligible Investments;
- (ii) the Issuer Available Funds are to be applied towards redeeming the Notes on any Interest Payment Date which falls prior to the expiration of eighteen months following the Issue Date, then the Issuer shall invest such amounts in Eligible Investments,

the monies resulting from such Eligible Investments shall be applied in payment to the Noteholders in accordance with this Condition 4.

4.2 ***Priority of Payments following a Trigger Notice***

(A) On each Settlement Date following the service of a Trigger Notice, the Issuer Available Funds shall be applied to fund the payment to Locafit of the Billed Residual Collected Amount to the extent not already paid to Locafit as Billed Residual Uncollected Amount.

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

First, (a) to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses (to the extent that the Retention Amount standing to the credit of the Expense Account is insufficient to pay such costs), and (b) to credit into the Expense Account such an amount equal to the lower of (i) the Retention Amount, and (ii) any Expenses paid during the immediately preceding Quarterly Collection Period;

Second, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (a) the remuneration due to the Representative of the Noteholders and any indemnity, proper costs and expenses incurred by the Representative of the Noteholders under the provisions of or

in connection with any of the Transaction Documents, (b) any amounts due and payable on such Interest Payment Date to the Agent Bank, the Account Bank, the Computation Agent, the Principal Paying Agent, the Cash Manager, the Luxembourg Paying Agent, the Corporate Servicer and the Servicer; and (c) any other documented costs, fees and expenses due to persons who are not party to the Intercreditor Agreement which have been incurred in or in connection with the preservation or enforcement of the Issuer's Rights;

Third, to pay to the Hedging Counterparty any amounts due and payable under the Hedging Agreements, excluding any termination payment arising out of a termination event under the Hedging Agreements which is caused by the Hedging Counterparty;

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

Fifth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Series 1-A1 Notes and the Series 1-A2 Notes;

Sixth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of principal then due and payable in respect of the Series 1-A1 Notes and the Series 1-A2 Notes;

Seventh, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Series 1-B Notes, once all amounts due and payable in respect of the Series 1-A1 Notes and the Series 1-A2 Notes have been paid in full;

Eighth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of principal then due and payable in respect of the Series 1-B Notes, once all amounts due and payable in respect of the Series 1-A1 Notes and the Series 1-A2 Notes have been paid in full;

Ninth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Series 1-C Notes, once all amounts due and payable in respect of the Series 1-A1 Notes, the Series 1-A2 Notes and the Series 1-B Notes have been paid in full;

Tenth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of principal then due and payable in respect of the Series 1-C Notes, once all amounts due and payable in respect of the Series 1-A1 Notes, the Series 1-A2 Notes and the Series 1-B Notes have been paid in full;

Eleventh, to pay any amount due and payable to the Hedging Counterparty arising out of termination event under the Hedging Agreements not set forth under item *Third* above;

Twelfth, to pay to Locafit the Purchase Price Adjustment, if any;

Thirteenth, to pay to Locafit any amount due and payable under the Transaction Documents;

Fourteenth, to pay to Locafit the Billed Residual Uncollected Amount;

Fifteenth to pay all amounts of Remuneration and principal then due and payable in respect of the Series 1-D Notes once all amounts then due and payable in respect of the Senior and Mezzanine Notes have been paid in full.

To the extent that the Issuer Available Funds are to be applied towards redeeming the Notes on any Interest Payment Date which falls prior to the expiration of eighteen months following the Issue Date, the Issuer shall invest such amounts in Eligible Investments. The monies resulting from such Eligible Investments shall be applied in payment to the Noteholders in accordance with this Condition 4.

5. Interest

5.1 Interest Payment Dates and Interest Periods

Each Senior and Mezzanine Note bears interest on its Principal Amount Outstanding from (and including) the Issue Date, payable in Euro quarterly in arrears on the 16th day of March, June, September and December in each year (or if such day is not a Business Day, the immediately succeeding Business Day) (each such date an “**Interest Payment Date**”). The first Interest Payment Date will be 17th March 2003. The period from and including the Issue Date to but excluding the first Interest Payment Date is referred to herein as the “**Initial Interest Period**” and each successive period from and including an Interest Payment Date to but excluding the next succeeding Interest Payment Date is referred to as an “**Interest Period**”.

Interest shall cease to accrue on any part of the Principal Amount Outstanding of each Senior Notes or Mezzanine Notes from (and including) the Final Maturity Date (as defined in Condition 6 (*Redemption, Purchase and Cancellation*)) 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 Series of Senior Notes or Mezzanine Notes until whichever is the earlier of (i) the day on which all sums due in respect of such Senior Note or Mezzanine Note up to that day are received by or on behalf of the relevant Senior Noteholder or Mezzanine 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 Senior Noteholder or Mezzanine Noteholder and notice to that effect is given in accordance with Condition 13 (*Notices*).

5.2 Rate of Interest

The rate of interest payable from time to time in respect of the Senior and Mezzanine Notes (each, a “**Rate of Interest**”) will be determined by the Agent Bank on the Interest Determination Date immediately preceding the relevant Interest Period.

The Rate of Interest applicable to each Series of the Senior and Mezzanine Notes for each Interest Period shall be:

For the Series 1-A1 Notes, the Series 1-A2 Notes, the Series 1-B Notes and the Series 1-C Notes the aggregate of:

- (A) the Relevant Margin; and
- (B) (a) the Euro-zone inter-bank offered rate for three month Euro deposits which appears on Bloomberg Page EUR003M index in the menu MMCV1 or (aa) such other page as may replace Bloomberg Page EUR003M index in the menu MMCV1 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 Bloomberg Page EUR003M index in the menu MMCV1) (the “**Screen Rate**”) at or about 11.00 a.m. (Brussels time) on the Interest Determination Date; or

- (b) if the Screen Rate is unavailable at such time for Euro deposits for the relevant period, 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 Agent Bank at its request by each of the Reference Banks as the rate at which the 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 such Interest Determination Date, the Screen Rate is unavailable and only two of the Reference Banks provide such offered quotations to the Agent Bank 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 Agent Bank with such 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 (“**Euribor**”).

In the case of the Initial Interest Period, the Rate of Interest for the Series 1-A1 Notes, the Series 1-A2 Notes, the Series 1-B Notes and the Series 1-C Notes shall be the aggregate of the Relevant Margin for the Notes of such Series and the rate obtained by linear interpolation of the Euro-zone inter-bank offered rates for one month and two month deposits in Euro.

For the purpose of these Conditions, the “**Relevant Margin**” shall be:

- (i) in respect of the Series 1-A1 Notes, 0.32% per annum up to and including the Clean Up Option Date and thereafter a margin of 0.64% per annum;
- (ii) in respect of the Series 1-A2 Notes, 0.45% per annum up to and including the Clean Up Option Date and thereafter a margin of 0.90% per annum;
- (iii) in respect of the Series 1-B Notes, 1.00% per annum up to and including the Clean Up Option Date and thereafter a margin of 2.00% per annum; and
- (iv) in respect of the Series 1-C Notes, 1.75% per annum up to and including the Clean Up Option Date and thereafter a margin of 3.50% per annum.

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.

5.3 *Determination of Rates of Interest and Calculation of the Interest Payment Amount*

The Agent Bank shall, on each Interest Determination Date, determine and notify to the Issuer, the Paying Agents, the Computation Agent, the Corporate Servicer, the Hedging Counterparty and the Representative of the Noteholders:

- (i) 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 Series of Senior and Mezzanine Notes;
- (ii) the Euro amount (the “**Interest Payment Amount**”) payable on each Series of Senior and Mezzanine Notes in respect of such Interest Period. The Interest Payment Amount payable in respect of any Interest Period in respect of each Series of Senior and Mezzanine Notes shall be calculated by applying the relevant Rate of Interest to the Principal Amount Outstanding of such Series of Senior and Mezzanine Notes on the Interest Payment Date (or, in the case of the Initial Interest Period, the Issue Date) at the commencement of such Interest Period (after deducting therefrom any payment of principal due and paid on that Interest Payment Date), multiplying the product of such calculation by the actual number of days in the Interest Period and dividing by 360, and rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

5.4 *Notification of the Rate of Interest and the Interest Payment Amount*

The Agent Bank will, at the Issuer’s expense, cause the Rate of Interest and the Interest Payment Amount applicable to each Series of Senior and Mezzanine Notes for each Interest Period and the relative Interest Payment Date in respect of such Interest Payment Amount to be notified promptly after determination to the Issuer, the Paying Agents, the Computation Agent, the Hedging Counterparty, the Corporate Servicer, the Representative of the Noteholders, Monte Titoli S.p.A., the Luxembourg Stock Exchange and any other relevant stock exchange and will cause the same to be published in accordance with Condition 13 (*Notices*) on or as soon as possible after the relevant Interest Determination Date.

The Agent Bank will be entitled to recalculate any Interest Payment Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.

5.5 *Determination or calculation by the Representative of the Noteholders*

If the Agent Bank does not at any time for any reason determine the Rate of Interest and/or calculate the Interest Payment Amount for each Series of Senior and Mezzanine Notes in accordance with the foregoing provisions of this Condition 5, the Representative of the Noteholders shall:

- (i) determine the Rate of Interest for each Series of Senior and Mezzanine Notes at such rate as (having regard to the procedure described above) it shall consider fair and reasonable in all the circumstances; and/or
- (ii) calculate the Interest Payment Amount for each Series of Senior and Mezzanine Notes in the manner specified in Condition 5.3 above;

and any such determination and/or calculation shall be deemed to have been made by the Agent Bank.

5.6 *Notifications to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5, whether by the Reference Banks (or any of them), the Agent Bank, 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 Agent Bank, the Issuer, the Cash Manager, the Paying Agents, the Representative of the Noteholders and all Noteholders and (in such absence as aforesaid) no liability to the Senior and Mezzanine Noteholders shall attach to the Reference Banks, the Agent Bank, 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.

5.7 *Reference Banks and Agent Bank*

The Issuer shall ensure that, so long as any of the Notes remains outstanding, there shall at all times be three Reference Banks and an Agent Bank. The Reference Banks shall be three major banks in the Euro-zone inter-bank market selected by the Agent Bank with the approval of the Issuer. The Agent Bank may not resign until a successor approved in writing by the Representative of the Noteholders has been appointed. If a new Agent Bank is appointed, a notice will be published in accordance with Condition 13 (*Notices*).

6. **Redemption, Purchase and Cancellation**

6.1 *Final Maturity Date*

Unless previously redeemed in full as provided in this Condition 6 (*Redemption, Purchase and Cancellation*), the Issuer shall redeem the Notes at their Principal Amount Outstanding, plus any accrued but unpaid interest, on the Interest Payment Date falling in December 2015 (the “**Final Maturity Date**”).

All Notes will, immediately following the Final Maturity Date, be deemed to be discharged in full and any amount in respect of principal, interest or other amounts due and payable in respect of the Notes will (unless payment of any such amount is improperly withheld or refused) be finally and definitively cancelled.

6.2 *Mandatory pro rata redemption*

Starting from the Interest Payment Date falling in September 2004 and on each Interest Payment Date thereafter (in each case if on the Quarterly Calculation Date prior to such Interest Payment Date there are sufficient Residual Issuer Available Funds), the Issuer will apply the Residual Issuer Available Funds on such Interest Payment Date in or towards mandatory redemption of each Series of Notes (in whole or in part) in accordance with the applicable Priority of Payments.

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 provision of this Condition 6.2 to be available for redemption of the Notes of the same Series 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 Series (rounded down to the nearest cent), provided always that such principal amount redeemable may not exceed the Principal Amount Outstanding of the relevant Note.

6.3 *Optional Redemption*

The Issuer may on any Interest Payment Date falling on or after the Clean Up Option Date, redeem all but not some only of the Senior and Mezzanine Notes at their Principal Amount Outstanding together with all accrued but unpaid interest thereon up to and including the relevant Interest Payment Date. Any such redemption (“**Optional Redemption**”) shall be effected by the Issuer on giving not less than 30 days prior notice in writing to the Representative of the Noteholders, to the Originator and to the holders of the Senior and Mezzanine Notes in accordance with Condition 13 (*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 (such as a certificate signed by the sole director or at least two directors of the Issuer) that it will have the funds, not subject to interests of any other person, to discharge all its outstanding liabilities in respect of the Senior and Mezzanine Notes and any amounts required under the Intercreditor Agreement to be paid in priority to or *pari passu* with the Senior and Mezzanine Notes of each Series. The necessary funds for the purpose of optional redemption of the Senior and Mezzanine Notes may be obtained from the sale by the Issuer of all the Portfolio. Should such sale occur, the proceeds therefrom will form part of the Issuer Available Funds on the relevant Interest Payment Date.

6.4 *Redemption for taxation*

If, at any time, (i) the Issuer confirms to the Representative of the Noteholders that on the next Interest Payment Date, the Issuer would be required to deduct or withhold (other than in respect of a Decree No. 239 Deduction) any amount from any payment of principal or interest on the Notes of any Series for or on account of any present or future taxes, duties, assessments or governmental charges by the Republic of Italy or any political sub-division thereof or any authority thereof or therein, and (ii) 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 not subject to the interest of any other person to discharge all its outstanding liabilities in respect of the Senior and Mezzanine Notes and any amounts required under the relevant Conditions to be paid in priority to or *pari passu* with such Senior and Mezzanine Notes, then following receipt of a written notice from the Representative of the Noteholders authorising the redemption, the Issuer may, at its option, redeem on the next succeeding Interest Payment Date all but not some only of the Senior and Mezzanine Notes at their Principal Amount Outstanding together with accrued but unpaid interest up to and including the relevant Interest Payment Date, having given not more than 90 nor less than 60 days notice to the Representative of the Noteholders in writing and to the holders of such Notes in accordance with Condition 13 (*Notices*) below.

6.5 *Principal Payments, Redemption Amounts and Principal Amount Outstanding*

On each Quarterly Calculation Date, the Issuer shall procure that the Computation Agent determines:

- (i) the amount of the Issuer Available Funds for each Series of Notes (if any);
- (ii) the amount of any principal payment (if any) due on each Note on the next following Interest Payment Date; and
- (iii) the Principal Amount Outstanding of each Note and on the Notes of each Series on the next following Interest Payment Date (after deducting any principal payment due to be made on that Interest Payment Date).

Each determination on behalf of the Issuer of the Residual Issuer Available Funds for the Notes of each Series, the principal payment on each Note and the Principal Amount Outstanding of each Note 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, on each Quarterly Calculation Date, cause each determination of a principal payment on each Note (if any) and the Principal Amount Outstanding on each Note and on the Notes of each Series to be notified by the Agent Bank (also through the Quarterly Payments Report) to the Representative of the Noteholders, Monte Titoli, the Hedging Counterparty, the Principal Paying Agent, the Luxembourg Paying Agent, the Luxembourg Stock Exchange and any applicable stock exchange and the Issuer will cause the notice thereof to be published in accordance with Condition 13 (*Notices*). If no principal payment is due to be made on any Series of Notes on an Interest Payment Date, a notice to this effect will be given by or on behalf of the Issuer to the Noteholders of such series in accordance with Condition 13 (*Notices*).

If no Issuer Available Funds, principal payment on each Note or Principal Amount Outstanding of each Note and on the Notes of each Series is determined by the Computation Agent in accordance with the preceding provisions of this Condition, such Residual Issuer 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 6.5 and each such determination or calculation shall be deemed to have been made by the Computation Agent.

6.6 *Notice of Redemption*

Any such notice as is referred to in Condition 6.2 (*Mandatory pro rata redemption*), Condition 6.3 (*Optional Redemption*) and Condition 6.4 (*Redemption for Taxation*) shall be made pursuant to Condition 13 (*Notices*) in accordance with, in the case of mandatory *pro rata* redemption, Condition 6.5 (*Principal Payments, Redemption Amounts and Principal Amount Outstanding*) and, in the case of optional redemption or redemption for taxation reasons, Condition 6.3 (*Optional Redemption*) and Condition 6.4 (*Redemption for Taxation*), with notice to the Luxembourg Stock Exchange indicating the Principal Amount Outstanding of the relevant Series of Notes and all accrued but unpaid interest thereon up to and including the relevant Interest Payment Date. Such notices shall be irrevocable and, upon the expiry of such notice, the Issuer shall be bound to redeem the Notes in accordance with this Condition 6 (*Redemption, Purchase and Cancellation*).

6.7 *No purchase by Issuer*

The Issuer shall not purchase any of the Notes.

7. Payments

Payment of principal and interest in respect of the Senior and Mezzanine Notes will be credited, according to the instructions of Monte Titoli, by the Principal Paying Agent on behalf of the Issuer to the accounts of those banks and authorised brokers whose accounts with Monte Titoli are credited with those Senior and Mezzanine Notes and thereafter credited by such banks and authorised brokers from such aforementioned accounts to the accounts of the beneficial owners of those Senior and Mezzanine 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 Senior and Mezzanine Notes, in

accordance with the rules and procedures of Monte Titoli, Euroclear or Clearstream, as the case may be.

Payments of principal and interest in respect of the Senior and Mezzanine Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto.

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 Luxembourg Paying Agent or the Principal Paying Agent and to appoint another Luxembourg Paying Agent or Principal Paying Agent, *provided that* (for as long as the Senior and Mezzanine Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require) the Issuer will at all times maintain an agent with a specified office in Luxembourg. Notice of any such variation, termination or appointment will be given to the Luxembourg Stock Exchange and the Noteholders, in accordance with Condition 13 (*Notices*), promptly by the Issuer.

8. 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 No. 239 Deduction 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.

9. Prescription

9.1 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.

