

FOR AND ON BEHALF OF
LOCAT SV S.R.L.

Emanuela Sottome

PROSPECTUS DATED 12 DECEMBER 2006

FOR AND ON BEHALF OF
LOCAT S.P.A.



LOCAT SV S.R.L.

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

Class A1 Series 2006 € 400,000,000 Asset Backed Floating Rate Notes due 2028
Class A2 Series 2006 € 1,348,000,000 Asset Backed Floating Rate Notes due 2028
Class B Series 2006 € 152,000,000 Asset Backed Floating Rate Notes due 2028
Class C Series 2006 € 64,000,000 Asset Backed Floating Rate Notes due 2028

Issue Price: 100 per cent

This document constitutes a "Prospetto Informativo" for the purposes of article 2, sub-section 3 of the Securitisation Law for all the Notes and a "Prospectus" prepared in accordance with the Directive 2003/71/EC (the "Prospectus Directive") for the purposes thereof in connection with the application for the Rated Notes to be admitted to the Official List of the Irish Stock Exchange (the "Prospectus").

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

Application has been made to the Irish Financial Services Regulatory Authority ("IFSRA") as competent authority under the Prospectus Directive, for the Prospectus to be approved. Application has been made to the Irish Stock Exchange for the € 400,000,000 Class A1 Series 2006 Notes due 2028, the € 1,348,000,000 Class A2 Series 2006 Notes due 2028, the € 152,000,000 Class B Series 2006 Notes due 2028 and the € 64,000,000 Class C Series 2006 Notes due 2028 (the "Rated Notes") of Locat SV S.r.l. (the "Issuer") to be admitted to the Official List of the Irish Stock Exchange and trading on its regulated market. The Issuer will also issue the € 8,909,866 Class D Series 2006 Notes due 2028 (the "Class D Series 2006 Notes" or the "Junior Notes" and together with the Rated Notes, the "Notes"). No application has been made to list the Junior Notes on any stock exchange. The Junior Notes are not being offered pursuant to this Prospectus. The Notes will be issued on 14 December 2006.

The principal source of payment of interest on and repayment of principal of the Notes will be collections and other amounts received in respect of the Initial Portfolio of Receivables, arising out of the Lease Contracts entered into between the Originator, as lessor, and certain Lessees, purchased by the Issuer from the Originator pursuant to the terms of the Master Receivables Purchase Agreement. During the Revolving Period the Issuer will use principal collections received from the Initial Portfolio and from any Subsequent Portfolio to purchase Subsequent Portfolios of Receivables from the Originator.

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

Interest on the Notes will accrue on a daily basis and will be payable in arrear in Euro on each Interest Payment Date. The rate of interest applicable to the Rated Notes for each Interest Period shall be Euribor for three months Euro deposits, plus the following respective margins in respect of each Class: (a) Class A1 Series 2006 Notes: a margin of 0.08% per annum; (b) Class A2 Series 2006 Notes: a margin of 0.16% per annum; (c) Class B Series 2006 Notes: a margin of 0.35% per annum; and (d) Class C Series 2006 Notes: a margin of 0.60% per annum (except in respect of the Initial Interest Period where the Rate of Interest shall be the aggregate of the Relevant Margin and the linear interpolation of the rate for 2 and 3 month Euro deposits which appears on Bloomberg Page MMCV1).

The Class A1 Series 2006 Notes and the Class A2 Series 2006 Notes are expected, on issue, to be rated AAA by S&P and Aaa by Moody's. The Class B Series 2006 Notes are expected, on issue, to be rated A by S&P and A2 by Moody's. The Class C Series 2006 Notes are expected, on issue, to be rated BBB by S&P and Baa2 by Moody's. It is not expected that the Junior Notes will be assigned a credit rating. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by any one or all of the Rating Agencies.

Approval of the IFSRA relates only to the Rated Notes which are to be admitted to trading on the regulated market of Irish Stock Exchange or other regulated markets for the purposes of Directive 93/22/EEC or which are to be offered to the public in any Member State of the European Economic Area.

As at the date of this Prospectus, all payments in respect of the Notes may or may not be subject to withholding for or on account of tax, in accordance with Decree No. 239 of 1 April 1996, as amended and supplemented from time to time. 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 Notes. For further details see "Taxation" below.

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, the Originator, the Servicer, the Lessees, the Representative of the Noteholders, the Computation Agent, the Account Bank, the Cash Manager, the Principal Paying Agent, the Irish Paying Agent, the Hedging Counterparty, the Quotaholder, the Custodian Bank, the Joint Lead Managers and Joint Bookrunners or the Sole Arranger. No person, other than the Issuer, will accept any liability to the Noteholders in respect of any failure by the Issuer to pay any amount due under the Notes.

As of the Issue Date, the Notes will be held in dematerialised form on behalf of the ultimate owners by Monte Titoli for the account of the relevant Monte Titoli Account Holders. Monte Titoli shall act as depository for Euroclear and Clearstream, Luxembourg. The Notes will at all times be evidenced by, and title thereto will be transferable by means of, book-entries in accordance with the provisions of article 28 of Legislative Decree No. 213 and CONSOB Resolution No. 11768 of 23 December 1998, as amended and supplemented. No physical document of title will be issued in respect of the Notes.

Before the Final Maturity Date, the Notes will be subject to redemption in whole or in part, in certain circumstances (as set out in Condition 6 (Redemption, Purchase and Cancellation)). Save as provided in the Conditions, the Notes will start to amortise on the Interest Payment Date falling in September 2008, in each case subject to there being sufficient Issuer Available Funds and in accordance with the Priority of Payments. No payments of principal in respect of any of the Notes will be made to the Noteholders during the eighteen months following the issue of the Notes. Unless previously redeemed in accordance with the Conditions, the Notes will be redeemed on the Final Maturity Date. The Notes, to the extent not redeemed in full by their Final Maturity Date, shall be cancelled.