9.2 In this Condition 9, 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 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 monies has been received is duly given to the Noteholders in accordance with Condition 13 (*Notices*).

10. Purchase Termination Events and Trigger Events

10.1 If any of the following events (each a “**Purchase Termination Event**”) occurs:

(a) *Breach of obligations by Locafit:*

Locafit defaults in the performance or observance of any of its obligations under any of the Transaction Documents to which it is party and except where, in the sole and absolute opinion of the Representative of the Noteholders, such default is incapable of remedy, such default remains unremedied for 30 (thirty) days after the Representative of the Noteholders has given written notice thereof to the Issuer and Locafit, certifying that such default is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Senior and Mezzanine Noteholders; or

(b) *Breach of representations and warranties by Locafit:*

Any of the representations and warranties given by Locafit under any of the Transaction Documents to which it is party is or proves to have been incorrect or misleading in any material respect when made or deemed to be made; or

(c) *Insolvency of Locafit:*

- (i) Locafit becomes adjudicated under any *fallimento*, *concordato preventivo*, *amministrazione controllata*, *amministrazione straordinaria* or any other applicable bankruptcy proceedings; or
- (ii) Locafit takes any action for a restructuring or deferment of any of its obligations or makes a general assignment or an arrangement or composition with its creditors or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it applies for suspension of payments; or

(d) *Winding up of Locafit:*

An order is made or an effective resolution is passed for the winding up, liquidation, dissolution or extraordinary administration in any form of Locafit of which the Representative of the Noteholder becomes aware; or

(e) *Breach of Ratios:*

- (i) for two consecutive Interest Payments Dates, the Portfolio Delinquency Ratio for the immediately preceding Quarterly Collection Period exceeds the Trigger Delinquency Ratio; or
- (ii) for two consecutive Interest Payments Dates during the Revolving Period, the Portfolio Default Ratio for the immediately preceding Quarterly Collection Period exceeds the Trigger Default Ratio; or
- (iii) for two consecutive Interest Payments Dates, the Cumulative Net Default Ratio during the immediately preceding Quarterly Collection Period exceeds the following percentages:

As at the end of:	Cumulative Net Default Ratio:
1st Quarterly Collection Period	1.40%
2nd Quarterly Collection Period	1.40%
3rd Quarterly Collection Period	1.80%
4th Quarterly Collection Period	1.80%
5th Quarterly Collection Period	2.00%
From the 6 th Quarterly Collection Period	2.70%

or

- (iv) starting from the Effective Date, on any Interest Payment Date the Cumulative Net Default Ratio of the Portfolio has exceeded 5.25% in any of the first six Quarterly Collection Periods and thereafter 7.50%,

then the Representative of the Noteholders may (or, if so requested by an Extraordinary Resolution of a Meeting or upon the occurrence of any of events under (c)(i), (d) or (e) above, shall) give written notice (a “**Purchase Termination Notice**”) to the Issuer and Locafit.

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

10.2 If any of the following events (each a “**Trigger Event**”) occur:

(a) *Non-payment*

Default is made:

- (i) in the payment on the Final Maturity Date of the Senior and Mezzanine Notes, or any of them, of the amount of principal then due on such Senior and Mezzanine Notes, or any of them; or
- (ii) for a period of 5 (five) Business Days or more, in the payment on the due date therefor of the amount of interest then due on the Senior Notes; or
- (iii) for a period of 5 (five) Business Days or more, in the payment on the due date therefor of the amount of interest then due on the Mezzanine Notes provided that the Purchase Termination Event referred in Condition 10.1(e)(iv) has not occurred.

(b) *Breach of obligations by the Issuer*

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 principal or interest on the 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 and Locafit, certifying that such default is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Senior and Mezzanine 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 party 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*

- (i) an administrator, administrative receiver or liquidator of the Issuer is appointed over or in respect of the whole or any part of the undertaking, assets and/or revenues of the Issuer or the Issuer becomes subject to any bankruptcy, liquidation, administration, insolvency, composition, reorganisation (among which, without limitation, *fallimento*, *concordato preventivo* and *amministrazione controllata* with the meaning ascribed to those expressions by the laws of the Republic of Italy or proceedings under Title IV, Heading I of the Banking Act) or similar proceedings (or application for the commencement of any such proceedings is made) unless the Representative of the Noteholders has received legal advice that such proceedings are manifestly without grounds, or the whole or any substantial part of the assets of the Issuer, other than any portfolio of assets which is purchased by the Issuer for the purposes of further securitisation transactions, is subject to a *pignoramento* or other similar procedure having a similar effect; or

- (ii) the Issuer takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for bankruptcy or suspension of payments; or

(e) *Winding up of the Issuer*

An order is made or an effective resolution is passed for the winding up, liquidation, dissolution or extraordinary administration in any form of the Issuer except a winding up for the purposes of or pursuant to an amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders or by an Extraordinary Resolution of the Noteholders; or

(f) *Unlawfulness*

It is or will become unlawful in any material respect (in the sole opinion of the Representative of the Noteholders) to be material for the Issuer or Locafit, as the case may be, to perform or comply with any of its obligations under or in respect of the Notes or any other Transaction Document to which it is a party,

then the Representative of the Noteholders if so requested by an Extraordinary Resolution of a meeting of the Series 1-A1 Noteholders or, upon the redemption in full of the Series 1-A1 Notes, of the Series 1-A2 Noteholders or, upon the redemption in full of the Series 1-A2 Notes, of the Series 1-B Noteholders, or upon the redemption in full of the Series 1-B Notes, of the Series 1-C Noteholders, or upon the redemption in full of the Series 1-C Notes, of the Series 1-D Noteholders shall (or in the case of any of the events under (a), (d), (e) and (f) above, may):

- (i) serve a notice (a “**Trigger Notice**”) on the Issuer and Locafit; and
- (ii) be entitled to direct the sale of the Portfolio provided however that a sufficient amount shall be realised to allow discharge in full of all amounts owing to the Senior and Mezzanine Noteholders and amounts ranking in priority thereto or *pari passu* therewith.

Upon the Representative of the Noteholders serving a Trigger Notice, the Notes shall become repayable in accordance with Condition 4.2 (*Priority of Payments following a Trigger Notice*), provided that no redemption of the Notes shall occur prior to expiry of the eighteen month period from the Issue Date.

11. Enforcement

- 11.1 At any time after a Trigger Notice has been served, the Representative of the Noteholders may or shall, if so requested or authorised by an Extraordinary Resolution of the Series 1-A1 Noteholders and the Series 1-A2 Noteholders or, upon the redemption in full of the Series 1-A1 Notes and the Series 1-A2 Notes, of the Series 1-B Noteholders or, upon the redemption in full of the Series 1-B Notes, of the Series 1-C Noteholders or, upon the redemption in full of the Series 1-C Notes, of the Series 1-D Noteholders 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.

- 11.2 All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of Condition 10 (*Purchase Termination Events and Trigger Events*) or this Condition 11 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.
- 11.3 In the event that the Representative of the Noteholders takes action to enforce rights of the Noteholders of any Series 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 Series 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 Series of Notes will be deemed discharged in full and any amount in respect of principal, interest or other amounts due under such Series of Notes will be finally and definitively cancelled.

12. Appointment and removal of the Representative of the Noteholders

- 12.1 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.
- 12.2 Pursuant to the Rules of the Organisation of the Noteholders (attached hereto as Annex 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 Agreements. Each Noteholder is deemed to accept such appointment.
- 12.3 Pursuant to the provisions of the Rules of the Organisation of the Noteholders, the Representative of the Noteholders can be removed by the Noteholders at any time, provided a successor Representative of the Noteholders is appointed which shall be:
- (i) a bank incorporated in any jurisdiction of the European Union or a bank incorporated in any other jurisdiction acting through an Italian branch or through a branch situated in a European Union country; or
 - (ii) a company or financial institution registered under article 107 of the Banking Act; or
 - (iii) any other entity which may be permitted by any specific provisions of Italian law applicable to the securitisation of monetary rights and/or by any regulations, instructions, guidelines and/or specific approvals issued by the competent Italian supervising authorities.

12.4 The Rules of the Organisation of the Noteholders contain provisions governing, *inter alia*, the terms of appointment, indemnification and exoneration from responsibility (and relief from responsibility) of the Representative of the Noteholders (including provisions relieving it from taking action unless indemnified to its satisfaction and providing for the Representative of the Noteholders to be indemnified in certain other circumstances) and provisions which govern the termination of the appointment of the Representative of the Noteholders and amendments to the terms of such appointment.

13. Notices

13.1 So long as the Senior and Mezzanine Notes are held on behalf of the beneficial owners thereof by Monte Titoli S.p.A., notices to the Senior and Mezzanine Noteholders may be given through the systems of Monte Titoli S.p.A.. In addition, so long as the Senior and Mezzanine Notes of any Series are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, any notice regarding the Senior and Mezzanine Notes of such Series to such Noteholders shall be deemed to have been duly given if published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or if this is not practicable, in another appropriate English language newspaper having general circulation in Europe. 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.

13.2 The Representative of the Noteholders may sanction some other method of giving notice to the Noteholders of the relevant Series 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 Series are listed and provided that notice of such other method is given to the Noteholders of the relevant Series in such manner as the Representative of the Noteholders shall require.

14. Governing Law

14.1 The Notes are governed by Italian law.

14.2 All the Transaction Documents are governed by Italian law, with the exception of the Senior and Mezzanine Notes Subscription Agreement, the Hedging Agreements and the Deed of Charge which are governed by English law.

14.3 The Court of Milan, Italy are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes.

ANNEX 1
TO THE SENIOR AND MEZZANINE NOTES CONDITIONS
RULES OF THE ORGANISATION OF THE NOTEHOLDERS

TITLE I
GENERAL PROVISIONS

Article 1

General

The Organisation of the Noteholders is created by the issue and by the subscription of the Notes, and shall remain in force and in effect until full repayment or cancellation of the Series 1-A1 Notes, the Series 1-A2 Notes, the Series 1-B Notes, the Series 1-C Notes and the Series 1-D Notes.

The contents of these Rules are considered included in each Note issued by the Issuer.

Article 2

Definitions

In these Rules, the following expressions have the following meanings:

“**Agent**” means the Principal Paying Agent;

“**Arbitration Panel**” means the arbitration panel as set out in Article 32;

“**Basic Terms Modification**” means:

- (a) the modification of the date of maturity of the relevant series of Notes;
- (b) a modification which would have the effect of postponing any day for payment of interest thereon;
- (c) a modification which would have the effect of reducing or cancelling the amount of principal payable in respect of the relevant series of Notes or the rate of interest applicable in respect of the relevant series of Notes;
- (d) a modification which would have the effect of altering the majority of votes required to pass a specific resolution or the quorum required at any meeting;
- (e) a modification which would have the effect of altering the currency of payment of the relevant series of Notes or any alteration of the date of priority of redemption of the relevant series of Notes;
- (f) a modification which would have the effect of altering the authorisation or consent by the Senior and Mezzanine Noteholders, as pledgees, to applications of funds as provided for in the Transaction Documents;
- (g) the appointment and removal of the Representative of the Noteholders; and
- (h) an amendment of this definition;

“**Block Voting Instruction**” means, in relation to any Meeting, a document:

- (a) certifying that certain specified Notes (the “Blocked Notes”) have been blocked in an account with a clearing system or the depository, as the case may be, and will not be released until the conclusion of the Meeting;
- (b) certifying that the holder of each Blocked Note or a duly authorised person on its behalf has instructed the relevant Agent that the votes attributable to such Blocked Note are to be cast in a particular way on each resolution to be put to the Meeting and that, during the period of 48 hours before the time fixed for the Meeting, such instructions may not be amended or revoked;
- (c) listing the total number of the Blocked Notes, distinguishing for each resolution between those in respect of which instructions have been given to vote for, or against, the resolution; and
- (d) authorising a named individual or individuals to vote in respect of the Blocked Notes in accordance with such instructions;

“**Business**” means, in relation to any Meeting, the matters to be proposed to a vote of the Noteholders at the Meeting;

“**Chairman**” means, in relation to any Meeting, the individual who takes the chair in accordance with Article 9 of these Rules;

“**Series 1-A1 Noteholders**” means the holders of the Series 1-A1 Notes;

“**Series 1-A2 Noteholders**” means the holders of the Series 1-A2 Notes;

“**Series 1-B Noteholders**” means the holders of the Series 1-B Notes;

“**Series 1-C Noteholders**” means the holders of the Series 1-C Notes;

“**Series 1-D Noteholders**” means the holders of the Series 1-D Notes;

“**Series of Notes**” means the Series 1-A1 Notes, the Series 1-A2 Notes, the Series 1-B Notes, the Series 1-C Notes and the Series 1-D Notes;

“**Director**” means the Sole Director or the Board of Directors of the Issuer, as the case may be, pursuant to the By-laws of the Issuer;

“**Extraordinary Resolution**” means a resolution of the Meeting of the Relevant series Noteholders, duly convened and held in accordance with the provisions of these Rules;

“**Issuer**” means Vela Lease S.r.l.;

“**Meeting**” means the meeting of the Noteholders (whether originally convened or resumed following an adjournment);

“**Notes**” and “**Noteholders**” shall mean:

- (a) in connection with a Meeting of Series 1-A1 Noteholders, Series 1-A1 Notes and Series 1-A1 Noteholders respectively;
- (b) in connection with a Meeting of Series 1-A2 Noteholders, Series 1-A2 Notes and Series 1-A2 Noteholders respectively;
- (c) in connection with a Meeting of Series 1-B Noteholders, Series 1-B Notes and Series 1-B Noteholders respectively;
- (d) in connection with a Meeting of Series 1-C Noteholders, Series 1-C Notes and Series 1-C Noteholders respectively;
- (e) in connection with a Meeting of Series 1-D Noteholders, Series 1-D Notes and Series 1-D Noteholders respectively;

“**Proxy**” means, in relation to any Meeting, a person appointed to vote under a Block Voting Instruction;

“**Relevant Series Noteholders**” means the Series 1-A1 Noteholders, the Series 1-A2 Noteholders, the Series 1-B Noteholders, the Series 1-C Noteholders and the Series 1-D Noteholders, as the context may require;

“**Relevant Fraction**” means:

- (a) for all business other than voting on an Extraordinary Resolution, one-twentieth of the Principal Amount Outstanding of the outstanding Notes in that Series;
- (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 in that Series (in case of a meeting of a particular Series of the Notes) or two-thirds of the Principal Amount Outstanding of the outstanding Notes of such Series (in case of a joint meeting of more than one Series of Notes); and
- (c) for voting on any Extraordinary Resolution relating to a Basic Terms Modification (which must be proposed separately to each Series of Noteholders), three-quarters of the Principal Amount Outstanding of the outstanding Notes in that Series;

provided, however, that, in the case of a Meeting which has resumed after adjournment for want of a quorum, it means:

- (a) for all business other than voting on an Extraordinary Resolution relating to a Basic Terms Modification, more than one third of the Principal Amount Outstanding of the outstanding Notes in that Series or, in case of a joint meeting of more than one Series of Notes, in those Serieses; and
- (b) for voting on any Extraordinary Resolution relating to a Basic Terms Modification (which must be proposed separately to each Series of Noteholders), more than 50% of the Principal Amount Outstanding of the outstanding Notes in that Series;

“**Rules**” means these Rules of the Organisation of the Noteholders;

“**Senior Noteholders**” means the holders of the Series 1-A1 Notes and the Series 1-A2 Notes.

“**Mezzanine Noteholders**” means the holders of the Series 1-B Notes and the Series 1-C Notes.

“**Senior and Mezzanine Noteholders**” means the Senior Noteholders and the Mezzanine Noteholders collectively.

“**Senior and Mezzanine Notes**” means the Senior Notes and the Mezzanine Notes collectively.

“**Senior Notes**” means the Series 1-A1 Notes and the Series 1-A2 Notes.

“**Mezzanine Notes**” means the Series 1-B Notes and the Series 1-C Notes.

“**Series 1-D Notes**” means the Series 1-D Notes;

“**Specified Office**” means the office of the Agent;

“**Voter**” means, in relation to any Meeting, the holder of a Blocked Note;

“**Voting Certificate**” means, in relation to any Meeting, a certificate issued by the Agent and dated in which it is stated:

- (a) that the Blocked Notes have been blocked in an account with a clearing system or the depository, as the case may be, and will not be released until the conclusion of the Meeting; and
- (b) that the bearer of such certificate is entitled to attend and vote at the Meeting in respect of the Blocked Notes.

“**Written Resolution**” means a resolution in writing signed by or on behalf of all holders of Notes who for the time being are entitled to receive notice of a Meeting in accordance with the provisions of these Rules, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Notes;

“**24 hours**” means a period of 24 hours including all or part of a day upon which banks are open for business in both the places where the Meeting of the Relevant Series Noteholders is to be held and in each of the places where the Agent has its Specified Offices (disregarding for this purpose the day upon which such Meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of a day upon which banks are open for business as aforesaid; and

“**48 hours**” means 2 consecutive periods of 24 hours.

Article 3

Organisation purpose

Each holder of the Series 1-A1 Notes, the Series 1-A2 Notes, the Series 1-B Notes, the Series 1-C Notes and the Series 1-D Notes is a member of the Organisation of Noteholders.

The purpose of the Organisation of Noteholders is to co-ordinate the exercise of the rights of the Noteholders and, more in general, the taking of any action for the protection of their interests.

In these Rules, any reference to Noteholders shall be considered as a reference as the case may be, to the Series 1-A1 Noteholders, Series 1-A2 Noteholders, Series 1-B Noteholders, Series 1-C Noteholders and Series 1-D Noteholders.