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

Sole Arranger

UNICREDIT BANCA MOBILIARE S.P.A. – LONDON BRANCH

Joint Lead Managers and Joint Bookrunners

BAYERISCHE HYPO-
UND VEREINSBANK AG

HSBC

MERRILL LYNCH
INTERNATIONAL

UNICREDIT BANCA
MOBILIARE S.P.A.

Responsibility statement

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

The Issuer accepts responsibility for the information contained in this Prospectus, other than that information for which the Originator, the Hedging Counterparty, the Computation Agent, the Cash Manager and the Account Bank accepts responsibility as described in the following three paragraphs. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and contains no omissions likely to affect the import of such information.

The Originator accepts responsibility for the information included in this document in the sections headed "The Originator", "Credit and Collection Policy", "The Portfolio" and "Description of the Transaction Documents - The Servicing Agreement", for any information relating to the Leases, the Lessees, the Assets, the servicing and Collection Policy, and any other information contained in this document relating to itself and the Receivables. To the best of the knowledge and belief of the Originator (which has taken all reasonable care to ensure that such is the case), such information is true and contains no omissions likely to affect the import of such information.

UniCredito Italiano S.p.A. accepts responsibility for the information included in this Prospectus in the section headed "The Hedging Counterparty" and for any information contained in this Prospectus relating to itself and the Hedging Agreement. To the best of the knowledge and belief of UniCredito Italiano S.p.A. (which has taken all reasonable care to ensure that such is the case), such information is true and does not omit anything likely to affect the import of such information.

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

BNP Paribas - Italian Branch accepts responsibility for the information included in this Prospectus in the section entitled "The Account Bank". To the best of the knowledge and belief of BNP Paribas - Italian Branch (which has taken all reasonable care to ensure that such is the case), such information is true and does not omit anything likely to affect the import of such information.

BNP PARIBAS Asset Management Società di Gestione del Risparmio S.p.A. accepts responsibility for the information included in this Prospectus in the section entitled "The Cash Manager". To the best of the knowledge and belief of BNP PARIBAS Asset Management Società di Gestione del

Risparmio S.p.A. (which has taken all reasonable care to ensure that such is the case), such information is true and does not omit anything likely to affect the import of such information.

The source of the information set out in the Table 1, Table 2 and Table 3 of the section headed "The Originator" (the "Third Party Information") is Assilea - Associazione Italiana Leasing. The Third Party Information has been accurately reproduced by the Issuer and, as far as the Issuer is aware and is able to ascertain from the Third Party Information, no facts have been omitted which would render such information inaccurate or misleading.

Representations about the Notes

No person is or has been authorised by the Issuer, the Originator (in any capacity), the Sole Arranger, the Joint Lead Managers and Joint Bookrunners or any other party to the Transaction Documents to give any information or to make any representation not contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Originator (in any capacity), the Sole Arranger, the Joint Lead Managers and Joint Bookrunners or any other party to the Transaction Documents. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances constitute a representation or create any implication that the information contained herein is correct as at any time subsequent to the date of this Prospectus.

Financial condition of the Issuer and of the Originator

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in 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 the Originator since the date of this Prospectus.

Selling restrictions summary

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

The Notes have not been and will not be registered under the United States Securities Act of 1933 (the "Securities Act"), as amended, or any other U.S. securities laws and are subject to U.S. tax law requirements. The Notes may not be offered, sold or delivered directly or indirectly within the United States or to, or for the benefit 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.

The Notes may not be offered or sold directly or indirectly, and neither this Prospectus 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 Republic of Ireland, the United Kingdom and the United States), except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of the Rated Notes in the United States, in the Republic of Italy, in the Republic of Ireland and the United Kingdom. For a further description of certain restrictions on offers and sales of the Notes and the distribution of this Prospectus, see the section entitled "Subscription, Sale and Selling Restrictions" below.

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

Interpretation

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

In this Prospectus, references to "€", "Euro" and "cents" are to the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty of Rome of 25 March 1957, as amended.

Stabilisation

In connection with the issue of the Rated Notes, UBM as stabilisation manager (the "Stabilisation Manager"), or any person acting on behalf of the Stabilisation Manager, may over-allot Rated Notes (provided that the aggregate principal amount of the Rated Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the Rated Notes) or effect transactions with a view to supporting the market price of the Rated Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager, or any person acting on behalf of the Stabilisation Manager, will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Rated Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of allotment of the Rated Notes.

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THE PRINCIPAL PARTIES

Issuer	Locat SV S.r.l., a limited liability company incorporated in the Republic of Italy under the Securitisation Law, fiscal code number 03931150266, registered under number 36615 in the register held by <i>Ufficio Italiano dei Cambi</i> pursuant to article 106 of the Banking Act 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 Via Vittorio Alfieri No. 1, 31015 Conegliano (TV), Italy, the issued quota capital of which, being Euro 10,000, is held by the Quotaholder.
Originator	Locat, a joint stock company incorporated under the laws of the Republic of Italy, fiscal code No. 03648050015 and registered under No. 19319 in the register of financial intermediaries held by Bank of Italy pursuant to article 107 of the Banking Act, having its registered office at Piazza di Porta Santo Stefano No. 3, Bologna, Italy, a member of the UniCredito Italiano Banking Group registered under No. 3135.1 in the register of the banking groups.
Servicer	Locat, or any other person for the time being acting as Servicer. 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 the Republic of Italy, fiscal code and enrolment with the companies register of Treviso No. 03546510268, enrolled under number 31816 in the general register held by the <i>Ufficio Italiano dei Cambi</i> and enrolled in the special register held by the Bank of Italy pursuant to, respectively, articles 106 and 107 of the Banking Act, having its registered office in Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy, or any other person for the time being acting as Computation Agent. The Computation Agent will act as such pursuant to the Cash Allocation, Management and Payments Agreement.
Principal Paying Agent	BNP Paribas Securities Services, a company incorporated under the laws of France, having its registered office at 3 Rue d'Antin, 75002 Paris, France, acting through its Milan

Branch with offices at Via Ansperto, 5, 20123 Milan or any other person for the time being acting as Principal Paying Agent. The Principal Paying Agent will act as such pursuant to the Cash Allocation, Management and Payments Agreement.