TITLE II

THE MEETING OF NOTEHOLDERS

Article 4

General

Subject to Article 20 below, any resolution passed at a Meeting of the Relevant Series Noteholders duly convened and held in accordance with these Rules shall be binding upon all the Noteholders of such Series whether present or not present at such Meeting and whether or not voting, and

- (a) any resolution passed at a meeting of the Series 1-A1 Noteholders duly convened and held as aforesaid shall also be binding upon all the Series 1-A2 Noteholders, the Series 1-B Noteholders, the Series 1-C Noteholders and the Series 1-D Noteholders; and
- (b) any resolution passed at a meeting of the Series 1-A2 Noteholders duly convened and held as aforesaid shall also be binding upon all the Series 1-B Noteholders, the Series 1-C Noteholders and the Series 1-D Noteholders;
- (c) any resolution passed at a meeting of the Series 1-B Noteholders duly convened and held as aforesaid shall also be binding upon all the Series 1-C Noteholders and the Series 1-D Noteholders;
- (e) any resolution passed at a meeting of the Series 1-C Noteholders duly convened and held as aforesaid shall also be binding upon all the Series 1-D Noteholders;

and, in each case, all the relevant Serieses of Noteholders shall be bound to give effect to any such resolution accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof.

Notice of the result of every vote on a resolution duly considered by the Noteholders shall be published, at the expense of the Issuer, in accordance with the Conditions and given to the Agent (with a copy to the Director and the Representative of the Noteholders) within 14 days of the conclusion of the Meeting.

Subject to the provisions of these Rules and the Conditions, joint meetings of the Series 1-A1 Noteholders, the Series 1-A2 Noteholders, the Series 1-B Noteholders, the Series 1-C Noteholders and the Series 1-D 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 shall apply *mutatis mutandis* thereto.

The following provisions shall apply where outstanding Notes belong to more than one Series:

- (i) business which in the opinion of the Representative of the Noteholders affects only one Series of Notes shall be transacted at a separate Meeting of the Noteholders of such Notes;
- (ii) business which in the opinion of the Representative of the Noteholders affects more than one Series of Notes but does not give rise to an actual or potential conflict of interest between the Noteholders of one such Series of Notes and the Noteholders of any other Series of Notes shall be transacted either at separate Meetings of the Noteholders of each such Series of Notes or at a single Meeting of Noteholders of all such Serieses of Notes as the Representative of the Noteholders shall determine at its absolute discretion;
- (iii) business which in the opinion of the Representative of the Noteholders affects the Noteholders of more than one Series of Notes and gives rise to an actual or potential conflict of interest between the Noteholders of one such Series of Notes and the Noteholders of any other Series of Notes shall be transacted at separate Meetings of the Noteholders of each such Series;
- (iv) the preceding paragraphs of these Rules shall be applied as if references to the Notes and the Noteholders were to the Notes of the relevant Series of Notes and to the Noteholders of such Notes.

In this paragraph “business” includes (without limitation) the passing or rejection of any resolution.

Article 5

Issue of Voting Certificates and Block Voting Instructions

Noteholders may obtain a Voting Certificate from the Agent or require the Agent to issue a Block Voting Instruction by arranging for such Note to be blocked in an account with a clearing system or a depository, as the case may be, not less than 48 hours before the time fixed for the Meeting of the Relevant Series Noteholders, providing to the Agent, where appropriate, evidence that the Notes are so blocked. In the case of the Series 1-A1 Notes, the Series 1-A2 Notes, the Series 1-B Notes, the Series 1-C Notes may obtain such evidence by requesting their Monte Titoli Account Holders to release a certificate in accordance with Article 34 of CONSOB Regulation 11768 of 23 December 1998 (as subsequently amended and integrated). A Voting Certificate or Block Voting Instruction shall be valid until the release of the Blocked Notes to which it relates. So long as a Voting Certificate or Block Voting Instruction is valid, the bearer thereof (in the case of a Voting Certificate) or any Proxy named therein (in the case of a Block Voting Instruction) shall be deemed to be the holder of the Blocked Notes to which it relates for all purposes in connection with the Meeting. A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Note.

Article 6

Validity of Block Voting Instructions

A Block Voting Instruction shall be valid only if it is deposited at the Specified Office of the Agent, or at some other place approved by the Agent, at least 24 hours before the time fixed for the Meeting of the Relevant Series Noteholders and if not deposited before such deadline, the Block Voting Instruction shall not be valid unless the Chairman decides otherwise before the Meeting proceeds to business. If the Agent requires, a notarised copy of each Block Voting Instruction and satisfactory proof of the identity of each Proxy named therein shall be produced at the Meeting, but the Agent shall not be obliged to investigate the validity of any Block Voting Instruction or the authority of any Proxy.

Article 7

Convening of Meeting

The Director and the Representative of the Noteholders may convene a Meeting at any time, and shall be obliged to do so upon the request in writing of Noteholders holding not less than one-twentieth of the Principal Amount Outstanding of the outstanding Notes.

Whenever the Director is about to convene any such Meeting, it shall immediately give notice in writing to the Representative of the Noteholders of the day, time and place thereof and of the nature of the business to be transacted thereat. Every such Meeting shall be held at such place as the Representative of the Noteholders may designate or approve.

Article 8

Notice

At least 21 days’ notice (exclusive of the day on which the notice is given and of the day on which the Meeting of the Relevant Series Noteholders is to be held) specifying the date, time and place of the Meeting shall be given to the Noteholders and the Agent (with a copy to the Director and to the Representative of the Noteholders), and published in

accordance with Condition 13 (*Notices*) of the Conditions of the relevant Series of the Notes at least 15 days before the date of the meeting. The notice shall set out the full text of any resolutions to be proposed and shall state that the Notes may be deposited with, or to the order of, the Agent for the purpose of obtaining Voting Certificates or appointing Proxies not later than 48 hours before the time fixed for the Meeting.

Article 9

Chairman of the Meeting

An individual (who may, but need not, be a Noteholder) nominated in writing by the Representative of the Noteholders may take the chair at any Meeting but: (i) if no such nomination is made, (ii) if the individual nominated is not present within 15 minutes after the time fixed for the Meeting or (iii) the Meeting resolves not to approve the appointment made by the Representative of the Noteholders, those present shall elect one of themselves to take the chair failing which, the Director may appoint a Chairman. The Chairman of an adjourned Meeting need not be the same person as the Chairman of the original Meeting.

The Chairman co-ordinates matters to be transacted at the Meeting and monitors the fairness of the Meeting's proceedings.

Article 10

Quorum

The quorum at any Meeting shall be at least one or more Voters representing or holding not less than the Relevant Fraction of the aggregate principal amount of the outstanding Notes.

Article 11

Adjournment for want of quorum

If within 15 minutes after the time fixed for any Meeting a quorum is not present, then it shall be adjourned for such period (which shall be not less than 14 days and not more than 42 days) and at such place as the Chairman determines; *provided, however, that* no Meeting may be adjourned more than once by resolution of Meeting that represents less than a Relevant Fraction applicable in the case of Meetings which have been resumed after adjournment. Notice shall be published in accordance with Condition 13 (*Notices*) of the Conditions of the relevant Series of the Notes not more than 8 days before the date of the meeting.

Article 12

Adjourned Meeting

The Chairman may, with the consent of (and shall if directed by) any Meeting, adjourn such Meeting from time to time and from place to place, provided that no business shall be transacted at any adjourned Meeting except business which might lawfully have been transacted at the Meeting from which the adjournment took place.

Article 13

Notice following adjournment

Article 7 shall apply to any Meeting which is to be resumed after adjournment save that:

- (a) 10 days' notice (exclusive of the day on which the notice is given 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 of the resumption of a Meeting which has been adjourned for any other reason.

Article 14

Participation

The following may attend and speak at a Meeting:

- (a) Voters;
- (b) the Director and other representatives of the Issuer and the Agent;
- (c) the financial advisers to the Issuer;
- (d) the legal counsel to the Issuer, the Representative of the Noteholders and the Agent;
- (e) the Representative of the Noteholders; and
- (f) such other person as may be resolved by the Meeting.

Article 15

Show of hands

Every question submitted to a Meeting shall be decided in the first instance by a show of hands. Unless a poll is validly demanded before or at the time that the result is declared, the Chairman's declaration that on a show of hands a resolution has been passed, passed by a particular majority, rejected or rejected by a particular majority shall be conclusive, without proof of the number of votes cast for, or against, the resolution.

Article 16

Poll

A demand for a poll shall be valid if it is made by the Chairman, the Issuer, the Representative of the Noteholders or one or more Voters representing or holding not less 10 (ten) Notes. The poll may be taken immediately or after such adjournment as the Chairman directs, but any poll demanded on the election of the Chairman or on any question of adjournment shall be taken at the Meeting without adjournment. A valid demand for a poll shall not prevent the continuation of the Meeting of the Relevant Series Noteholders for any other business as the Chairman directs.

Article 17

Votes

Every Voter shall have:

- (i) on a show of hands, one vote; and
- (ii) on a poll, one vote in respect of each Euro 100,000 in aggregate face amount of the outstanding Note(s) represented or held by him.

In the case of a voting tie the Chairman shall have a casting vote.

Unless the terms of any Block Voting Instruction state otherwise, a Voter shall not be obliged to exercise all the votes to which he is entitled or to cast all the votes which he exercises in the same manner.

Article 18

Vote by Proxies

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 was given has been amended or revoked, provided that the Agent has not been notified in writing of such amendment or revocation not less than 24 hours before the time fixed for the Meeting of the Relevant Series Noteholders. Unless revoked, any appointment of a Proxy under a Block Voting Instruction in relation to a Meeting shall remain in force in relation to any Meeting resumed following an adjournment; except for any appointment of a Proxy in relation to a Meeting originally convened which has been adjourned for want of a quorum. Any person appointed to vote at such a Meeting must be re-appointed under a Block Voting Instruction Proxy to vote at the Meeting when it is resumed.

Article 19

Exclusive Powers of the Meeting

The Meeting shall have exclusive powers:

- (a) to approve any Basic Terms Modification;
- (b) to approve any proposal by the Issuer for any modification, abrogation, variation or compromise of any of the Conditions or any arrangement in respect of the obligations of the Issuer under or in respect of the Notes;
- (c) to approve the substitution of any person for the Issuer (or any previous substitute) as principal obligor under the Notes;
- (d) to authorise the Representative of the Noteholders to serve a Purchase Termination Notice or a Trigger Notice, as a consequence of a Purchase Termination Event or a Trigger Event under Condition 10 of the Conditions of the Notes;
- (e) to waive any breach or authorise any proposed breach by the Issuer of its obligations under or in respect of the Notes or any act or omission which might otherwise constitute a Trigger Event under the Notes;
- (f) to authorise the Representative of the Noteholders to concur in and execute and do all such documents, acts and things as may be necessary to carry out and give effect to any Written Resolution;
- (g) to exercise, enforce or dispose of any right and power on payment and application of funds deriving from any claims on which a pledge or other security interest is created in favour of the Noteholders, otherwise than in accordance with the Transaction Documents;
- (h) to appoint and remove the Representative of the Noteholders.

Article 20

Powers exercisable by Extraordinary Resolution

A Meeting of the Noteholders of any Series of Notes shall, in addition to the powers herein given, have the following powers exercisable by Extraordinary Resolution:

- (a) power to sanction any proposal by the Issuer for any alteration, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Noteholders against the Issuer or against any of its property or against any other person whether such rights shall arise under these Rules, the Notes or otherwise;
- (b) power to sanction any scheme or proposal for the exchange or substitution or sale of any of the Notes of any Series of Notes for, or the conversion of any of the Series of Notes into, or the cancellation of any of the Series of Notes, in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or of any other body corporate formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash;
- (c) power to assent to any alteration of the provisions contained in these Rules, the Notes of any Series of Notes, the Intercreditor Agreement, the Agency Agreement or any other Transaction Document which shall be proposed by the Issuer and/or the Representative of the Noteholders or any other party thereto;
- (d) power to discharge or exonerate the Representative of the Noteholders from any liability in respect of any act or omission for which the Representative of the Noteholders may be responsible under or in relation to these Rules, the Notes of any Series of Notes or any other Transaction Document;
- (e) power to give any authority, direction or sanction which under the provisions of these Rules or the Notes of any Series of Notes, is required to be given by Extraordinary Resolution;
- (f) power to authorise and sanction the actions, in compliance with these Rules, of the Representative of the Noteholders under the terms of the Intercreditor Agreement and any other Transaction Documents and in particular power to sanction the release of the Issuer by the Representative of the Noteholders;
- (g) following the service of a Trigger Notice, power to resolve on the sale of one or more Receivable(s) comprised in the Portfolio,

Provided that:

- (i) no Extraordinary Resolution involving a Basic Terms Modification passed by:
 - (x) the Series 1-D Noteholders shall be effective unless it is sanctioned by an Extraordinary Resolution of the Series 1-A1 Noteholders, the Series 1-A2 Noteholders, the Series 1-B Noteholders and the Series 1-C Noteholders (to the extent that the Series 1-A1 Notes, the Series 1-A2 Notes, the Series 1-B Notes and the Series 1-C Notes are then outstanding); and
 - (y) the Series 1-C Noteholders shall be effective unless it is sanctioned by an Extraordinary Resolution of the Series 1-A1 Noteholders, the Series 1-A2 Noteholders, and the Series 1-B Noteholders (to the extent that the Series 1-A1 Notes, the Series 1-A2 Notes, and the Series 1-B Notes are then outstanding); and
 - (w) the Series 1-B Noteholders shall be effective unless it is sanctioned by an Extraordinary Resolution of the Series 1-A1 Noteholders, the Series 1-A2 Noteholders, (to the extent that the Series 1-A1 Notes and the Series 1-A2 Notes are then outstanding); and
 - (z) the Series 1-A2 Noteholders shall be effective unless it is sanctioned by an Extraordinary Resolution of the Series 1-A1 Noteholders (to the extent that the Series 1-A1 Notes are then outstanding); and
- (ii) no Extraordinary Resolution involving a Basic Terms Modification passed by:
 - (x) the Series 1-A1 Noteholders shall be effective unless it is also sanctioned by an Extraordinary Resolution of the Series 1-A2 Noteholders, the Series 1-B Noteholders, the Series 1-C Noteholders and the Series 1-D Noteholders;
 - (y) the Series 1-A2 Noteholders shall be effective unless it is also sanctioned by an Extraordinary Resolution of the Series 1-B Noteholders, the Series 1-C Noteholders and the Series 1-D Noteholders;
 - (w) the Series 1-B Noteholders shall be effective unless it is also sanctioned by an Extraordinary Resolution of the Series 1-C Noteholders and the Series 1-D Noteholders;
 - (z) the Series 1-C Noteholders shall be effective unless it is also sanctioned by an Extraordinary Resolution of the Series 1-D Noteholders;

- (iii) no other Extraordinary Resolution of:
- (x) the Series 1-D Noteholders shall be effective unless (A) the Representative of the Noteholders is of the opinion that it will not be materially prejudicial to the interests of the Series 1-A1 Noteholders, the Series 1-A2 Noteholders, the Series 1-B Noteholders, the Series 1-C Noteholders and the Series 1-D Noteholders (to the extent that the Series 1-A1 Notes, the Series 1-A2 Notes, the Series 1-B Notes and the Series 1-C Notes are then outstanding) or (B) (to the extent that the Representative of the Noteholders is not of that opinion) it is sanctioned by an Extraordinary Resolution of the Series 1-A1 Noteholders, Series 1-A2 Noteholders, the Series 1-B Noteholders and the Series 1-C Noteholders (to the extent that the Series 1-A1 Notes, the Series 1-A2 Notes, the Series 1-B Notes and the Series 1-C Notes are then outstanding); or
 - (y) the Series 1-C Noteholders shall be effective unless (A) the Representative of the Noteholders is of the opinion that it will not be materially prejudicial to the interests of the Series 1-A1 Noteholders, the Series 1-A2 Noteholders, the Series 1-B Noteholders, (to the extent that the Series 1-A1 Notes, the Series 1-A2 Notes and the Series 1-B Notes are then outstanding) or (B) (to the extent that the Representative of the Noteholders is not of that opinion) it is sanctioned by an Extraordinary Resolution of the Series 1-A1 Noteholders, the Series 1-A2 Noteholders and the Series 1-B Noteholders (to the extent that the Series 1-A1 Notes, the Series 1-A2 Notes and the Series 1-B Notes are then outstanding); or
 - (w) the Series 1-B Noteholders shall be effective unless (A) the Representative of the Noteholders is of the opinion that it will not be materially prejudicial to the interests of the Series 1-A1 Noteholders and the Series 1-A2 Noteholders (to the extent that the Series 1-A1 Notes and the Series 1-A2 Notes are then outstanding) or (B) (to the extent that the Representative of the Noteholders is not of that opinion) it is sanctioned by an Extraordinary Resolution of the Series 1-A1 Noteholders and the Series 1-A2 Noteholders (to the extent that the Series 1-A1 Notes and the Series 1-A2 Notes are then outstanding); or
 - (z) the Series 1-A2 Noteholders shall be effective unless (A) the Representative of the Noteholders is of the opinion that it will not be materially prejudicial to the interests of the Series 1-A1 Noteholders (to the extent that the Series 1-A1 Notes are then outstanding) or (B) (to the extent that the Representative of the Noteholders is not of that opinion) it is sanctioned by an Extraordinary Resolution of the Series 1-A1 Noteholders (to the extent that the Series 1-A1 Notes are then outstanding).