Account Bank

BNP Paribas, Italian Branch having its offices at Piazza San Fedele 2, 20121 Milan, Italy, or any other person for the time being acting as Account Bank. The Account Bank will act as such pursuant to the Cash Allocation, Management and Payments Agreement.

Custodian Bank

BNP Paribas Securities Services, a company incorporated under the laws of France, having its registered office at 3 Rue d'Antin, 75002 Paris, France, acting through its Milan Branch with offices at Via Ansperto, 5, 20123 Milan, or any other person for the time being acting as Custodian Bank. The Custodian Bank will act as such pursuant to the Cash Allocation, Management and Payments Agreement.

Cash Manager

BNP PARIBAS Asset Management Società di Gestione del Risparmio S.p.A., a company with capital stock of Euro 4,000,000 organised under the laws of the Republic of Italy, whose registered office is at Via Ansperto, 5, 20123, Milan, Italy, registered under number 31356/99 with the Chamber of Commerce of Milan and, pursuant to article 35 of Legislative Decree no. 58 of 24 February 1998, enrolled under number 77 in the asset management companies register held at the Bank of Italy, or any other person for the time being acting as Cash Manager. The Cash Manager will act as such pursuant to the Cash Allocation, Management and Payments Agreement.

Irish Paying Agent and Listing Agent

JP Morgan Bank (Ireland) plc, a company incorporated under the laws of the Republic of Ireland, having its registered office at JP Morgan House, International Financial Services Centre, Dublin, 1, Ireland, or any other person for the time being acting as Irish Paying Agent and Listing Agent. The Irish Paying Agent will act as such pursuant to the Cash Allocation, Management and Payments Agreement.

Representative of the Noteholders

Securitisation Services S.p.A., a joint stock company incorporated under the laws of the Republic of Italy, fiscal code and enrolment with the companies register of Treviso No. 03546510268, enrolled under number 31816 in the

general register held by the *Ufficio Italiano dei Cambi* and enrolled in the special register held by the Bank of Italy pursuant to, respectively, articles 106 and 107 of the Banking Act, having its registered office in Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy, or any other person for the time being acting as Representative of the Noteholders. The Representative of the Noteholders will act as such pursuant to the Rated Notes Subscription Agreement, the Junior Notes Subscription Agreement and the Conditions.

Corporate Servicer

UGC Banca S.p.A., a company incorporated under the laws of the Republic of Italy, having its registered office in Piazzetta Monte, 1, 37121 Verona, Italy or any other person for the time being acting as Corporate Servicer. The Corporate Servicer will provide certain corporate administrative services to the Issuer pursuant to the Agreement for the Extension and Amendment to the Corporate Services Agreement.

Hedging Counterparty

UniCredito, a company incorporated under the laws of the Republic of Italy, having its registered office at Via Dante 1, Genoa, Italy, or any other person for the time being acting as Hedging Counterparty. The Hedging Counterparty will act as such pursuant to the Hedging Agreement.

Joint Lead Managers and Joint Bookrunners

Bayerische Hypo- und Vereinsbank AG, a company organised and incorporated under the laws of the Republic of Germany, with registered offices at Kardinal-Faulhaber-Strasse 1, D-80333 Munich, Germany.

HSBC Bank plc, a company incorporated under the laws of England and Wales, having its registered office at 8 Canada Square, London E14 5HQ, United Kingdom.

Merril Lynch International, a company incorporated under the laws of England and Wales having its registered office at Merrill Lynch Financial Centre, 2 King Edward Street, London EC1A 1HQ, United Kingdom.

UniCredit Banca Mobiliare S.p.A., a bank operating in Italy as a joint stock company incorporated under the laws of the Republic of Italy, having its registered office at Via Tommaso Grossi 10, 20121 Milan, Italy, fiscal code and enrolment with the companies register of Milan No.

12874220150 and enrolled under number 3131 in the register of banks held by the Bank of Italy pursuant to article 13 of the Banking Act.

The Joint Lead Managers and Joint Bookrunners will act as such pursuant to the Rated Notes Subscription Agreement.

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 document and in the Transaction Documents. Unless otherwise indicated in this Prospectus or the context requires otherwise, the capitalised words and expressions used in this Prospectus shall have the meanings set out in the "Glossary".

Principal features of the Notes

The Notes The Notes will be issued by the Issuer on or about the Issue Date in the following classes:

The Senior Notes Class A1 Series 2006 € 400,000,000 Asset Backed Floating Rate Notes due 2028; and

Class A2 Series 2006 € 1,348,000,000 Asset Backed Floating Rate Notes due 2028.

The Mezzanine Notes Class B Series 2006 € 152,000,000 Asset Backed Floating Rate Notes due 2028; and

Class C Series 2006 € 64,000,000 Asset Backed Floating Rate Notes due 2028.

The Junior Notes Class D Series 2006 € 8,909,866 Asset Backed Variable Return Notes due 2028.

The Junior Notes are not being offered pursuant to this Prospectus.

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

<i>Class</i>	<i>Issue Price</i>
A1	100%
A2	100%
B	100%
C	100%
D	100%

Interest on the Rated Notes The Rated Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at the following margins above Euribor for three month Euro deposits (except in respect of the Initial Interest Period where the Rate of Interest shall be the aggregate of the Relevant Margin and the linear interpolation of the rate for 2 and 3 month Euro deposits which appears on Bloomberg Page

MMCV1):

Class A1: 0.08% per annum;

Class A2: 0.16% per annum;

Class B: 0.35% per annum;

Class C 0.60% per annum;

Interest on the Junior Notes

The Junior Notes will bear interest from and including the Issue Date as follows:

- (a) the Class D Series 2006 Base Interest on their Principal Amount Outstanding at a margin of 2% per annum above Euribor; and
- (b) the Class D Series 2006 Additional Remuneration, if any, calculated one Business Day prior to the relevant Calculation Date in accordance with Condition 5 of the Junior Notes Conditions.

The Class D Series 2006 Base Interest and any Class D Series 2006 Additional Remuneration will have different ranking under the Priority of Payments.

Interest in respect of each Class of Notes will accrue on a daily basis and will be payable quarterly in arrears in Euro on each Interest Payment Date. The first payment in respect of each Class of Notes will be due on the Interest Payment Date falling in March 2007 in respect of the period from (and including) the Issue Date to (but excluding) such date.

Junior Notes Conditions

Except for Junior Notes Conditions 1 (*Form, denomination and title*), 5 (*Interest*) and 6.8 (*Early Redemption through the disposal of the Portfolio*) the terms and conditions of the Junior Notes are the same, *mutatis mutandis*, as the Rated Notes Conditions.

Form and Denomination

The denomination of the Rated Notes will be Euro 100,000. The denomination of the Junior Notes will be Euro 90,917. 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 will be 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, and title thereto will be transferable by

means of, book entries in accordance with the provisions of article 28 of Italian Legislative Decree No. 213 of 24 June 1998 and CONSOB Resolution No. 11768 of 23 December 1998. No physical document of title will be issued in respect of the Notes. The Notes are specialist securities and will only be sold and marketed to specialist investors.

Status

Save as provided under paragraph (c) below and in the Conditions:

- (a) in respect of the obligations of the Issuer to pay interest on the Notes, the Class A1 Series 2006 Notes and the Class A2 Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class B Series 2006 Notes, the Class C Series 2006 Notes and the Class D Series 2006 Notes; the Class B Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class C Series 2006 Notes and the Class D Series 2006 Notes and subordinated to the Class A Series 2006 Notes; the Class C Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class D Series 2006 Notes and subordinated to the Class A Series 2006 Notes and the Class B Series 2006 Notes; the Class D Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves but subordinated to the Rated Notes;
- (b) in respect of the obligations of the Issuer to pay principal on the Notes, the Class A1 Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves but in priority to the Class A2 Series 2006 Notes, the Class B Series 2006 Notes, the Class C Series 2006 Notes and the Class D Series 2006 Notes; the Class A2 Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class B Series 2006 Notes, the Class C Series 2006 Notes and the Class D Series 2006 Notes and subordinated to the Class A1 Series 2006 Notes; the Class B Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class C Series 2006 Notes and the Class

D Series 2006 Notes and subordinated to the Class A Series 2006 Notes; the Class C Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class D Series 2006 Notes and subordinated to the Class A Series 2006 Notes and the Class B Series 2006 Notes; the Class D Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves but subordinated to the Rated Notes;

- (c) following the service of a Trigger Notice, the Class A1 Series 2006 Notes and the Class A2 Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority for all purposes to the Class B Series 2006 Notes, the Class C Series 2006 Notes and the Class D Series 2006 Notes; the Class B Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority for all purposes to the Class C Series 2006 Notes and the Class D Series 2006 Notes and subordinated to the Class A Series 2006 Notes; the Class C Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority for all purposes to the Class D Series 2006 Notes and subordinated to the Class A Series 2006 Notes and the Class B Series 2006 Notes, the Class D Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves but subordinated to the Rated Notes.

The obligations of the Issuer to each Noteholder as well as to each of the Other Issuer Creditors will be limited recourse obligations of the Issuer. Each Noteholder, together with each Other Issuer Creditor, 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.

Withholding on the Notes

As at the date of this Prospectus, payments under the Notes may be subject to withholding for or on account of tax, pursuant to a Decree 239 Deduction. 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.

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

Mandatory Redemption

The Notes will be subject to mandatory redemption in full or in part on every Interest Payment Date during the Amortisation Period in accordance with the provisions of the relevant Conditions, in each case if on such date there are sufficient Available Redemption 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 redeem the Notes (in whole but not in part) at their Principal Amount Outstanding, together with interest accrued thereon up to the Interest Payment Date fixed for redemption, if on any such Interest Payment Date the aggregate of the Outstanding Principal of the Portfolio is equal to or less than 10% of the Initial Portfolio Original Amount, provided that the Issuer has given prior written notice to the Representative of the Noteholders and has provided the Representative of the Noteholders a certificate duly signed by the Issuer to the effect that it will have the necessary funds (not subject to the interests of any person) on such Interest Payment Date to discharge all its outstanding liabilities in respect of the Notes and any amounts required to be paid under the Priority of Payments in priority or *pari passu* with the Notes. No such redemption may occur prior to the expiry of eighteen months following the Issue Date. See for further details "*Terms and Conditions - Condition 6.2 - Optional Redemption*".

Final Redemption

To the extent not otherwise redeemed, the Notes of each Class will be redeemed at their Principal Amount Outstanding on 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

Upon the imposition, at any time, (i) of any withholding or deduction for or on account of tax (other than a Decree 239 Deduction such as enacted at the date of this Prospectus) from any payments to be made to the Noteholders of any Class, or (ii) of any taxes, duties, assessments or governmental charges

of whatever nature on the Portfolio (including on amounts payable to the Issuer in respect of the Receivables), and provided that the Issuer has certified and produced evidence acceptable to the Representative of the Noteholders that it will have the necessary funds (not subject to the interests of any person) to discharge all of its outstanding liabilities in respect of the Rated Notes and any amount required to be paid under the Rated Notes Conditions and the Intercreditor Agreement in priority to or *pari passu* with the Rated Notes, the Issuer may, subject to as provided in the Rated Notes Conditions, redeem, on the next succeeding Payment Date, in whole (but not in part) the Rated Notes at their Principal Amount Outstanding together with accrued but unpaid interest up to and including the relevant Payment Date. No such redemption may occur prior to the expiration of eighteen months following the Issue Date.

Segregation of Issuer's Rights

The Notes have the benefit of the provisions of article 3 of the Securitisation Law, pursuant to which the Portfolio is segregated by operation of law from the Issuer's other assets. Both before and after a winding-up of the Issuer, amounts deriving from the Portfolio will be exclusively available for the purpose of satisfying the Issuer's obligations to the Noteholders and to the Other Issuer Creditors or to any other creditors of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation. The Portfolio may not be seized or attached in any form by creditors of the Issuer other than the Noteholders, until full discharge by the Issuer of its payment obligations under the Notes or cancellation thereof.