Article 21

Challenge of Resolution

Each Noteholder who was absent and (or) dissenting can challenge Resolutions which are not passed in conformity under the provisions of these Rules.

Article 22

Minutes

Minutes shall be made of all resolutions and proceedings at each Meeting. The Chairman shall sign the minutes, which shall be *prima facie* evidence of the proceedings recorded therein. Unless and until the contrary is proved, every such Meeting in respect of the proceedings of which minutes have been summarised and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have 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 take other individual remedies to enforce his/her rights under the Notes will be subject to the Meeting of 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, having regard to the interests of the Noteholders. 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 for the Meeting of Noteholders, in accordance with these Rules;

- (c) if the Meeting of Noteholders passes a resolution objecting to the enforcement of the individual action or remedy, the Noteholder will be prevented from taking such action or remedy (provided that the same matter can be submitted again to a further Meeting of Noteholders after a reasonable period of time has elapsed); and
- (d) if the Meeting of Noteholders passes a resolution not objecting to the enforcement of the individual action or remedy, or if no resolution is taken by the Meeting for want of quorum, the Noteholder will not be prevented from taking such action or remedy.

No individual action or remedy can be taken by a Noteholder to enforce his/her rights under the Notes before the Meeting of Noteholders has been held to resolve on such action or remedy in accordance with the provisions of this Article 24.

TITLE III

THE REPRESENTATIVE OF THE NOTEHOLDERS

Article 25

Appointment, Removal and Remuneration

The appointment of the Representative of the Noteholders takes place at the Meeting in accordance with the provisions of this Article 25, save as in respect of the appointment of the first Representative of the Noteholders that will be Securitisation Services S.p.A..

The Representative of the Noteholders shall be:

- 1) a bank incorporated in any jurisdiction of the European Union or a bank incorporated in any other jurisdiction acting through Italian bank; or
- 2) a company or financial institution registered under article 107 of the Italian Legislative Decree No. 385 of 1993; or
- 3) any other entity which may be permitted to act in such capacity by any specific provisions of Italian law applicable to the securitisation of monetary rights and/or by any regulations, instructions, guidelines and/or specific approvals issued by the competent Italian supervising authorities.

The Representative of the Noteholders shall be appointed for unlimited term and can be removed by the Meeting at any time. In the event of a termination of the appointment of the Representative of the Noteholders for any reason whatsoever, the Representative shall remain in office until acceptance of appointment by the substitute Representative of the Noteholders designated among the entities indicated in 1), 2) and 3) above, and the powers and authority of Representative of the Noteholders whose appointment has been terminated shall be limited to those necessary for the performance of the essential functions which are required to be complied with in connection with the Notes.

Directors, auditors, employees of Issuer and those who fall within the conditions indicated in Article 2399 of the Italian Civil Code cannot be appointed Representative of the Noteholders, and, if appointed, shall be automatically removed from the appointment.

The Issuer shall pay to the Representative of the Noteholders an annual fee for its services as Representative of the Noteholders as from the date hereof, such fee as agreed in a separate side letter. The above fees and remuneration shall accrue from day to day and shall be payable in accordance with the applicable Priority of Payments up to (and including) the date when the Notes have been repaid in full or cancelled in accordance with the Conditions of the Notes.

Article 26

Duties and Powers

The Representative of the Noteholders is the legal representative of the Organisation of Noteholders. The Representative of the Noteholders is responsible for implementing the decisions of the Meeting of the Noteholders and for protecting their common interests vis-à-vis the Issuer. The Representative of the Noteholders has the right to attend Meetings of Noteholders. The Representative of the Noteholders may convene a Meeting of Noteholders to obtain instructions from the Relevant Series Noteholders on action to be taken.

All actions taken by the Representative of the Noteholders in the execution and exercise of all its powers and authorities and of discretion vested in it shall be taken by duly authorised officer(s) for the time being of the Representative of the Noteholders. The Representative of the Noteholders may also, whenever it considers to be expedient and in the interests of the Noteholders, whether by power of attorney or otherwise, delegate to any person(s) all or any of the powers, authorities and discretion vested in it as aforesaid. Any such delegation may be made upon such terms and conditions and subject to such regulations (including power to sub-delegate) as the Representative of the Noteholders may think fit in the interests 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. The Representative of the

Noteholders shall as soon as reasonably practicable give notice to the Issuer of the appointment of any delegate and the renewal, extension and termination of such appointment and shall procure that any delegate shall also as soon as reasonably practicable give notice to the Issuer of any sub-delegate.

The Representative of the Noteholders shall be authorised to represent the Organisation of Noteholders in judicial proceedings, including in proceedings involving the Issuer in court supervised administration (*amministrazione controllata*), creditors' agreement (*concordato preventivo*), forced liquidation (*fallimento*) or compulsory administrative liquidation (*liquidazione coatta amministrativa*).

Article 27

Resignation of Representative of the Noteholders

The Representative of the Noteholders may resign at any time upon giving not less than three calendar months' notice in writing to the Issuer without assigning any reason therefor and without being responsible for any costs occasioned by such resignation. The resignation of the Representative of the Noteholders shall not become effective until the Meeting of Noteholders has appointed a new representative of the noteholders. If a new representative of the noteholders is not appointed by the Meeting of Noteholders sixty days after such notice of resignation, the resigning Representative of the Noteholders will be entitled to appoint its own successor, provided that any such successor shall satisfy with the conditions of Article 25 herein.

Article 28

Exoneration of the Representative of the Noteholders

The Representative of the Noteholders shall not assume any other obligations 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 obligation to take any steps to ascertain whether a Trigger 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 of the other Transaction Documents has happened and, until it shall have actual knowledge or express notice to the contrary, the Representative of the Noteholders shall be entitled to assume that no Trigger Event has occurred;
 - (ii) shall not be under obligation to monitor or supervise the observance and performance by the Issuer or any of the other parties to these Rules or the Transaction Documents of their obligations hereunder and thereunder and, until it shall have actual knowledge or express notice to the contrary, it shall be entitled to assume that the Issuer and each party to these Rules or any Transaction Document is observing and performing all the obligations on its part contained herein and therein;
 - (iii) shall not be under obligation to give notice to any person of the execution of these Rules or any of the Transaction Documents or any transaction contemplated hereby or thereby;
 - (iv) shall not be responsible for or for investigating the legality, validity, effectiveness, adequacy, suitability or genuineness of these Rules or of any Transaction Document, or any other document or any obligation or rights created or purported to be created thereby or pursuant 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 opinions, searches, reports, certificates, valuations or investigations 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 procedures 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; (v) any accounts, books, records or files maintained by the Issuer, the Servicer and the 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 for the maintenance of any rating of the Senior and Mezzanine Notes by the Rating Agencies or any other credit or rating agency or any other person;
 - (vii) shall not be responsible for or for investigating any matter which is the subject of, any recitals, statements, warranties or representations of any party other than the Representative of the Noteholders contained herein or any other 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 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 remedy 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 or any Transaction Document;
 - (x) shall not be under any obligation to insure the Portfolio or any part thereof;
 - (xi) shall not be obliged to have regard to the consequences of any modification of these Rules or any of the Transaction Documents for individual Noteholders or any relevant persons resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to, the jurisdiction of any particular territory;
 - (xii) shall not (unless and to the extent ordered so to do by a court of competent jurisdiction) be under any obligation to disclose to any Noteholder, any other Issuer Secured 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 and no Noteholder, the Noteholders, the other Issuer Secured Creditors or any other party shall be entitled to take any action to obtain from the Representative of the Noteholders any such information.
- (b) The Representative of the Noteholders:
- (i) may agree amendments or modifications to these Rules or to any of the Transaction Documents which in the opinion of the Representative of the Noteholders it is expedient to make or is to correct a manifest error or is of a formal, minor or technical nature. Any such modification shall be binding on the Noteholders and, unless the Representative of the Noteholders otherwise agrees, the Issuer shall cause such modification to be notified to the Noteholders as soon as practicable thereafter;
 - (ii) may agree amendments or modifications to these Rules (other than in respect of a Basic Terms Modification or any provision in these Rules referred to in the definition of “Basic Terms Modification”) or to the Transaction Documents which, in the opinion the Representative of the Noteholders, it may be proper to make provided that the Representative of the Noteholders is of the opinion that such modification will not be materially prejudicial to the interests of the Series 1-A1 Noteholders, or, in the event the Series 1-A1 Notes have been redeemed in full, the Series 1-A2 Noteholders, or, in the event that the Series 1-A2 Notes have been redeemed in full, the Series 1-B Noteholders or, in the event that the Series 1-B Notes have been redeemed in full, the Series 1-C Noteholders or, in the event that the Series 1-C Notes have been redeemed in full, the Series 1-D Noteholders;
 - (iii) may act on the advice 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, in the absence of fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*) on the part of the Representative of the Noteholders, be responsible for any loss occasioned by so acting. Any such advice, opinion or information may be sent or obtained by letter, telex, telegram, facsimile transmission or cable and, in the absence of fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*) on the part of the Representative of the Noteholders, the Representative of the Noteholders shall not be liable for acting on any advice, opinion or information contained in or purported to be conveyed by any such letter, telex, telegram, facsimile transmission or cable notwithstanding any error contained therein or the non-authenticity of the same;
 - (iv) may call for and shall be at liberty to accept as sufficient evidence of any fact or matter, unless any of its officers in charge of the administration of these Rules shall have actual knowledge or express notice to the contrary, a certificate duly signed by of 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 occasioned by the Representative of the Noteholders acting on such certificate;
 - (v) 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 or by operation of law and the Representative of the Noteholders shall not be responsible for any loss, costs, damages, expenses or inconveniences that may result from the exercise, non-exercise or refraining from exercise thereof except insofar as the same are incurred as a result of its fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*);
 - (vi) shall be at liberty to hold or to leave in custody these Rules, the Transaction Documents and any other documents relating hereto in any part of the world with any bank officer or financial institution or company whose business includes undertaking the safe custody of documents or lawyer or firm of lawyers considered by the Representative of the Noteholders to be of good repute and the Representative of the Noteholders shall not be responsible for or required to insure against any loss incurred in connection with any such custody and may pay all sums required to be paid on account of or in respect of any such custody;
 - (vii) 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 is entitled to convene a Meeting of the Noteholders of any Series of Notes in order to obtain from them instructions upon

how the Representative of the Noteholders should exercise such discretion provided that nothing herein shall be construed so as to oblige the Representative of the Noteholders to convene such a Meeting. Prior to undertaking any action, the Representative of the Noteholders shall be entitled to request at the Meeting to be indemnified and/or provided with security to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by taking such action;

- (viii) in connection with matters in respect of which the Noteholders are entitled to direct the Representative of the Noteholders, the Representative of the Noteholders shall not be liable for acting upon any resolution purporting to have been passed at any Meeting of the Noteholders of the relevant Series of Notes in respect whereof minutes have been made and signed even though subsequent to its acting, it transpires that the Meeting was not duly convened or constituted, such resolution was not duly passed or that the resolution was otherwise not valid or binding upon the Noteholders;
- (ix) may call for and shall be at liberty to accept and place full reliance on and as sufficient evidence of the facts stated therein, a certificate or letter of confirmation certified as true and accurate and signed on behalf of any common depository as the Representative of the Noteholders considers appropriate, or any form of record made by any such depository to the effect that at any particular time or throughout any particular period, any particular person is, was, or will be, shown in its records as entitled to a particular number of Notes;
- (x) may certify whether or not a Trigger Event is in its opinion materially prejudicial to the interests of the Noteholders and any such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the other Issuer Secured Creditors and any other relevant person;
- (xi) may determine whether or not a default in the performance by the Issuer of any obligation under the provisions of these Rules or contained in the Notes or any of the other Transaction Documents is capable of remedy and, if the Representative of the Noteholders shall certify that any such default is, in its opinion, not capable of remedy, such certificate shall be conclusive and binding upon the Issuer, the Noteholders and any relevant person;
- (xii) may assume without enquiry that no Notes are for the time being held by or for the benefit of the Issuer;
- (xiii) shall be entitled to call for and to rely upon a certificate or any letter of confirmation or explanation reasonably believed by it to be genuine, of any party to the Intercreditor Agreement or any Issuer Secured Creditor or any rating agency in respect of every matter and circumstance for which a certificate is expressly provided for hereunder or any other Transaction Document or in respect of the rating of the Senior and Mezzanine Notes and it shall not be bound in any such case to call for further evidence or be responsible for any loss, liability, costs, damages, expenses or inconvenience that may be occasioned by its failing so to do;
- (xiv) shall be entitled to assume, for the purposes of exercising any power, authority, duty or discretion under or in relation hereto that such exercise will not be materially prejudicial to the interests of the Noteholders of a series lass of Notes if the Rating Agencies have confirmed that the then current rating of the Senior and Mezzanine Notes would not be adversely affected by such exercise, or have otherwise given their consent.

Any consent or approval given by the Representative of the Noteholders under these Rules and any other Transaction Document may be given on such terms and subject to such conditions (if any) as the Representative of the Noteholders thinks fit and notwithstanding anything to the contrary contained herein, or in other Transaction Document, such consent or approval may be given retrospectively.

No provision of these Rules shall require the Representative of the Noteholders to do anything which may be illegal or contrary to applicable law or regulation or expend or 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 rights or powers, if the Representative of the Noteholders shall have reasonable grounds for believing that it will not be reimbursed for any amounts, or that it will not be indemnified against any loss or liability, which it may incur as a result of such action.

Article 29

Security Documents

The Representative of the Noteholders shall be entitled to exercise all the rights granted by the Issuer in favour of the Noteholders under the Deed of Pledge. The Deed of Pledge and the Deeds of Charge are referred to herein as the "Security Documents" and the beneficiaries of the Security Documents are referred to herein as the "Secured Parties".

The Representative of the Noteholders, acting on behalf of the Secured Noteholders, may:

- (a) appoint and entrust the Issuer to collect, on the Secured Noteholders' interest and on their behalf, any amounts deriving from the pledged claims and rights and may instruct, jointly with the Issuer, the relevant debtors of

the pledged claims to make any payments to be made thereunder to an Account and/or the Expense Account of the Issuer;

- (b) acknowledge that the account(s) to which payments have been made in respect of the pledged claims shall be deposit accounts for the purpose of Article 2803 of the Italian Civil Code and agrees that such account(s) shall be operated in compliance with the provisions of the Agency Agreement and the Intercreditor Agreement;
- (c) agree that all funds credited to the relevant Accounts and the Expense Account from time to time shall be applied in accordance with the Agency Agreement and the Intercreditor Agreement and that available funds standing to the credit of the Cash Accounts may be used for investments in Eligible Investments;
- (d) agree that cash deriving from time to time from the pledged claims and the amounts standing to the credit of the relevant Accounts and the Expense Account shall be applied in and towards satisfaction not only of 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 and, to the extent that all amounts due and payable to the Secured Noteholders have been paid in full, also towards satisfaction of amounts due to any other parties that rank below the Secured Noteholders. The Secured Noteholders irrevocably waive any right which they may have hereunder in respect of cash deriving from time to time from the pledged claims and amounts standing to the credit of the Accounts and/or the Expense Account which is not in accordance with the foregoing. The Representative of the Noteholders shall not be entitled to collect, withdraw or apply, or issue instructions for the collection, withdrawal or application of, cash deriving from time to time from the pledged claims under the Security Documents except in accordance with the foregoing and the Intercreditor Agreement.

Article 30

Indemnity

It is hereby acknowledged that the Issuer has covenanted and undertaken under the Subscription Agreements to reimburse, pay or discharge (on a full indemnity basis) on demand, to the extent not already reimbursed, paid or discharged by any Noteholders, all costs, liabilities, losses, charges, expenses, damages, actions, proceedings, claims and demand (including, without limitation, legal fees and any applicable value added tax or similar tax) properly incurred by or made against the Representative of the Noteholders or by any persons appointed by it to whom any power, authority or discretion may be delegated by it, in relation to the preparation and execution of, the exercise or purported exercise of its powers and performance of its duties under, and in any other manner in relation to, these Rules or 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 the Transaction Documents, or against the Issuer or any other person for enforcing any obligations hereunder, the Notes or the Transaction Documents, except insofar as the same are incurred because of the fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*) of the Representative of the Noteholders.

TITLE IV

THE ORGANISATION OF NOTEHOLDERS UPON A SERVICE OF A TRIGGER NOTICE

Article 31

Powers

It is hereby acknowledged that, upon service of a Trigger Notice, the Representative of the Noteholders shall, pursuant to the Mandate Agreement, be entitled, in its capacity as legal representative of the Organisation of the Noteholders, also in the interest and for the benefits of the other Issuer Secured Creditors, pursuant to Articles 1411 and 1723 of the Italian Civil Code, to exercise certain rights in relation to the Portfolio pursuant to the Transaction Documents and in particular, to dispose of the Portfolio in accordance with Condition 10.2. 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, all and any of the Issuer's Rights, including the right to give directions and instructions to the relevant parties to the Transaction Documents. In connection with any proposed sale of one or more Receivable(s) comprised in the Portfolio, the Representative of the Noteholders may, but shall not be obliged to, convene a Meeting of the Noteholders in accordance with the provisions set out in these Rules to resolve on the proposed sale.

TITLE V

ALTERNATIVE DISPUTES RESOLUTIONS

Article 32

These Rules are governed by, and will be construed in accordance with, the laws of Italy.

All dispute arising out of the present Rules, including those concerning its validity, interpretation, performance and termination, shall be settled, irrespective of the number of the parties, by an Arbitration Panel consisting of three arbitrators (one of whom shall be the President) who shall be directly appointed by the Chamber of National and International Arbitration of Milan. The arbitration shall be conducted in accordance with the Rules of the Chamber of National and International Arbitration of Milan (*Regole di Arbitrato Internazionale della Camera di Commercio Nazionale e Internazionale di Milano*), which each of the Noteholders acknowledge to have read and to accept in their entirety.