Pursuant to the terms of the Intercreditor Agreement and the Mandate Agreement, the Issuer empowered the Representative of the Noteholders, following the delivery of a Trigger Notice or upon failure by the Issuer to exercise its rights under the Transaction Documents, to exercise all the Issuer's rights, powers and discretion under the Transaction Documents taking such action in the name and on behalf of the Issuer as the Representative of the Noteholders may deem necessary to protect the interests of the Issuer, the Noteholders and the Other Issuer Creditors in respect of the Portfolio and the Issuer's rights. Italian law governs the delegation of such power.

Security for the Notes

On or about the Issue Date, the Issuer will execute (i) an Italian law Deed of Pledge under which the Issuer will pledge in favour of the Noteholders and the Other Issuer Creditors, acting through the Representative of the Noteholders, all monetary claims and rights and all the amounts payable from time to time to which the Issuer is entitled under certain Transaction Documents and the Eligible Investments and (ii) an English law Deed of Charge under which the Issuer will assign in favour of the Representative of the Noteholders, as trustee for the Noteholders and the Other Issuer Creditors, subject to the Deed of Pledge, its rights arising under the Hedging Agreement.

Collection Account

The Collections will be paid into 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. See for further details "*Description of the Transaction Documents - The Cash Allocation, Management and Payments Agreement*".

Payments Account

Any amounts received under the Transaction Documents, other than the Collections will be paid into the Payments Account established in the name of the Issuer with the Account Bank. The Payments Account will be maintained with the Account Bank for as long as the Account Bank is an Eligible Institution. See for further details "*Description of the Transaction Documents - The Cash Allocation, Management and Payments Agreement*".

Debt Service Reserve Account

The Issuer will establish the Debt Service Reserve Account with the Account Bank into which it will deposit the Debt Service Reserve Amount. The Issuer may fund the Debt Service Reserve Account out of the Issuer Principal Available Funds on the first Settlement Date or on the first two Settlement Dates and on the first Interest Payment Date. 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 Interest Available Funds to meet its obligations in respect of (i) interest under the Rated 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 Issuer Interest 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 in excess of) the Debt Service Reserve Amount. The Debt Service Reserve Account will be maintained with the Account Bank for as long as the Account Bank is an Eligible Institution. See for further details "*Description of the Transaction Documents - The Cash Allocation, Management and Payments Agreement*".

Adjustment Reserve Account

The Issuer will establish the Adjustment Reserve Account with the Account Bank. The Issuer will credit into the Adjustment Reserve Account the Net Adjustment Reserve Amount, if any. The Adjustment Reserve Account will be maintained with the Account Bank for as long as the Account Bank is an Eligible Institution. See for further details "*Description of the Transaction Documents - The Cash Allocation, Management and Payments Agreement*".

Expense Account and Retention Amount

The Issuer will establish the Expense Account with UniCredit Banca d'Impresa S.p.A.. The Expense Account will be funded out of the Issuer Interest Available Funds on the Issue Date in the sum equal to the Retention Amount and on each Interest Payment Date in accordance with the Priority of Payments. During each Quarterly Collection Period, such Retention Amount will be used by the Issuer, or the Corporate Servicer, acting on its behalf, to pay any Expenses.

Quota Capital Account

The Issuer has established the Quota Capital Account with Banca Antoniana Popolare Veneta for the deposit of the quota capital of the Issuer.

Securities Account

The Issuer will establish the Securities Account with the Custodian Bank or any other Eligible Institution, for the deposit of the Eligible Investments purchased with the monies standing to the credit of the Cash Accounts.

Priority of Payments

(1) *Issuer Interest Available Funds*

During the Revolving Period

(A) On each Settlement Date during the Revolving Period, the Issuer Interest Available Funds shall be applied to fund the payment to Locat of the Billed Residual Collected Amounts.

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

First, (A) to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses not already paid out of the Expense Account (to the extent that amounts standing to the credit of the Expense Account are insufficient to pay such costs), and (B) to credit into the Expense Account such an amount as will bring the balance of such account up to (but not in excess of) the Retention Amount;

Second, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (A) the remuneration due to the Representative of the Noteholders and any 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; and (B) any amounts due and payable on such Interest Payment Date to the Custodian Bank, the Account Bank, the Computation Agent, the Principal Paying Agent, the Cash Manager, the Irish Paying Agent, the Corporate Servicer and the Servicer;

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

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

Fifth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Class A1 Series 2006 Notes and the Class A2 Series 2006 Notes on such Interest Payment Date;

Sixth, subject to as provided under (x) below, 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 Class B Series 2006 Notes on such Interest Payment Date;

Seventh, subject to as provided under (y) below, 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 Class C Series 2006 Notes on such Interest Payment Date;

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

Ninth, to allocate the Principal Deficiency Amount to the Issuer Principal Available Funds (including for avoidance of doubts, the Principal Deficiency Amount which has not been so allocated on the preceding Interest Payment Dates);

Tenth, to pay the Principal Integration Amount, to the extent that the Cumulative Default Ratio has been higher than the relevant Cumulative Default Trigger Ratio;

Eleventh, to pay to the Hedging Counterparty any hedging termination payments due under the Hedging Agreement other than any amounts payable under item Third above;

Twelfth, to pay to Locat the Billed Residual Uncollected Amount;

Thirteenth, to pay to Locat any other amounts due and payable as indemnity under the Transaction Documents;

Fourteenth, to pay all amounts then due and payable as Class D Series 2006 Base Interest on such Interest Payment Date; and

Fifteenth, to pay any amounts due and payable as Class D Series 2006 Additional Remuneration;

provided that,

(x) to the extent that during any preceding Quarterly

Collection Period the Cumulative Default Ratio Interest Deferral has exceeded 11,5%, no amount under item *Sixth* above will be paid, but items ranking lower in this priority of payments may nevertheless be paid; and

(y) to the extent that during any preceding Quarterly Collection Period the Cumulative Default Ratio Interest Deferral has exceeded 6,5%, no amount under item *Seventh* above will be paid, but items ranking lower in this priority of payments may nevertheless be paid.