The arbitrators shall decide according to the laws of Italy and not *ex aequo et bono*.

The seat of the arbitration shall be in Milan. The language of the arbitration will be English. Any disputes that cannot be settled by arbitration shall be submitted to the exclusive jurisdiction of the Court of Milan.

TAXATION

The following is a general guide only, based upon the tax laws of the Republic of Italy as in effect on the date of this Offering Circular. The information below is not intended as tax advice and does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser of Notes. Prospective purchasers of Notes who are in doubt as to their tax position on purchase, ownership or transfer of any Note are strongly advised to consult their own tax advisers.

Income Tax

Under the provision of Article 6, paragraph 1 of Italian Law No. 130 of 30th April 1999 and Italian Legislative Decree No. 239 of 1st April 1996, as amended and restated (“**Decree No. 239**”) payments of interest and other proceeds (including any difference between the redemption amount and the Issue Price) in respect of the Notes:

- (A) will be subject to a substitutive tax (*imposta sostitutiva*) at the rate of 12.5% in the Republic of Italy if made to (i) individuals resident in the Republic of Italy for tax purposes (unless they have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so-called *risparmio gestito* regime according to Article 7 of Legislative Decree No. 461 of 21st November 1997 – “*Asset Management Option*”) or (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, or (v) non Italian resident entities or persons 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 in order to benefit from the exemption from *imposta sostitutiva*. Decree n. 351 of 25th September 2001, published in the *Gazzetta Ufficiale della Repubblica Italiana* of 26th September 2001, (“**Decree No. 351**”), converted into law by Law 410 of 23rd November 2001, has, *inter alia*, amended Decree No.239. According to Decree 351 the *imposta sostitutiva* provided for by Decree No. 239 will no longer be applicable to the real estate investment funds referred to in Law n. 86 of 25th January, 1994 established starting from 26th September 2001 and for those already existing on such date, which have opted for the new taxation regime provided for by Decree No. 351. Such exemption regime applies on interest and other proceeds received by the entitled funds starting from 26th September 2001;
- (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-Italian resident corporations to which the Notes are effectively connected;
 - (ii) non-Italian resident legal entities or non-Italian resident individuals with no permanent establishment in the Republic of Italy to which the Notes are effectively connected, *provided that*:
 - (1) (I) such entities or individuals (a) are resident, for tax purposes, in a country (listed by Italian Ministerial Decree of 4th September 1996, as subsequently integrated) with which the Republic of Italy has entered into a double taxation treaty which recognises the Italian fiscal authorities’ right to an appropriate

exchange of information in order to assess whether the investors, beneficiaries of the interest, are entitled to the exemption from *imposta sostitutiva*; and (b) are not resident, for tax purposes, in a tax haven country (listed by Italian Ministerial Decree of 24th April 1992 in the so-called “black list”»); (II) “qualified investors” established in countries indicated in point (I) above, even if they do not qualify as “persons” under the relevant double taxation treaty; and

- (2) all the requirements and procedures set forth in Decree No. 239 in order to benefit from the exemption from *imposta sostitutiva* are timely met or complied with.

To ensure payment without the application of the *imposta sostitutiva* investors indicated in subparagraph (B) above must: (i) be the beneficial owners of payments of interest on the Notes; (ii) deposit the Notes together with the coupons relating to such Notes directly or indirectly with an authorised financial intermediary (Italian bank or securities investment firm (“SIM”)) or permanent establishment in Italy of non-Italian banks or securities investment firms, which are directly connected with the Italian Ministry of Finance; and (iii) in the event of non-Italian resident beneficial owners being holders of the Notes, file with the relevant depository, prior to, or at the time of, the deposit of the Notes, a self-declaration (*autocertificazione*, the “**Declaration**”) in accordance with the provisions of Article 10 of Law Decree No. 350 of 25th September 2001 converted into law with amendments by Law No. 409 of 23rd November 2001, in compliance with the form provided by the Ministry of Finance with decree 12th December 2001 and based on the indications given by the Italian Tax Authorities in the Ministerial Circular no. 23/E of 1st March 2002. The Declaration has no expiration (*i.e.* is valid until withdrawn or revoked) and must state that the residency requirements outlined under letter (B)(ii)(1) above are complied with and *inter alia*-that the non-italian resident entity is the beneficial owner of the proceeds.

Italian resident individuals 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 (which increase would include interest accrued on the Notes) accrued at the end of each tax year.

Interest accrued on the Notes would be included in the corporate taxable income (and in certain circumstances, depending on the “status” of the Noteholders, also in the net value of production) of beneficial owners who are Italian Resident corporations and permanent establishment in Italy of foreign corporation in accordance with ordinary tax rules.

Early Redemption

Without prejudice to the above provisions, in the event that the Notes are redeemed prior to eighteen months from the Issue Date, the Issuer will be required to pay an additional amount equal to 20% of the interest accrued on any repayment of principal of the Notes up to the time of the early redemption.

Mutual funds, pension funds and real estate funds

Special rules apply to interest payments and other proceeds relating to the Notes and realised by mutual funds (including SICAV and OICVM), pension funds and real estate funds.

Capital Gains

Any gain realised upon the sale or transfer for consideration or redemption of the Notes would be treated as part of the taxable income, subject to tax in Italy according to the relevant tax provisions, if derived by Noteholders who are:

- (i) Italian resident corporations; or
- (ii) permanent establishments in Italy of foreign corporations to which the Notes are effectively connected.

According to Legislative Decree No. 461 of 21st November 1997, any capital gain realised by an Italian resident individual and certain other persons upon sale or transfer for consideration or redemption of the Notes would be subject to an *imposta sostitutiva* at the current rate of 12.5%. Under the tax declaration regime, which is the standard regime for taxation of capital gains realised by Italian resident individuals, *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 pursuant to all investment transactions carried out during any given fiscal year.

Italian resident individuals must report overall capital gains realised in any tax year, net of any 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.

As an alternative to the tax declaration regime, Italian resident individual Noteholders may elect to pay *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (*risparmio amministrato* regime). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with banks, *società di intermediazione mobiliare* (SIM) or certain authorised financial intermediaries; and (ii) in the case of Italian residency, an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Noteholder simultaneously with the granting of the mandate in favour of the depository intermediary. The *risparmio amministrato* election lasts for the entire fiscal year and, unless revoked prior to the end of such year, will be deemed valid also for the subsequent year. Under the *risparmio amministrato* regime, where a sale, transfer or redemption of the Notes results in capital loss, such loss may be deducted from capital gains subsequently realised 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 for which the *risparmio amministrato* regime has been elected in its annual tax declaration.

Capital gains realised by Italian resident individuals who have elected for the Asset Management Option would be included in the taxable basis for 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 Noteholders is not required to report capital gains realised in its annual tax declaration.

Pursuant to Article 20, paragraph 1(f2) of Legislative Decree No. 917 of 22nd December 1986, as amended by Legislative Decree No. 259 of 21st July 1999, any capital gains realised by non-Italian resident persons and entities without a permanent establishment in Italy to which the Notes are

effectively connected, through the sale or transfer 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 filing of required documentation, even if the Notes are held in Italy regardless of the provisions set forth by any applicable double tax treaty.

Mutual funds, pension funds and real estate funds

Special rules apply to capital gains relating to the Notes and realised by mutual funds (including SICAV and OICVM), pension funds and real estate funds.

Inheritance and gift tax

Law n. 383 of 18th October 2001 - published on the Official Gazette on 24th October 2001 – has abolished Italian inheritance and gift tax (*Imposta sulle successioni e donazioni*) with reference to inheritance successions opened, and donations made, as of 25th October 2001, as specified by the Ministerial Circular n. 91 of 18th October 2001. However, donations (i) to persons other than the spouse, the direct descendants and the relatives within the 4th degree and (ii) having as their subject assets or rights the value of which is higher than € 180,759.91 for each beneficiary, are subject to a transfer tax on the value exceeding such amount. In this case, the transfer tax applicable is equivalent to the registration tax that would be applicable if such transfers by reason of donation were made for consideration.

A specific anti tax-avoidance provision may also apply for any gift or assets (such as Notes) which, if sold for consideration would give rise to capital gains subject to *imposta sostitutiva* provided for by Italian Legislative Decree No. 461 of 21st November 1997. In particular, if the donee sells the Notes for consideration within 5 years from the receipt thereof as gift, the donee is required to pay the relevant *imposta sostitutiva* on capital gains as if the gift has never taken place.

Transfer tax

General

Pursuant to Royal Decree No. 3278 of 30th December 1923, as amended by Italian Law Decree No. 435 of 21st November 1997, the transfer of the Notes (by or to 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 Italian Legislative Decree No. 58 of 24th February 1998 or stockbrokers) are subject to a transfer tax of € 0.0083 for every € 51.65, or part of € 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 € 0.00465 for every € 51.65, or part of € 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 € 0.00465 for every € 51.65, or part of € 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 € 929.62 for each transaction.

Exemptions

In general, transfer tax is not levied, *inter alia*, in the following cases:

- (a) contracts entered into on the regulated markets (e.g. the Luxembourg Stock Exchange);
- (b) contracts relating to securities which are admitted to listing in the regulated markets and finalised outside such markets and entered into:
 - (i) between banks or SIMs or other professional intermediaries authorised to perform investment services or stockbrokers among themselves;
 - (ii) between authorised intermediaries as referred to in paragraph (a) above and non-Italian residents;
 - (iii) between authorised intermediaries as referred to in paragraph (a) above, also non-Italian resident, and undertakings for collective investment in transferable securities;
- (c) contracts relating to public offers for the admission to listing in the regulated markets or relating to financial instruments already admitted to listing on said markets;
- (d) contracts for a consideration of less than € 206.58;
- (e) contracts regarding securities not listed on a regulated market entered into between authorised intermediaries as referred to in (b)(i) above, on the one hand, and non-Italian residents, on the other hand.

Proposed EU withholding tax directive

On 18th July 2001, the European Commission has presented an amended proposal for a Directive to ensure effective taxation of cross-border interest payments to individuals within the European Union. The proposal reflects the conclusions reached on cross-border savings taxation reached at the European Union Council of Finance Ministers at its November 2000 meeting. The Directive is intended to come into effect in 2003. The key features of the proposed Directive are:

- (a) where a “paying agent” established in any EU member state makes payments of interest, discount or premium to an individual resident in another member state, the tax authorities of the paying agent’s member state will be required to supply details of the payment to the tax authorities of the other member state. Under the proposal, the paying agent would be required to apply certain procedures in order to establish the identity and residence of the beneficial owner of the interest, discount or premium payment. For these purposes, the term “paying agent” is widely defined to include both the principal obligor under a debt obligation; a paying agent in the normal sense of that term; and an agent who collects interest, discounts or premiums on behalf of an individual beneficially entitled thereto.
- (b) During a seven-year transitional period of not more than seven years from the coming into effect of the Directive, certain member states (being Belgium, Luxembourg and Austria) may, instead of supplying information on savings income to the tax authorities of other member states, operate a withholding tax. In such cases “paying agents” established in the relevant member states must withhold tax from any interest, discount or premium paid to an individual resident in another member state. The withholding tax will be levied at a rate of 15% during the first three years of the transitional period, and at a rate of 20% during the

remaining four years. The withholding tax will not be levied if the individual authorises the disclosure of details of the income to the tax authorities of his state of residence, or if he presents a certificate obtained from the tax authorities of his state of residence confirming that those authorities are aware of the payment due to the individual.

- (c) Eurobonds and other negotiable debt securities which are issued before 1st March 2001, or are issued under a prospectus certified by a competent authority before that date, will be exempt from the withholding tax provisions of the Directive even if interest, discounts or premiums on such securities are paid through a “paying agent” established in a member state which adopts the transitional withholding tax regime. Securities issued on or after 1st March 2001 will be fully within the scope of the Directive when it comes into force, except where they are issued under a prospectus certified by a competent authority before that date.

It is expected that the Directive, which can be adopted only by unanimous agreement amongst the member states, will also be conditional on the adoption of equivalent measures in third countries with significant financial centres (including the USA and Switzerland) and in dependent or associated territories of certain of the EU member states. It may also be conditional on the member states’ reaching agreement on the abolition of tax measures in certain EU member states, which are regarded as promoting “harmful competition”.

Pending agreement on the precise text of the Directive, it is not possible to say what effect, if any, the adoption of the Directive would have on the Notes or payments in respect thereof.

SUBSCRIPTION AND SALE

Pursuant to the Senior and Mezzanine Notes Subscription Agreement between the Managers, the Issuer, the Originator and the Representative of the Noteholders, the Managers have agreed to subscribe and pay the Issuer for the Series 1-A1 Notes, Series 1-A2 Notes, the Series 1-B Notes and the Series 1-C Notes at the Issue Price. Pursuant to the Series 1-D Notes Subscription Agreement between the Series 1-D Notes Subscriber, the Issuer and the Representative of the Noteholders, Locafit has agreed to subscribe and pay the Issuer for the Series 1-D Notes at the issue price of 100% of their principal amount.

The Senior and Mezzanine Notes Subscription Agreement is subject to a number of conditions and may be terminated by the Managers in certain circumstances prior to payment for the Senior and Mezzanine Notes to the Issuer. The Issuer and the Originator have agreed to indemnify the Managers against certain liabilities in connection with the issue of the Notes.

United States

The Notes have not been and will not be registered under the Securities Act of 1933, as amended (the “**Securities Act**”) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or 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 meaning given to them by Regulation S under the Securities Act.

The Notes are in dematerialised form and are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meaning given to them by the U.S. Internal Revenue Code and regulations thereunder.

The Managers have agreed that, except as permitted by the Senior and Mezzanine Notes Subscription Agreement, they will not offer or sell the Senior and Mezzanine Notes of the relevant Series (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the date of commencement of the offering of the Senior and Mezzanine Notes of the relevant Series and the Issue Date (the “*restricted period*”), within the United States or to, or for the account or benefit of, a U.S. person except in accordance with Rule 903 of Regulation S or Rule 903 of Regulation S or Rule 144A under the Securities Act and, accordingly, that neither the Managers nor their respective affiliates nor any person acting on their behalf has engaged or will engage in any directed selling efforts with respect to the Senior and Mezzanine Notes and they and their affiliates and any person acting on their behalf has complied and will comply with the offering restriction requirements of Regulation S under the Securities Act to the extent applicable. The Managers have also agreed that, at or prior to confirmation of sales of the Senior and Mezzanine Notes of the relevant Series, they will have sent to each distributor, dealer or other person to which they sell the Senior and Mezzanine Notes of the relevant Series during the restricted period a confirmation or other notice setting forth the restrictions on offers and sales of Senior and Mezzanine Notes within the United States or to, or for the account or benefit, of U.S. persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of the Senior and Mezzanine Notes within the United States by any retail distributor (whether or not participating in this offering) may violate the registration requirements of the Securities Act if

such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

The Managers have also agreed that neither they, its affiliates, nor any person acting on its or their behalf, have engaged or will engage in any form of general solicitation or general advertising (as those terms are used in Rule 502(c) under the Securities Act) in connection with the offer and sale of the Senior and Mezzanine Notes of the relevant Series in the United States.

Italy

The Managers have acknowledged that no action has or will be taken by them which would allow an offering (nor a “*sollecitazione all’investimento*”) of the Senior and Mezzanine Notes to the public in the Republic of Italy unless in compliance with the relevant Italian securities, tax and other applicable laws and regulations. Individual sales of the Senior and Mezzanine 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.

The Managers have under the Senior and Mezzanine Notes Subscription Agreement acknowledged that no application has been made by them to obtain an authorisation from CONSOB for the public offering of the Notes of the relevant Series in the Republic of Italy.

Accordingly, the Managers have represented and agreed that they have not offered, sold or delivered, and will not offer, sell or deliver, and have not distributed and will not distribute and have not made and will not make available in the Republic of Italy any Senior and Mezzanine Notes of the relevant Series, this Offering Circular nor any other offering material relating to the Senior and Mezzanine Notes other than to professional investors (“*investitori professionali*”) as defined in Article 31, paragraph 2 of *Regolamento* CONSOB No. 11522 of 1st July 1998 pursuant to Article 100, paragraph 1, lett. b) and Article 30, paragraph 2 of *Decreto Legislativo* No. 58 of 24th February 1998 (as amended the “**Financial Laws Consolidation Act**”) and in accordance with applicable Italian laws and regulations. Any offer of the Senior and Mezzanine Notes of the relevant Series 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 Banking Act, to the extent 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 in compliance with Article 129 of the Banking Act.

United Kingdom

Each of the Managers has represented and agreed with the Issuer that they have:

- (i) not offered or sold and, prior to the expiry of the period of six months from the Issue Date, will not offer or sell any Senior and Mezzanine Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended);
- (ii) only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”))

received by them in connection with the issue or sale of such Notes in circumstances in which section 21 (1) of the FSMA does not apply to the Issuer; and

- (iii) complied and will comply with all applicable provisions of the FSMA with respect to anything done by them in relation to such Senior and Mezzanine Notes in, from or otherwise involving the United Kingdom.

General Restrictions

In addition, the Managers have represented and agreed with the Issuer that no action has been or will be taken in any jurisdiction by them that would permit a public offering of the Senior and Mezzanine Notes, or possession or distribution of this Offering Circular or any other offering or publicity material relating to the Senior and Mezzanine Notes, in any country or jurisdiction where action for that purpose is required. The Managers have represented and agreed that they will comply with, and obtain any consent, approval or permission required under all applicable laws and regulations in each jurisdiction in which they acquire, offer, sell or deliver the Senior and Mezzanine Notes or have in their possession or distribute this Offering Circular or any such other material, in all cases at their own expense. They have also agreed that they will ensure that no obligations are imposed on the Issuer in any such jurisdiction as a result of any of the foregoing actions. The Managers will have any permission required by them for the acquisition, offer, sale or delivery by them of the Senior and Mezzanine Notes under the laws and regulations in force in any jurisdiction to which they are subject or in or from which they make any acquisition, offer, sale or delivery. The Managers are not authorised to make any representation or use any information in connection with the issue, subscription and sale of the Senior and Mezzanine Notes other than as contained in this Offering Circular or any amendment or supplement hereto.

The Series 1-D Notes Subscriber has, in the Series 1-D Notes Subscription Agreement, given representations and warranties substantially similar to those given by the Managers that are set out in the preceding paragraphs.

GENERAL INFORMATION

1. Application has been made to list the Series 1-A1 Notes, the Series 1-A2 Notes, the Series 1-B Notes and the Series 1-C Notes on the Luxembourg Stock Exchange. In connection with the listing application, the constitutional documents of the Issuer and the legal notice in relation to the issue of the Series 1-A1 Notes, the Series 1-A2 Notes, the Series 1-B Notes and the Series 1-C Notes have been deposited with the Registrar of the District Court in Luxembourg (*Greffier en Chef du Tribunal d'Arrondissement de et à Luxembourg*), where such documents will be available for inspection and where copies thereof may be obtained upon request. No application has been made to list the Series 1-D Notes on any stock exchange.
2. The Issuer is not involved in any legal or arbitration proceedings which may have, or have had, since the date of its incorporation, a significant effect on its financial position nor is the Issuer aware that any such proceedings are pending or threatened.
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 Quotaholders of the Issuer passed on 5th December 2002.
4. Save as disclosed in this Offering Circular, there has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) or general affairs of the Issuer since the date of incorporation of the Issuer that is material in the context of the issue of the Notes.
5. Save as disclosed in this Offering Circular, the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor has the Issuer created any mortgages or charges or given any guarantees.
6. The Issuer's financial statements concerning the period ending on 31st December 2002 will, upon publication, be available for collection at the specified office of the Luxembourg Paying Agent. The Issuer prepares annual financial statements for financial years ending 31st December of each year. No interim financial statements will be produced by the Issuer. So long as any of the Senior and Mezzanine Notes remains listed on the Luxembourg Stock Exchange and outstanding, copies of the Issuer's annual financial statements shall, upon publication, be made available for collection at the Specified Office of the Luxembourg Paying Agent.
7. The Notes have been accepted for clearance through Monte Titoli, Euroclear and Clearstream and the Notes have been attributed the following ISIN numbers and Common Codes:

	ISIN No.	Common Code
Series 1-A1	IT 0003389027	016256447
Series 1-A2	IT 0003389050	016256528
Series 1-B	IT 0003389084	016256579
Series 1-C	IT 0003389134	016256595
Series 1-D	IT 0003389167	-

8. As long as the Senior and Mezzanine Notes are listed on the Luxembourg Stock Exchange, copies of the following documents may be inspected during normal business hours at the registered office of the Paying Agent in Luxembourg:
 - (a) the *Statuto* and *Atto Costitutivo* of the Issuer;
 - (b) the Master Receivables Purchase Agreement;

- (c) the Warranty and Indemnity Agreement;
- (d) the Servicing Agreement;
- (e) the Corporate Services Agreement;
- (f) the Intercreditor Agreement;
- (g) the Agency Agreement;
- (h) the Senior and Mezzanine Notes Subscription Agreement;
- (i) the Hedging Agreements;
- (j) the Deed of Pledge;
- (k) the Deed of Charge;
- (l) the Quotaholders' Agreement;
- (m) the Mandate Agreement;
- (n) the Letter of Undertaking;
- (o) the Master Definitions Agreement.

9. So long as any of the Senior and Mezzanine Notes is outstanding, copies of the Quarterly Payments Report and the Investors Report shall be available at the registered office of the Representative of the Noteholders and at the office of the Principal Paying Agent and the Luxembourg Paying Agent. The first Quarterly Payments Report and the first Investors Report shall be available respectively on 11th March 2003 and on 19th March 2003.

GLOSSARY OF PRINCIPAL 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.

Account: means each of the Cash Accounts and the Securities Account, and “**Accounts**” means all of them.

Account Bank: means BNP Paribas Securities Services-Milan branch, in its capacity as account bank pursuant to the Agency Agreement, and its permitted successors and assignees from time to time.

Account Bank Report: means the monthly report setting out certain information with reference to each month, in respect of the credit of the Accounts, the interest accrued thereon, taxes accrued and paid. The Account Bank Report will be generally available to the Representative of the Noteholders, the Issuer, the Computation Agent, the Cash Manager and the Corporate Servicer on the Account Bank Report Date.

Account Bank Report Date: means the 3rd day of each month or, if such day is not a Business Day, the immediately following Business Day.

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

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

Adjustment Reserve Account: means the Euro denominated Eligible Account, which will be held at the Account Bank or any other Eligible Institution, for the deposit of the Net Adjustment Reserve Amount (if any).

Advance: means any amount advanced from Locafit to the Issuer pursuant to Article 8 of the Warranty and Indemnity Agreement.

Agency Agreement: means the agency agreement entered into on or about the Issue Date between, *inter alia*, the Issuer, the Principal Paying Agent, the Luxembourg Paying Agent, the Cash Manager, the Computation Agent, the Account Bank, the Agent Bank and the Hedging Counterparty as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemented thereto.

Agent Bank: BNP Paribas Securities Services-Milan branch, in its capacity as Agent Bank pursuant to the Agency Agreement, and its permitted successors and assignees from time to time.

Aggregate Notes Formula Redemption Amount: means, with respect to any Interest Payment Date, an amount calculated in accordance with the following formula:

$$A + B + C + D - R - CP.$$

Where:

A = the Principal Amount Outstanding of the Series 1-A1 Notes and the Series 1-A2 Notes on the day following the immediately preceding Interest Payment Date;

B = the Principal Amount Outstanding of the Series 1-B Notes on the day following the immediately preceding Interest Payment Date;

C = the Principal Amount Outstanding of the Series 1-C Notes on the day following the immediately preceding Interest Payment Date;

D = the Principal Amount Outstanding of the Series 1-D Notes on the day following the immediately preceding Interest Payment Date;

R = the Debt Service Reserve Amount on the relevant Interest Payment Date;

CP = the Collateral Portfolio Outstanding Amount on the last day of the immediately preceding Collection Period.

Agreed Prepayment: means any payment of principal howsoever made by or on behalf of a Lessee in respect of the Receivables prior to the relevant due date for payment thereof, as specified in the relevant Lease Contract.

Amortisation Period: means the period (a) commencing on the date the Revolving Period ends and (b) ending on the earlier of (i) the Interest Payment Date falling in December 2015 and (ii) the date on which the Notes are redeemed in full.

Arrangers: means BNP Paribas and Finanziaria Internazionale Securitisation Group.

Asset: means any Motor-vehicle, Equipment or Real Estate which is leased under any Lease Contract.

Average Collateral Portfolio Outstanding Amount: means with respect to a Quarterly Collection Period an amount equal to the sum of (i) the Collateral Portfolio Outstanding Amount as at the beginning of such Quarterly Collection Period (including the relevant Subsequent Portfolio purchased in the preceding Interest Payment Date); and (ii) the Collateral Portfolio Outstanding Amount as at the end of such Quarterly Collection Period, divided by 2 (two).

Average Pool Outstanding Amount: means with respect to a Quarterly Collection Period, an amount equal to the sum of: (i) the Pool Outstanding Amount at the beginning of such Quarterly Collection Period (including the relevant Subsequent Portfolio of such Pool purchase in the preceding Interest Payment Date); and (ii) the Pool Outstanding Amount at the end of such Quarterly Collection Period, divided by 2 (two).

Banking Act: means Italian Legislative Decree No. 385 of 1st September 1993, as the same may be amended, modified or supplemented from time to time.

Bankruptcy Law: means Royal Decree No. 267 of 16th March 1942, as the same may be amended, modified or supplemented from time to time.

Basic Terms Modification: means any modification to the Conditions affecting the relevant Notes' date of maturity or having the effect of postponing any day for payment of interest thereon, reducing or cancelling the amount of principal payable in respect of any of the relevant Notes or the rate of interest applicable in respect of the relevant Notes or altering the majority required to pass an Extraordinary Resolution or altering the currency of payment of the relevant Notes or any alteration of the date or priority of redemption of the relevant Notes.

Bill of Sale: each instrument of assignment of the Receivables substantially in the form of Annex 1 to the Master Receivables Purchase Agreement.

Billed Residual Amount: means the aggregate amount of any V.A.T. amount relating to the Instalments, the premiums payable by the Lessees under the Insurance Policies and other expenses relating to the Collections.

Billed Residual Collected Amount: means the Billed Residual Amount accrued and due during the relevant Collection Period by each Lessee, to the extent not already paid to Locafit as Billed Residual Uncollected Amount under the same Lease Contract.

Billed Residual Uncollected Amount: means (i) the Billed Residual Amount accrued but not paid during the relevant Quarterly Collection Period by each Lessee; and (ii) the Billed Residual Amount accrued but not paid to Locafit on the preceding Interest Payment Dates.

BNL: means Banca Nazionale del Lavoro S.p.A., a joint stock company incorporated under the laws of the Republic of Italy, having its registered office at Via Veneto n. 119, Rome, Italy.

BNP Paribas: a joint stock company incorporated under the laws of the Republic of France, having its registered office at Boulevard des Italiens, n. 14, 75009 Paris, France.

BNP Paribas – Italian branch: a company incorporated under the laws of the Republic of France, with registered office at 16 Boulevard des Italiens, 75009 Paris, France, acting through its Milan branch, having its registered office in Piazza San Fedele 2, 20121 Milan, Italy.

BNP Paribas Securities Services - Luxembourg branch: a company incorporated under the laws of the Republic of France, with registered office at Rue d’Antin, 75002 Paris, acting through its Luxembourg branch, having its registered office at Avenue da la Porte Neuve, L-2085 Luxembourg. The Luxembourg Paying Agent will act as such pursuant to the Agency Agreement. The Luxembourg Paying Agent and the Principal Paying Agent are together referred to as the “**Paying Agents**”.

BNP Paribas Securities Services - Milan branch: a company incorporated under the laws of the Republic of France, with registered office at Rue d’Antin, 75002 Paris, acting through its Milan branch, having its registered office at Via Ansperto 5, 20123 Milan, Italy. The Principal Paying Agent, the Account Bank and the Agent Bank will act as such pursuant to the Agency Agreement.

Business Day: means a day on which the Trans-European Automated Real Time Gross Settlement Express Transfer System (“**TARGET**”) (or any successor thereto) is open.

Cash Accounts: means, together the Collection Account, the Payments Account, the Adjustment Reserve Account and the Debt Service Reserve Account.

Cash Manager: means BNP Paribas - Italian branch in its capacity as cash manager pursuant to the Agency Agreement, and its permitted successors and assignees from time to time.

Cash Manager Report: means the monthly report setting out certain information in respect of the kind of Eligible Investments made during the relevant Collection Period pursuant to the Agency Agreement. The Cash Manager Report will be generally available to the Issuer, the Computation Agent and the Corporate Servicer on each Cash Manager Report Date.

Cash Manager Report Date: means the 3rd day of each month or, if such day is not a Business Day, the immediately following Business Day.

Clean Up Option: means the right to repurchase all or part of the Portfolio granted by the Issuer to Locafit pursuant to Article 20 of the Master Receivables Purchase Agreement.

Clean Up Option Date: means the first Interest Payment Date on which the Collateral Portfolio Outstanding Amount is lower than 10% of the Collateral Portfolio Outstanding Amount as of 31st December 2002, as calculated at the Effective Date.

Clearstream: means Clearstream Banking S.A., Luxembourg.

Cofiri: means Cofiri SIM S.p.A. a company incorporated under the laws of the Republic of Italy, having its registered office at Via Paisiello n. 5, 00198 Rome, Italy.

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

Collateral Portfolio Outstanding Amount: means the sum of the Outstanding Principal of all Receivables comprised in the Collateral Portfolio.

Collateral Security: means any personal guarantee or security interest granted by any Lessee or third party guarantor in relation to the Receivables.

Collateral Test: means, with reference to any Interest Payment Date, such test the result of which is positive if the sum of (i) the Collateral Portfolio Outstanding Amount (after the purchase of the Subsequent Portfolio on such Interest Payment Date), (ii) the Debt Service Reserve Amount and (iii) the Residual Issuer Available Funds (if any), after all the payments as set out in Condition 4, is at least equal to the Principal Amount Outstanding of the Notes after the relevant payments due on that Interest Payment Date have been made in full.

Collection Account: means the Euro denominated Eligible Account, which will be held at the Account Bank or any other Eligible Institution, for the deposit of all amounts paid in respect of the Receivables pursuant to the Servicing Agreement.

Collection Period: means each period of one month commencing on (including) a Settlement Date and ending on (excluding) the next succeeding Settlement Date (excluding), notwithstanding that the first Collection Period shall begin on the Valuation Date of the Initial Portfolio and shall end on (but excluding) the Settlement Date falling in January 2003.

Collection Policy: means Locafit's collection policy in respect of the Receivables, attached as Annex 1 to the Servicing Agreement.

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

Co-Manager: means Cofiri.

Computation Agent: means Securitisation Services, in its capacity as computation agent, pursuant to the Agency Agreement, and its permitted successors and assignees from time to time.

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.

CONSOB: means *Commissione Nazionale per la Società e la Borsa*.

Corporate Servicer: means Securitisation Services in its capacity as corporate servicer, pursuant to the Corporate Services Agreement, and its permitted successors and assignees from time to time.

Corporate Services Agreement: means corporate services agreement entered into on or about the Issue Date between the Issuer and the Corporate Servicer as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemented thereto, as from time to time modified.

Cumulative Net Default Ratio: means, on the last day of any Quarterly Collection Period, the percentage equal to a fraction obtained by dividing: (A) (i) the sum of the Outstanding Principal as at the default date of the Receivables which have become Defaulted Receivables from the Effective Date up to the last day of such Quarterly Collection Period minus (ii) the aggregate amount of Recovery Amounts received in respect of such Defaulted Receivables from the Effective Date up to the last day of such Quarterly Collection Period; by (B) the Outstanding Principal of the Initial Portfolio.

Current Value: means the value of the non performing receivables at the date of exercise of the option pursuant to Article 20.2 of the Master Receivables Purchase Agreement, as determined by an independent entity in respect of all the parties of the Securitisation Transaction and appointed by the parties to the Master Purchase Receivables Agreement.

Debt Service Reserve Account: means the Euro denominated Eligible Account which will be held at the Account Bank or any other Eligible Institution for the deposit of the Debt Service Reserve Amount.

Debt Service Reserve Amount: means:

- (i) On the Issue Date, an amount equal to € 1,845,750.00;
- (ii) On any Interest Payment Date, the lower of:
 - 1) € 13,524,500.00; and
 - 2) an amount equal to 2.20% of the Principal Amount Outstanding of the Senior and Mezzanine Notes as of the last day of the immediately preceding Quarterly Collection Period (after all payments due on such Interest Payment Date under the relevant Priority of Payments have been made);

in any case with a minimum level of € 1,845,750.00 up to the redemption of the Senior and Mezzanine Notes.

Debtor: means any party to any of the Transaction Documents who is or may become debtor in respect to receivables or pledged rights, including any successor or assignee in any capacity in respect of any rights or contractual obligations of any party to any of the Transaction Documents.

Decree No. 239: means the Legislative Decree No. 239 of 1st April 1996, as amended and supplemented from time to time, and any related regulations.

Decree No. 239 Deduction: means any withholding or deduction for or on account of “*imposta sostitutiva*” under Decree No. 239.

Deed of Charge: means the English law deed of charge dated on or about the Issue Date between the Issuer, the Hedging Counterparty and the Representative of the Noteholders, pursuant to which the Issuer has charged in favour of the Representative of the Noteholders (acting for itself, the Noteholders and the Issuer Secured Creditors) its rights, benefits, interests and entitlements arising under (i) the Senior and Mezzanine Notes Subscription Agreement and (ii) the Hedging Agreements.

Deed of Pledge: means the Italian law deed of pledge dated on or about the Issue Date between the Issuer and the Senior and Mezzanine Noteholders represented by the Representative of the Noteholders, pursuant to which the Issuer has pledged in favour of the Senior and Mezzanine Noteholders certain claims arising from certain Transaction Documents and any Eligible Investments, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

Defaulted Receivables: means any Receivables arising from the Lease Contracts which have been classified as “*Contenzioso*” in accordance with the Collection Policy or have at least one Instalment due and unpaid for 180 days from the Scheduled Instalment Date.

Delinquent Instalment: means any Instalment which remains unpaid by the relevant Lessee for 30 days or more after the Scheduled Instalment Date.

Delinquent Receivables: means a Receivable related to a Lease contract with respect to which there is one or more Delinquent Instalments.

Effective Date: means 16th October 2002.

Effective Period: means, in relation to the Servicing Agreement, the period starting from the Effective Date and ending on the first of the following dates: (i) the last Business Day of the twenty-fourth month following the date on which all Notes have been repaid or cancelled in full; or (ii) the last Business Day of the twelfth month following the date on which all Receivables have been paid; or (iii) the date on which the appointment of Locafit as Servicer is terminated or Locafit resigns from such appointment pursuant to Article 11 of the Servicing Agreement.