(2) *Issuer Principal Available Funds*

(A) On each Settlement Date during the Revolving Period, save for the Settlement Date immediately preceding an Interest Payment Date, the Issuer Principal 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, only on the first two Settlement Dates, in crediting the Debt Service Reserve Account up to the Debt Service Reserve Amount;

Second, to pay to Locat, any amount due as Purchase Price for any Subsequent Portfolio purchased pursuant to the Master Receivables Purchase Agreement; and

Third, to pay the residual amount to the Payments Account.

(B) On each Interest Payment Date during the Revolving Period, the Issuer Principal 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, to pay any amount payable under items First through *Seventh* (inclusive) under (1)(B) above, to the extent that the Issuer Interest Available Funds are not sufficient on such Interest Payment Date to make such payments in full;

Second, only on the first Interest Payment Date, if not already credited on the immediately preceding

Settlement Date to credit the Debt Service Reserve Account with such an amount as will bring the balance of such account up to (but not in excess of) the Debt Service Reserve Amount;

Third, to pay to Locat, any amount due as Purchase Price for any Subsequent Portfolio purchased pursuant to the Master Receivables Purchase Agreement to the extent not already paid on the previous Settlement Dates or Interest Payment Dates, as the case may be;

Fourth, to pay to Locat the Purchase Price Adjustment, if any; and

Fifth, to pay the residual amount to the Payments Account.

During the Amortisation Period

(1) *Issuer Interest Available Funds*

(A) On each Settlement Date during the Amortisation Period, the Issuer Interest Available Funds shall be applied to fund the payment to Locat of the Billed Residual Collected Amounts.

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

First, (A) to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses not already paid out of the Expense Account (to the extent that amounts standing to the credit of the Expense Account are insufficient to pay such costs); and (B) to credit into the Expense Account such an amount to bring the balance of such account up to (but not in excess of) the Retention Amount;

Second, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (A) the remuneration due to the Representative of the Noteholders and any 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; and (B) any amounts due and payable on

such Interest Payment Date to the Account Bank, the Custodian Bank, the Computation Agent, the Principal Paying Agent, the Cash Manager, the Irish Paying Agent, the Corporate Servicer and the Servicer;

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

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

Fifth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Class A1 Series 2006 Notes and the Class A2 Series 2006 Notes on such Interest Payment Date;

Sixth, subject to as provided under (x) below, 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 Class B Series 2006 Notes on such Interest Payment Date;

Seventh, subject to as provided under (y) below, 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 Class C Series 2006 Notes on such Interest Payment Date;

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

Ninth, to allocate the Debt Service Reserve Released Amount to the Issuer Principal Available Funds;

Tenth, to allocate the Principal Deficiency Amount to the Issuer Principal Available Funds (including for avoidance of doubts, the Principal Deficiency Amount which has not been so allocated on the preceding Interest Payment Dates);

Eleventh, to pay the Principal Integration Amount, to the extent that the Cumulative Default Ratio has been higher than the relevant Cumulative Default Trigger Ratio;

Twelfth, to pay the Hedging Counterparty any hedging termination payments due under the Hedging Agreement other than any amounts payable under item *Third* above;

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

Fourteenth, to pay to Locat any other amounts due and payable as indemnity under the Transaction Documents;

Fifteenth, to pay all amounts then due and payable as Class D Series 2006 Base Interest on such Interest Payment Date; and

Sixteenth, to pay any amounts due and payable as Class D Series 2006 Additional Remuneration;

provided that,

(x) to the extent that during any preceding Quarterly Collection Period the Cumulative Default Ratio Interest Deferral has exceeded 11,5%, no amount under item *Sixth* above will be paid until after the full redemption of the Class A Series 2006 Notes, but items ranking lower in this priority of payments may nevertheless be paid; and

(y) to the extent that during any preceding Quarterly Collection Period the Cumulative Default Ratio Interest Deferral has exceeded 6,5%, no amount under item *Seventh* above will be paid until after the full redemption of the Class B Series 2006 Notes, but items ranking lower in this priority of payments may nevertheless be paid.

(2) *Available Redemption Funds*

On each Interest Payment Date during the Amortisation Period, the Available Redemption 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, to pay any amount payable under items *First* to *Seventh* (inclusive) under (1)(B) above, to the extent that the Issuer Interest Available Funds are not sufficient on such Interest Payment Date to make such payments in full;

Second, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of principal due and payable, if any, in respect of the Class A1 Series 2006 Notes on such Interest Payment Date and if such Interest Payment Date falls prior to the expiration of eighteen months following the Issue Date, to invest such amounts in Eligible Investments;

Third, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of principal due and payable, if any, in respect of the Class A2 Series 2006 Notes on such Interest Payment Date and if such Interest Payment Date falls prior to the expiration of eighteen months following the Issue Date, to invest such amounts in Eligible Investments;

Fourth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of principal due and payable, if any, in respect of the Class B Series 2006 Notes on such Interest Payment Date and if such Interest Payment Date falls prior to the expiration of eighteen months following the Issue Date, to invest such amounts in Eligible Investments;

Fifth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of principal due and payable, if any, in respect of the Class C Series 2006 Notes on such Interest Payment Date and if such Interest Payment Date falls prior to the expiration of eighteen months following the Issue Date, invest such amounts in Eligible Investments;

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

Seventh, to pay, *pari passu* according to the respective amounts thereof, any Purchase Price (if any) due but not already paid on the preceding Settlement Dates or

Interest Payment Dates, as the case may be;

Eighth, to pay to Locat any amount due and payable under the Limited Recourse Loan;

Ninth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, the amounts of principal due and payable, if any, in respect of the Class D Series 2006 Notes on such Interest Payment Date, in any case up to an amount equal to Euro 30,000 and, on the Final Maturity Date, all amounts of principal due and payable, if any, on the Class D Series 2006 Notes; and

Tenth, to pay the residual amount to the Issuer Interest Available Funds, except for the residual amounts due to the rounding of the principal payments on the Notes.

Following a Trigger Notice

(1) *Issuer Interest Available Funds*

Following the service of a Trigger Notice, the Issuer Interest Available Funds (which would exclude, if the Trigger Event is an Insolvency Event, any amounts to be paid to the persons who are not parties to the Intercreditor Agreement in accordance with Italian bankruptcy law) shall be applied in making the following payments in the following order of priority (in each case, only and to the extent that payments of a higher priority have been made in full) and on a monthly basis:

First, *pari passu* and *pro rata* according to the respective amounts thereof, (A) to pay to Locat the Billed Residual Collected Amounts; (B) to pay any Expenses (to the extent that amounts standing to the credit of the Expense Account are insufficient to pay such costs); and (C) to credit into the Expense Account such an amount as will bring the balance of such account up to (but not in excess of) the Retention Amount;

Second, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (A) the remuneration due to the Representative of the Noteholders and any 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; and (B) any amounts due and payable on such Interest Payment Date to the Account Bank, the Custodian Bank, the Computation Agent, the Principal Paying Agent, the Cash Manager, the Irish Paying Agent, the Corporate Servicer and the Servicer;

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

Fourth, to credit the Net Adjustment Reserve Amount 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 Class A1 Series 2006 Notes and the Class A2 Series 2006 Notes on such Interest Payment Date;

Sixth, to pay any amount payable under item *Second* under (2) below, to the extent that the Available Redemption Funds are not sufficient to make such payment in full;

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 Class B Series 2006 Notes;

Eighth, to pay any amount payable under item *Fourth* under (2) below, to the extent that the Available Redemption Funds are not sufficient to make such payment 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 Class C Series 2006 Notes;

Tenth, to pay any amount payable under item *Sixth* under (2) below, to the extent that the Available Redemption Funds are not sufficient to make such

payment in full;

Eleventh, to pay the Hedging Counterparty any hedging termination payments due under the Hedging Agreement other than any amounts payable under item *Third* above;

Twelfth, to pay to Locat the Billed Residual Uncollected Amount; and

Thirteenth, to pay to Locat any amounts due and payable as indemnity under the Transaction Documents.

Following the service of a Trigger Notice, any remaining Issuer Interest Available Funds after all the above payments have been made in full, shall form part of the Available Redemption Funds.

(2) *Available Redemption Funds*

Following the service of a Trigger Notice, the Available Redemption Funds shall be applied in making the following payments in the following order of priority (in each case, only and to the extent that payments of a higher priority have been made in full) and on a monthly basis:

First, to pay any amount payable under items *First* to *Fifth* (inclusive) under (1) above, to the extent that the Issuer Interest Available Funds are not sufficient to make such payments in full;

Second, 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 Class A1 Series 2006 Notes and the Class A2 Series 2006 Notes on such Interest Payment Date and if such Interest Payment Date falls prior to the expiration of eighteen months following the Issue Date, to invest such amounts in Eligible Investments;

Third, to pay any amount payable under item *Seventh* under (1) above, to the extent that the Issuer Interest Available Funds are not sufficient to make such payments in full;

Fourth, 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 Class B Series 2006 Notes on such Interest Payment Date and if such Interest Payment Date falls prior to the expiration of eighteen months following the Issue Date, to invest such amounts in Eligible Investments;

Fifth, to pay any amount payable under item *Ninth* under (1) above, to the extent that the Issuer Interest Available Funds are not sufficient to make such payments in full;

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 Class C Series 2006 Notes on such Interest Payment Date and if such Interest Payment Date falls prior to the expiration of eighteen months following the Issue Date, to invest such amounts in Eligible Investments;

Seventh, to pay any amount payable under items *Eleventh*, *Twelfth* and *Thirteenth* under (1) above, to the extent that the Issuer Interest Available Funds are not sufficient to make such payments in full;

Eighth, to pay to Locat the Purchase Price Adjustment, if any;

Ninth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Purchase Price (if any) due but not already paid on the preceding Settlement Dates or Interest Payment Dates, as the case may be;

Tenth, to pay to Locat any amount due and payable under the Limited Recourse Loan;

Eleventh, to pay all amounts then due and payable as Class D Series 2006 Base Interest on such Interest Payment Date;

Twelfth, to pay any amounts due and payable as Class D Series 2006 Additional Remuneration;

Thirteenth, 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 Class

D Series 2006 Notes on such Interest Payment Date;
and

Fourteenth, to pay any residual amounts to the Class D Series 2006 Noteholders.

Non petition

Only the Representative of the Noteholders may pursue the remedies available under the general law or under the Transaction Documents to obtain payment of the Obligations or enforce the Security and no Noteholder shall be entitled to proceed directly against the Issuer to obtain payment of the Obligations or to enforce the Security. In particular:

- (i) no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders, where appropriate) is entitled, otherwise than as permitted by the Transaction Documents, to direct the Representative of the Noteholders to enforce the Security or take any proceedings against the Issuer to enforce the Security;
- (ii) no Noteholder (other than the Representative of the Noteholders) shall, save as expressly permitted by the Transaction Documents, have the right to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer;
- (iii) until the date falling one year and one day after the later of the Final Maturity Date and the date on which any other notes issued in the context of the Previous Securitisation and of any further securitisations have been redeemed in full or cancelled in accordance with their terms and conditions, no Noteholder nor any person on its behalf shall initiate or join any person in initiating an Insolvency Event in relation to the Issuer; and
- (iv) no Noteholder shall be entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step which would result in the Priority of Payments not being complied with.