Eligibility Criteria: means the criteria for the purchase of the Receivables as set out in Annex 3 of the Master Receivables Purchase Agreement.

Eligible Account: means an account held with an Eligible Institution.

Eligible Institution: means any bank with a short term rating for its unsecured, unsubordinated and unguaranteed debt obligations equal to at least P-1 from Moody's and A-1+ from S&P or, provided that deposit held by the Issuer with such institution does not exceed 20.0% of the Principal Amount Outstanding of the Notes than A-1 from S&P (or such other rating acceptable to the Rating Agencies).

Eligible Investment: means such Euro denominated senior (unsubordinated) debt security, bank account, deposit or other debt instruments providing a fixed principal amount at maturity issued by, or fully and unconditionally guaranteed on an unsubordinated basis by, or held at an institution having at least the following ratings: P-1 and A1 from Moody's and A-1+ from S&P (or such other rating acceptable to the Rating Agencies), with a maturity not exceeding the next following Eligible Investment Maturity Date; or in respect of up to 20.0% (twenty per cent.) of the Principal Amount Outstanding of the Notes, A-1 from S&P (or such other rating acceptable to the Rating Agencies) in respect of its unsecured, unsubordinated and unguaranteed debt obligations, with a maturity not exceeding the earlier of the date falling 30 (thirty) days thereafter and the next following Eligible Investment Maturity Date.

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

Equipment: means any plant or machinery, which is leased under any Lease Contract.

Euribor: shall have the meaning ascribed to it in Condition 5.2.

Euro or €: means the single currency introduced in the Member States of the European Community which adopted single currency in accordance with the Treaty of Rome of 25th March 1957, as amended by, *inter alia*, the Single European Act 1986, the Treaty of European Union of 7th February 1992, establishing the European Union and the European Council of Madrid of 16th December 1995.

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

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 25th March 1957) as amended by the Treaty on European Union (signed in Maastricht on 7th February 1992).

Excluded Collections: means all the amounts collected in relation to the Receivables in connection to which Locafit has agreed an Advance pursuant to Article 8 of the Warranty and Indemnity Agreement.

Expenses: means any documented fees, costs, expenses and taxes required to be paid to any third party (other than the Issuer Secured Creditors) arising in connection with the Securitisation Transaction and any other documented costs and expenses required to be paid in order to preserve the corporate existence of the Issuer, to maintain it in good standing and to comply with applicable legislation.

Expense Account: means the Euro denominated Eligible Account, held at the Banca Popolare Antoniana Veneta S.p.A., into which the Retention Amount will be credited and, from which any Expenses will be paid during each Quarterly Collection Period.

Expert: means any law firm or company specialised in claim recovery activity, appointed with mutual agreement by the parties, and in the case of absence of mutual agreement within 15 days, appointed by the Issuer.

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

Final Date: means 21st February 2003.

Final Maturity Date: means the Interest Payment Date falling in December 2015.

Finanziaria Internazionale Holding: a joint stock company incorporated under the laws of the Republic of Italy, registered with No. 9832 in the register held by *Ufficio Italiano dei Cambi* pursuant to Article 106 of the Banking Act, having its registered office at Via Vittorio Alfieri 1, 31015, Conegliano (Treviso), Italy.

Finanziaria Internazionale Securitisation Group: a joint stock company incorporated under the laws of the Republic of Italy, registered with No. 8945 in the register held by *Ufficio Italiano dei Cambi* pursuant to Article 106 of the Banking Act, having its registered office at Via Vittorio Alfieri 1, 31015, Conegliano (Treviso), Italy.

Hedging Agreement: means the 1992 ISDA Master Agreement, together with the relevant Schedules and Confirmations, entered into on or about the Issue Date between the Issuer and the Hedging Counterparty as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemented thereto.

Hedging Counterparty: means BNP Paribas, in its capacity as hedging counterparty, pursuant to the Hedging Agreement and its permitted successors and assignees from time to time.

Independent Director: means a member of the Board of Directors of Vela Lease who as at the date of his appointment and during the previous five years has not been (i) directly or indirectly a shareholder of Locafit; or (ii) a creditor, supplier, employee, director or agent of Locafit; or (iii) a relative to any person holding any of the positions under (ii) above.

Index Rate: means for each Receivable the index applicable under each Lease Contract.

Initial Individual Purchase Price: means the Outstanding Principal of each Receivable comprised in the Initial Portfolio as of 31st December 2002 (including). Notwithstanding that the Accrued Interests accrue until 31st December 2002, (including).

Initial Instalment Payment Date: means the 1st January 2003.

Initial Portfolio: means the Receivables which are the subject matter of the first transfer between Locafit and the Issuer pursuant to the terms and conditions of the Master Receivables Purchase Agreement.

Initial Portfolio Purchase Price: means the purchase price due by the Issuer to Locafit in respect of the Initial Portfolio.

Insolvency Law: means Royal Decree No. 267 of 16th March 1942, as the same may be amended, modified or supplemented from time to time.

Instalment: means any amount payable by the Lessees by way of instalment, or for any other reason, due under the Lease Contracts as from the Initial Instalment Payment Date.

Insurance Policy: means any contract under which an Asset related to a Lease Contract is insured.

Intercreditor Agreement: means the Intercreditor Agreement entered into on or about the Issue Date between the Issuer, Locafit, the Representative of the Noteholders, the Servicer, the Corporate Servicer, the Computation Agent, the Cash Manager, the Agent Bank, the Account Bank, the Principal Paying Agent, the Luxembourg Paying Agent, the Quotaholders and the

Hedging Counterparty as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemented thereto.

Interest Determination Date: means the date falling two Business Days prior to each Interest Payment Date (save in respect of the Initial Interest Period, where the Rate of Interest will be determined two Business Days prior to the Issue Date).

Interest Instalment: means the interest component of each Instalment.

Interest Payment Amount: means the amount of interest payable on the Senior and Mezzanine Notes in respect of each Interest Period.

Interest Payment Date: means 17th March 2003 and thereafter the 16th day of June, September, December and March of each year or if such date is not a Business Day, the immediately following Business Day.

Interest Period: means each period from (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date, provided that the first Interest Period (the “**Initial Interest Period**”) shall begin on (and including) the Issue Date and end on (but excluding) the first Interest Payment Date falling in March 2003.

Interim Initial Purchase Price Adjustment: means the sum of (i) the accrued interest at the rate of 0.35% per annum on the sum of the Initial Individual Purchase Price from (and including) 1st January 2003 until (but excluding) the Issue Date; and (ii) Euro 144,309.93 as amount due by the Issuer in consequence of the mismatching between the Valuation Date and the Issue Date.

Investors Report: means the quarterly report issued by the Computation Agent on the Investor’s Report Date, setting out certain information with respect to the Senior and Mezzanine Notes, which will be generally available to the Noteholders and prospective investors at the offices of the Luxembourg Paying Agent and on the Computation Agent’s web site on www.securitisation-services.com.

Investors Report Date: means the 2nd Business Day following each Interest Payment Date.

Issue Date: means 4th February 2003.

Issue Price: means, in relation to:

the Series 1-A1 Notes	100%
the Series 1-A2 Notes	100%
the Series 1-B Notes	100%
the Series 1-C Notes	100%

of the aggregate Principal Amount Outstanding as at the Issue Date.

Issuer: means Vela Lease.

Issuer Available Funds: means in respect of any Payment Date, the aggregate amount of:

- (i) all interest and principal amounts relating to the Receivables paid into the Collection Account pursuant to the terms of the Servicing Agreement; and
- (ii) the Billed Residual Collected Amount paid into the Collection Account pursuant to the terms of the Servicing Agreement; and
- (iii) the Recovery Amount; and
- (iv) all net amounts received from the Hedging Counterparty pursuant to the terms of the Hedging Agreements and credited to the Payments Account; and

- (v) all amounts received by the Issuer from any party to a Transaction Document to which the Issuer is a party and credited to the Payments Account other than amounts paid in respect of the Receivables pursuant to the terms of the Servicing Agreement; and
- (vi) all amounts standing to the credit of the Debt Service Reserve Account and of the Adjustment Reserve Account; and
- (vii) all amounts of interest accrued and available on each of the Cash Accounts; and
- (viii) on the Interest Payment Date on which the Notes are redeemed in full, any residual amount owned by the Issuer as Retention Amount (after all payments due on such Interest Payment Date under the relevant Priority of Payments have been made); and
- (ix) any Advance; and
- (x) all amounts received from the sale of all or part of the Portfolio, should such sale occur.

Issuer's Rights: means the Issuer's rights under the Transaction Documents.

Issuer Secured Creditors: means (i) the Noteholders; and (ii) the Issuer's other creditors under the Transaction Documents.

Joint Lead Managers: means each of BNP Paribas and BNL.

Lease Contract: means each written agreement, made on Locafit's standard form, between Locafit and a Lessee pursuant to which Locafit leases an Asset to a Lessee and the latter agrees to pay the Instalments and the other sums specified therein, the Receivables arising under which have been or are to be assigned to the Issuer under the Master Receivables Purchase Agreement.

Lessee: means a lessee under the terms of a Lease Contract.

Letter of Undertaking: means the letter of undertaking entered into on or about the Issue Date between the Originator, the Issuer and the Representative of the Noteholders, whereby the Originator undertakes to indemnify the Issuer with respect to certain regulatory and tax costs and other costs and liabilities incurred by the Issuer as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemented thereto.

Listing Agent: means BNP Paribas Securities Services - Luxembourg branch, in its capacity as listing agent pursuant to the Agency Agreement and its permitted successor and assignees from time to time.

Locafit: means Locafit S.p.A., a joint stock company incorporated under the laws of the Republic of Italy, Fiscal Code No. 00862460151 and registered in the register of financial intermediaries held by Bank of Italy pursuant to Article 107 of the Banking Act, having its registered office at Corso Italia No. 15, 20122 Milan, a member of the BNL Banking Group, registered under No. 1005 of the register of the banking groups held by the Bank of Italy pursuant to Article 64 of the Banking Act.

Luxembourg Paying Agent: means BNP Paribas Securities Services - Luxembourg branch, in its capacity as Luxembourg paying agent pursuant to the Agency Agreement and its permitted successor and assignees from time to time.

Managers: means the Joint Lead Managers together with the Co-Manager.

Mandate Agreement: means the mandate agreement entered into on or about the Issue Date between the Issuer and the Representative of the Noteholders, whereby the Representative of the Noteholders shall, subject to a relevant Trigger Notice being served upon the Issuer and upon failure by the Issuer to exercise its rights under the Transaction Documents, be authorised to exercise, in the name and on behalf of the Issuer, all the Issuer's non-monetary rights arising out

of the Transaction Documents to which it is a party, as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto.

Master Definitions Agreement: means the master definitions agreement entered into on or about the Issue Date between all the parties to each of the Transaction Documents, whereby the definitions of certain terms used in the Transaction Documents have been set forth, as from time to time modified and any deed or other document expressed to be supplemental thereto.

Master Receivables Purchase Agreement: means the master receivables purchase agreement entered into between the Issuer and Locafit on 16th October 2002, as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto.

Maximum Pool Default Ratio: means, in respect of the Receivables comprised in the respective Pools, an amount equal to:

for Pool 1, 1.25 %;

for Pool 2, 0.80 %;

for Pool 3, 1.85 %.

Maximum Pool Delinquency Ratio: means, in respect of the Receivables comprised in the respective Pools, an amount equal to:

for Pool 1, 11.55 %;

for Pool 2, 6.00 %;

for Pool 3, 8.00 %.

Meeting: means the meeting of the Noteholders (whether originally convened or resumed following an adjournment).

Mezzanine Noteholders: means the persons who are, from the time being, the holders of the Mezzanine Notes.

Mezzanine Notes: means the Series 1-B Notes and the Series 1-C Notes,

Monte Titoli: means Monte Titoli S.p.A..

Monte Titoli Account Holder: means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli, including any depository banks appointed by Euroclear or Clearstream.

Monthly Servicer's Report: means the monthly report setting out certain information on the Receivables which shall be delivered by the Servicer to the Issuer (for accounting purposes), the Representative of the Noteholders, the Computation Agent, the Agent Bank on each Monthly Servicer's Report Date pursuant to the Servicing Agreement.

Monthly Servicer's Report Date: means the last Business Day of each month.

Moody's: means Moody's Investors Service.

Motor-vehicle: means any car, industrial light lorry, truck, commercial van or any other motor-vehicle.

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

Net Accounting Value: means the Outstanding Principal net of any writedown.

Net Adjustment Reserve Amount: means in respect to any Interest Payment Date, an amount by which (i) the sum of the Negative Adjustment accrued and not reimbursed as at such date in respect of all Receivables exceed (ii) the sum of the Positive Adjustment accrued and unpaid as at such date in respect of all Receivables.

Net Portfolio Yield: means, with respect to any period of time, the amount which is the aggregate of: (i) the interest and any sum accrued on the Collateral Portfolio Outstanding Amount during the relevant period, whether or not actually paid, less provisions for losses and losses with respect to such period, less the Accrued Interest (if any) and less the Interim Initial Purchase Price Adjustment (only for the first Quarterly Collection Period); (ii) the Adjustment accrued during such period (whether or not actually paid); (iii) any default interest on the Receivables paid by the Lessee during such period under the terms of the relevant Lease Contract; (iv) the amount of any and all penalties paid by the Lessee during such period; (v) any other revenues accrued to the Issuer under the Lease Contract during such period.

New Lease Contracts: means the lease contracts relating to Assets previously subject to Lease Contracts that have been terminated.

Note: means each of the Series 1-A1 Notes, the Series 1-A2 Notes, the Series 1-B Notes, the Series 1-C Notes, and the Series 1-D Notes, and collectively the “Notes”.

Noteholder: means each of the Series 1-A1 Noteholders, the Series 1-A2 Noteholders, the Series 1-B Noteholders, the Series 1-C Noteholders, and the Series 1-D Noteholders and collectively the “Noteholders”.

Offering Circular: means the definitive offering circular dated 31st January 2003 prepared in connection with the issue of the Notes.

Optional Redemption: shall have the meaning ascribed to it in Condition 6.3.

Organisation of the Noteholders: means the association of Noteholders created on the Issue Date.

Originator: means Locafit.

Outstanding Principal: means, on any relevant date, in relation to any Receivable, the sum of all Principal Instalments due on any subsequent Scheduled Instalment Date and any Principal Instalments due but unpaid, plus Accrued Interest thereon as at that date. The Outstanding Principal as at 31st December 2002 was Euro 1,247,487,738.49 as calculated as of the Effective Date.

Paying Agents: means the Principal Paying Agent and the Luxembourg Paying Agent collectively.

Payment Date: means a Settlement Date or, as the case may be, an Interest Payment Date.

Payments Account: means the Euro denominated Eligible Account, which will be held at the Account Bank or any other Eligible Institution, for the deposit of all amounts received by the Issuer from any party to a Transaction Document to which the Issuer is a party other than amounts collected in respect of the Receivables.

Payments Report: means the Quarterly Payments Report.

Pool: means each of Pool No. 1, Pool No. 2 and Pool No. 3 and “Pools” means all of them.

Pool No. 1: means the aggregate of Receivables originating from Leases the underlying Assets of which are Motor-vehicles.

Pool No. 2: means the aggregate of Receivables originating from Leases the underlying Assets of which are Equipment.

Pool No. 3: means the aggregate of Receivables originating from Leases the underlying Assets of which are Real Estate.

Pool Default Ratio: means in respect of any Quarterly Collection Period and any Pool, the percentage equal to a fraction obtained by dividing: (A) the Outstanding Principal as at the default date of the Receivables in such Pool relating to the Receivables which have become Defaulted Receivables during such Quarterly Collection Period;(B) the Average Pool Outstanding Amount.

Pool Delinquency Ratio: means in respect of any Quarterly Collection Period and any Pool, the percentage equal to a fraction obtained by dividing: (A) the Outstanding Principal of the Receivables in such Pool relating to Delinquent Receivables at the last day of such Quarterly Collection Period; by (B) the Pool Outstanding Amount as at the end of such Quarterly Collection Period.

Pool Outstanding Amount: means on any given date with respect to any Pool, the aggregate of the Outstanding Principal of all Receivables in such Pool on such date which are included in the Collateral Portfolio.

Portfolio: means collectively the Initial Portfolio and any Subsequent Portfolio purchased by the Issuer from Locafit under the Master Receivables Purchase Agreement.

Portfolio Default Ratio: means, in respect to any Quarterly Collection Period, the percentage equal to a fraction obtained by dividing: (A) the Outstanding Principal as at the default date of the Receivables which have become Defaulted Receivables during such Quarterly Collection Period; (B) the Average Collateral Portfolio Outstanding Amount of such Quarterly Collection Period.

Portfolio Delinquency Ratio: means, in respect of any Quarterly Collection Period, the percentage equal to a fraction obtained by dividing: (A) the Outstanding Principal of the Receivables relating to Delinquent Receivables as at the last day of such Quarterly Collection Period; by (B) the Collateral Portfolio Outstanding Amount at the end of such Quarterly Collection Period.

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

Post Trigger Report: means the report setting out all the payments to be made under the Priority of Payments which shall be delivered, upon request of the Representative of the Noteholders, by the Computation Agent after a Trigger Notice has been served, *inter alia*, to the Issuer, the Representative of the Noteholders, the Issuer Secured Creditors and the Rating Agencies, pursuant to the Agency Agreement.

Principal Amount Outstanding: means, on any date, in respect of a Note, the nominal principal amount of such Note upon issue minus the aggregate amount of all principal payments in respect of such Note that have been paid up to such date.

Principal Instalment: means the principal component of each Instalment.

Principal Paying Agent: means BNP Paribas Securities Services- Milan branch, in its capacity as principal paying agent pursuant to the Agency Agreement, and its permitted successors and assigns from time to time.

Priority of Payments: means the priority of payments described in Condition 4.

Purchase Price: means the Initial Portfolio Purchase Price or the Subsequent Portfolio Purchase Price as the case may be.

Purchase Price Adjustment: means the adjustment to the Purchase Price payable pursuant to Article 7 and 21 of the Master Receivables Purchase Agreement.

Purchase Termination Event: shall have the meaning ascribed to it in Condition 10.1.

Purchase Termination Notice: shall have the meaning ascribed to it in Condition 10.1.

Purchaser: means Vela Lease.

Quarterly Calculation Date: means the 4th Business Day immediately preceding the Interest Payment Date.

Quarterly Collection Period: means each period of three months commencing on (and including) a Settlement Date of March, June, September, and December and ending respectively on (and excluding) the Settlement Date of June, September, December and March, and in the case of the first Quarterly Collection Period commencing on and including the Effective Date and ending on (but excluding) the Settlement Date falling in March 2003.

Quarterly Payments Report: means the quarterly report setting out all the payments to be made on the following Interest Payment Date under the Priority of Payments which shall be delivered by the Computation Agent to the Issuer, the Representative of the Noteholders, the Servicer, the Hedging Counterparty, the Agent Bank and the Rating Agencies on each Quarterly Calculation Date, pursuant to the Agency Agreement.

Quarterly Servicer's Report: means the quarterly report setting out the performance of the Receivables which shall be delivered by the Servicer to the Rating Agencies, the Issuer, the Representative of the Noteholders, the Corporate Servicer, the Computation Agent, the Account Bank and the Agent Bank on each Quarterly Servicer's Report Date, pursuant to the Servicing Agreement.

Quarterly Servicer's Report Date: means the 5th Business Day immediately preceding the Interest Payment Date.

Quota Portion: means the Receivables assigned to the Issuer from time to time that include a limited number of Instalments due by a Lessee under one Lease Contract.

Quotaholders: means Finanziaria Internazionale Securitisation Group, Finanziaria Internazionale Holding and Locafit as quotaholders of the Issuer.

Quotaholders' Agreement: means the quotaholders' agreement entered into on or about the Issue Date between the Quotaholders and the Issuer, whereby the Quotaholders will undertake, *inter alia*, not to resolve the voluntary liquidation of the Issuer and not to make any decision concerning the activity and the management of the Issuer without the approval of the Representative of the Noteholders, as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto.

Rate of Interest: shall have the meaning ascribed to it in Condition 5.2.

Rating Agency: means each of Moody's and S&P and "**Rating Agencies**" means both of them.

Real Estate: means any building or real estate asset which is the subject of a Lease Contract.

Reason for Revocation of the Servicer: means any event following which, pursuant to Article 11 of the Servicing Agreement, the Issuer will be entitled to terminate the appointment of the Servicer granted to Locafit and to appoint a Successor Servicer.

Receivables: means, (i) any amount payable by the Lessees, by way of Instalment, or for any other reason, due under the Lease Contracts; (ii) default interest and/or other interest arising as a consequence of payment deferrals granted by the Originator, in each case, accrued on all amounts outstanding from the Lessees under the Lease Contracts, and any other such interest payments which are to mature thereafter; (iii) penalties or other amounts due in relation to early termination of such Lease Contracts; (iv) any compensation received pursuant to Insurance Policies relating to the leased Assets, or part of them, of which the Originator is beneficiary and the amount received pursuant to any guarantee related to the Lease Contracts of which the Originator is beneficiary; (v)

Agreed Prepayments; (vi) Adjustments relating to the Instalments; (vii) any other amount due by the Lessees (or their successors in title) relating to the Defaulted Receivables under the Lease Contracts; and (viii) VAT relating to the Receivables, the insurance premiums related to the Assets and the other expenses for the credit collection relating to the Receivables as from the Initial Instalments Payment Date; in each case, together with all the relevant real and personal guarantees, connected privileges and pre-emptive rights, and all other ancillary rights pertaining thereto, as well as any and all other right, claim and action (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 the Residual due under any Lease Contract or any penalties due by the Lessees as a result of non exercise by the latter of the option to purchase the relevant Asset.

Recovery Amount: means the proceeds from Defaulted Receivables, including proceeds from the sale of Assets and the relocation of Assets.

Reference Bank: means each of BNL S.p.A. , Unicredito Italiano S.p.A. and San Paolo IMI S.p.A and their permitted successors and assignees and “**Reference Banks**” means all of them.

Relevant Date: shall have the meaning ascribed to it in Condition 9.1.

Relevant Margin: shall have the meaning ascribed to it in Condition 5.2.

Relevant Notice: means the notice that the Servicer may send to the Issuer pursuant to Article 9.2 of the Servicing Agreement.

Relevant Obligation: means the obligation of the Servicer pursuant to Article 17.1 of the Servicing Agreement.

Remuneration: means the amount payable on each Interest Payment Date in respect of the Series 1-D Notes, which shall accrue during each Quarterly Collection Period and shall be calculated on each Quarterly Calculation Date immediately preceding such Interest Payment Date as the aggregate of:

- (a) the Net Portfolio Yield accrued as at the end of the immediately preceding Quarterly Collection Period;
plus
- (b) interest accrued and paid on the Collection Account, the Payments Account, the Debt Service Reserve Account and the Adjustment Reserve Account up to end of the immediately preceding Quarterly Collection Period and interest deriving from the Eligible Investments up to end of the immediately preceding Quarterly Collection Period;
plus
- (c) any and all amounts received under the Warranty and Indemnity Agreement;
plus
- (d) any and all amounts due to be received from the Hedging Counterparty on such Interest Payment Date whether or not actually paid;
minus
- (e) any and all amounts due to be paid to the Hedging Counterparty on such Interest Payment Date whether or not actually paid;
minus

- (f) during the Revolving Period any and all amounts under items “*First*”, “*Second*”, “*Fifth*”, “*Sixth*”, “*Seventh*” and “*Sixteenth*” of the Priority of Payments under Condition 4.1, and any and all amounts accrued under such items during the immediately preceding Quarterly Collection Period whether or not actually paid.

Remuneration Trigger: means the percentages set out in the following table:

Number of Quarterly Collection Period	Cumulative Net Default Ratio
1	1.00%
2	1.00%
3	1.20%
4	1.20%
5	1.30%
6	1.30%
7	1.30%
8	1.55%
9	1.55%
From 9	1.55%

Representative of the Noteholders: means Securitisation Services in its capacity as representative of the noteholders or any of its successors and assigns or such other person or persons acting from time to time as Representative of the Noteholders.

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

Residual Issuer Available Funds: means, in respect of each Interest Payment Date, the Issuer Available Funds after all the relevant payments to be made on the Settlement Dates relating to the preceding Quarterly Collection Period have been made in full.

Retention Amount: means an amount equal to Euro 30,000.

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

- (i) the Interest Payment Date falling in September 2004 (exclusive); and
- (ii) the date on which the Representative of the Noteholders serves a Purchase Termination Notice or a Trigger Notice on the Issuer, as provided in Articles 17 and 18 of the Master Receivables Purchase Agreement, respectively.

Rules of the Organisation of the Noteholders: means the Rules of the Organisation of the Noteholders included in the Annex 1 to the Conditions.

Scheduled Instalment Date: means any date on which an Instalment is due.

Screen Rate: shall have the meaning ascribed to it in Condition 5.2.

Secured Obligation: means all the principal and interest payment obligations of the Issuer towards the Noteholders pursuant to the Conditions, and all the payment obligations towards all the other Issuer Secured Creditors pursuant to the Transaction Documents.

Secured Parties: means the beneficiaries of the Security Documents.

Securities Account: means a securities account established by the Issuer with the Account Bank or an other Eligible Institution for the deposit of the bonds, debentures or other kinds of notes or financial instruments purchased with the monies standing to the credit of the Cash Accounts.

Securitisation Law: means Law No. 130 of 30 April 1999 (*Legge sulla cartolarizzazione dei crediti*), as the same may be amended, modified or supplemented from time to time.

Securitisation Services: a joint stock company incorporated under the laws of the Republic of Italy, registered in the register of financial intermediaries held by the Bank of Italy pursuant to Article 107 of the Banking Act, having its registered office at Via Vittorio Alfieri 1, 31015 Conegliano (Treviso), Italy.

Securitisation Transaction: means the transaction carried out by the Issuer pursuant to the Securitisation Law as described in this Offering Circular.

Security Documents: means, collectively, the Deed of Pledge and the Deed of Charge.

Security Interest: means any mortgage, charge, 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.

Selection Date: means, in relation to the Initial Portfolio, 15th October 2002, and in relation to any Subsequent Portfolio, the date on which any such Subsequent Portfolio is being selected on the basis of the Eligibility Criteria.

Senior and Mezzanine Notes: means the Senior Notes and the Mezzanine Notes collectively.

Senior and Mezzanine Noteholders: means the persons who are, from the time being, the holders of the Senior and Mezzanine Notes.

Senior and Mezzanine Notes Conditions: means the terms and conditions of the Senior and Mezzanine Notes.

Senior and Mezzanine Notes Subscription Agreement: means the subscription agreement for the subscription of the Senior and Mezzanine Notes entered into on 23rd December 2002 as subsequently amended, between the Issuer, the Managers and the Representative of the Noteholders, as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto.

Senior Noteholders: means the persons who are, from the time being, the holders of the Senior Notes.

Senior Notes: means the Series 1-A1 Notes and the Series 1-A2 Notes.

Series: means each of the Series 1-A1 Notes, the Series 1-A2 Notes, the Series 1-B Notes, the Series 1-C Notes and the Series 1-D Notes.

Series 1-A1 Notes: means the € 537,000,000.00 Series 2003-1-A1 Asset Backed Floating Rate Notes due December 2015.

Series 1-A1 Repayment Amount: means, as of the relevant Interest Payment Date:

- (i) in the event that no Purchase Termination Event has occurred, an amount equal to the lower of:
 - 1) the Principal Amount Outstanding of the Series 1-A1 Notes on the day following the immediately preceding Interest Payment Date; and
 - 2) the Aggregate Notes Formula Redemption Amount; or
- (ii) in the event that a Purchase Termination Event has occurred, all amount of principal then due and payable in respect of the Series 1-A1 Notes.

Series 1-A2 Notes: means the € 605,500,000.00 Series 2003-1-A2 Asset Backed Floating Rate Notes due December 2015.

Series 1-A2 Repayment Amount: means, as of the relevant Interest Payment Date:

- (i) in the event that no Purchase Termination Event has occurred, an amount equal to the lower of:
 - 1) the Principal Amount Outstanding of the Series 1-A2 Notes on the day following the immediately preceding Interest Payment Date; and
 - 2) the Aggregate Notes Formula Redemption Amount less the Series 1-A1 Repayment Amount; or
- (ii) in the event that a Purchase Termination Event has occurred, all amount of principal then due and payable in respect of the Series 1-A2 Notes.

Series 1-B Notes: means the € 64,000,000.00 Series 2003-1-B Asset Backed Floating Rate Notes due December 2015.

Series 1-B Repayment Amount: means, as of the relevant Interest Payment Date:

- (i) in the event that no Purchase Termination Event has occurred, an amount equal to the lower of:
 - 1) the Principal Amount Outstanding of the Series 1-B Notes on the day following the immediately preceding Interest Payment Date; and
 - 2) the Aggregate Notes Formula Redemption Amount less the Series 1-A1 Repayment Amount and the Series 1-A2 Repayment Amount; or
- (ii) in the event that a Purchase Termination Event has occurred, all amount of principal then due and payable in respect of the Series 1-B Notes.

Series 1-C Notes: means the € 23,000,000.00 Series 2003-1-C Asset Backed Floating Rate Notes due December 2015.

Series 1-C Repayment Amount: means, as of the relevant Interest Payment Date:

- (i) in the event that no Purchase Termination Event has occurred, an amount equal to the lower of:
 - 1) the Principal Amount Outstanding of the Series 1-C Notes on the day following the immediately preceding Interest Payment Date; and
 - 2) the Aggregate Notes Formula Redemption Amount less the Series 1-A1 Repayment Amount, the Series 1-A2 Repayment Amount and the Series 1-B Repayment Amount; or
- (ii) in the event that a Purchase Termination Event has occurred, all amount of principal then due and payable in respect of the Series 1-C Notes.

Series 1-D Notes: means the € 13,350,000.00 Series 2003-1-D Asset Backed Floating Rate Notes due December 2015.

Series 1-D Noteholders: means the persons who are, from the time being, the holders of the Series 1-D Notes.

Series 1-D Notes Subscriber: means the subscriber of the Series 1-D Notes.

Series 1-D Notes Subscription Agreement: means the subscription agreement for the subscription of the Series 1-D Notes entered into on or about the Issue Date between the Issuer, Locafit and the Representative of the Noteholders as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemented thereto.

Servicer: means Locafit and its permitted successors and assignees.

Servicer Account: means the current account in the name of the Servicer pursuant to Article 8.1 of the Servicing Agreement.

Servicing Agreement: means the servicing agreement entered into on 16th October 2002 between the Servicer and the Issuer as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemented thereto.

Servicing Fee: means the fee payable to the Servicer under the Servicing Agreement.

Settlement Date: means the second Business Day of each month.

S&P: means Standard & Poor's Rating Services, a division of the McGraw Hill Companies.

Subsequent Individual Purchase Price: means the Outstanding Principal of each Receivable comprised in the relevant Portfolio at the relevant Interest Payment Date.

Subsequent Portfolio: means any additional Portfolio purchased by the Issuer pursuant to Article 3 of the Master Receivables Purchase Agreement.

Subsequent Portfolio Purchase Price: means the purchase price due by the Issuer to Locafit in respect of the Subsequent Portfolios.

Subsequent Portfolio Target Amount: means, for each Subsequent Portfolio, the Purchase Price which is not greater than the Target Amount.

Successor Servicer: means the party appointed pursuant to Article 11 of the Servicing Agreement.

Target Amount: means at any Interest Payment Date, the Principal Amount Outstanding of the Notes after any reimbursement on such date minus the Debt Service Reserve Amount minus an amount equal to the Collateral Portfolio Outstanding Amount.

Transaction Documents: means the Intercreditor Agreement, the Master Receivables Purchase Agreement, the Servicing Agreement, the Hedging Agreements, the Corporate Services Agreement, the Letter of Undertaking, the Senior and Mezzanine Notes Subscription Agreement, the Series 1-D Notes Subscription Agreement, the Agency Agreement, the Deed of Pledge, the Deed of Charge, the Warranty and Indemnity Agreement, the Mandate Agreement, the Quotaholders' Agreement, the Corporate Servicer Agreement, the Master Definition Agreement, the Offering Circular and the Monte Titoli Mandate Agreement.

Trigger Default Ratio: means in respect of any Quarterly Collection Period the percentage equal to the sum of the product in respect of each Pool of: (A) (i) the Average Pool Outstanding Amount of each Pool, divided by (ii) the Average Collateral Portfolio Outstanding Amount; multiplied by (B) the relevant Maximum Pool Default Ratio.

Trigger Delinquency Ratio: means in respect of any Quarterly Collection Period the percentage equal to the sum of the product in respect of each Pool of: (A) (i) the Pool Outstanding Amount of each Pool as at the last day of such Quarterly Collection Period (including the relevant Subsequent Portfolios purchased on the previous Interest Payment Date) divided by (ii) the Collateral Portfolio Outstanding Amount as at the last day of such Quarterly Collection Period; multiplied by (B) the relevant Maximum Pool Delinquency Ratio.

Trigger Events: shall have the meaning ascribed to it in Condition 10.2.

Trigger Notice: shall have the meaning ascribed to it in Condition 10.2.

Usury Law: means Law No. 108 of 7th March 1996 (*Legge sull'Usura*), as the same may be amended, modified or supplemented from time to time.

Valuation Date: means, in respect of the Initial Portfolio, 11th October 2002, and in respect of each Subsequent Portfolio, each Settlement Date.

Vela Lease: a limited liability company, incorporated under the laws of the Republic of Italy, under the Securitisation Law, registered in the register of financial intermediaries held by the Bank of Italy pursuant to Article 107 of the Banking Act, having its registered office at Via Vittorio Alfieri No. 1, 31015 Conegliano (Treviso), Italy.

Warranty and Indemnity Agreement: means the Warranty and Indemnity Agreement entered into on 16th October 2002, as subsequently amended, between, *inter alia*, the Issuer and Locafit as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto.

Weighted Average Internal Margin: means the difference between (i) the Weighted Average Internal Rate of Return (in respect of the Outstanding Principal) with reference to the Subsequent Portfolio and (ii) the Rate of Interest determined by the Agent Bank on the immediately preceding Interest Determination Date.

Weighted Average Internal Rate of Return: means, with reference to the Subsequent Portfolio, the internal rate of return of the Subsequent Portfolio, calculated on the basis of the rate determined by the Agent Bank at each Interest Determination Date immediately preceding, plus: (a) in respect of the fixed rate Portfolio, the difference between the weighted average rate (in respect to the Outstanding Amount) contractually agreed, and the fixed interest rate determined by the relevant Hedging Agreement; and (b) in respect of the floating rate Portfolio, the weighted average spread (in respect of the Outstanding Amount) contractually agreed on the Index Rate.

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