Limited recourse obligations of Issuer

Notwithstanding any other provision of the Transaction Documents, all obligations of the Issuer to the Noteholders are limited in recourse as set out below:

- (i) each Noteholder will have a claim only in respect of the Issuer Available Funds and at all times only in accordance with the Priority of Payments and will not have any claim, by operation of law or otherwise, against, or recourse to, the Issuer's other assets or its contributed capital;
- (ii) sums payable to each Noteholder in respect of the Issuer's obligations to such Noteholder shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such Noteholder; and (b) the Issuer Available Funds, net of any sums which are payable by the Issuer in accordance with the Priority of Payments in priority to or *pari passu* with sums payable to such Noteholder; and
- (iii) if the Servicer has certified to the Representative of the Noteholders that there is no reasonable likelihood of there being any further realisations in respect of the Portfolio or the Security (whether arising from judicial enforcement proceedings, enforcement of the Security or otherwise) which would be available to pay unpaid amounts outstanding under the Transaction Documents and the Representative of the Noteholders has given notice on the basis of such certificate in accordance with Condition 14 (*Notices*) that there is no reasonable likelihood of there being any further realisations in respect of the Portfolio or the Security (whether arising from judicial enforcement proceedings, enforcement of the Security or otherwise) which would be available to pay amounts outstanding under the Transaction Documents, the Noteholders shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be cancelled and discharged in full.

**The Organisation of the
Noteholders and the
Representative of the Noteholders**

The Organisation of the Noteholders shall be established upon and by virtue of the issuance of the Notes and shall remain in force and in effect until repayment in full or cancellation of the Notes.

Pursuant to the Rules of the Organisation of the Noteholders (attached to the Conditions as Exhibit), for as long as any Note is outstanding, there shall at all times be a Representative of the Noteholders. The appointment of the

Representative of the Noteholders, as legal representative of the Organisation of the Noteholders, is made by the Noteholders subject to and in accordance with the Rules of the Organisation of the Noteholders, except for the initial Representative of the Noteholders appointed at the time of issue of the Notes, who is appointed by the Joint Lead Managers and Joint Bookrunners in the Rated Notes Subscription Agreement and by Locat in the Junior Notes Subscription Agreement. Each Noteholder is deemed to accept such appointment.

Expected Weighted Average Life of the Rated Notes

The average life of the Rated 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, Defaulting Receivables or the Delinquent Receivables and whether the Issuer exercises its option to redeem the Notes as more fully described under "*Expected Weighted Average Life of the Rated Notes*" below. Based on the assumptions described in such section, the expected average period for redemption of principal of the Class A1 Series 2006 Notes, the Class A2 Series 2006 Notes, the Class B Series 2006 Notes and the Class C Series 2006 Notes is likely to be approximately 1.99 years, 4.93 years, 10.72 years and 10.75 years respectively. **Reliance should not be made upon the above forecast since it is based on many unpredictable assumptions.**

Rating

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

	<i>Moody's</i>	<i>S&P</i>
Class A1	Aaa	AAA
Class A2	Aaa	AAA
Class B	A2	A
Class 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 Junior Notes have not been assigned any credit rating.

Listing

Application has been made to list the Rated Notes on the Stock Exchange. Application has been made to the IFSRA, as

competent authority under Directive 2003/71/EC, for the Prospectus to be approved. Such approval relates only to the Rated Notes which are to be admitted to trading on the regulated market of Irish Stock Exchange or other regulated markets for the purposes of Directive 93/22/EEC or which are to be offered to the public in any Member State of the European Economic Area. No application has been made to list the Junior Notes on any stock exchange.

Performance Reporting

Pursuant to the Servicing Agreement, the Servicer shall prepare on each Monthly Settlement Report Date the Monthly Settlement Report and on each Quarterly Settlement Report Date the Quarterly Settlement Report. Pursuant to the Cash Allocation, Management and Payments Agreement, the Computation Agent shall provide the Monthly Payments Report, the Quarterly Payments Report and the Investor's Report containing, *inter alia*, certain information with respect to the Notes, including the Principal Amount Outstanding of the 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 the Receivables arising out of the Lease Contracts between Locat, as lessor, and the Lessees for the leasing of the Equipment or Real Estate Assets or Motor Vehicles. The Receivables include, gross of any VAT applicable thereon: (i) payments in respect of the Instalments, (ii) any interest, including default interest, and any reimbursement of costs and expenses; (iii) the Agreed Prepayments, (iv) the Adjustment; (v) proceeds received by Locat under insurance policies or other payments under any security related to the Lease Contracts, (vi) penalty payments, (vii) the Recovery Amounts and (viii) the Billed Residual Amounts, together with any other rights and accessories pertaining thereto, but excluding any Residual.

The Lease Contracts are governed by Italian Law.

Master Receivables Purchase Agreement

On 14 November 2006, Locat and the Issuer entered into the Master Receivables Purchase Agreement pursuant to which (i) Locat has sold to the Issuer, and the Issuer has purchased, and (ii) Locat may, during the Revolving Period, offer to the Issuer, and the Issuer shall purchase from Locat, all of the Receivables meeting the Eligibility Criteria. Receivables falling into Pool No. 3 Non Revolving shall not be included in

the Subsequent Portfolios.

Any principal amount arising from Receivables included in Pool No. 3 Non Revolving (as defined below) shall be applied during the Revolving Period to purchase Subsequent Portfolios.

The Initial Portfolio was purchased by the Issuer on 14 November 2006 and the Purchase Price for the Initial Portfolio will be funded through the proceeds of the issue of the Notes.

Sales of Subsequent Portfolios may take place each month during the Revolving Period, and the Purchase Price for the Subsequent Portfolios will be funded to the extent that there are Issuer Principal Available Funds available for such purposes under the Priority of Payments and no Purchase Termination Notice or Trigger Notice has been served pursuant to Condition 10 (*Purchase Termination Events*) and Condition 11 (*Trigger Events*) and subject to the terms and conditions of the Master Receivables Purchase Agreement.

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

Purchase Price

The Purchase Price for the Initial Portfolio and for each Subsequent Portfolio shall be equal to the aggregate amount of the Individual Purchase Price of Receivables comprised in the relevant Portfolio. The Individual Purchase Price for each Receivable shall be equal to the aggregate amount of all Principal Instalments due under the relevant Lease Contracts, plus any interest accrued thereon.

No Recourse

The sales of the Receivables by Locat to the Issuer have been and will be without recourse (*pro soluto*) against Locat 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:

- (i) "**Pool No. 1**" shall mean the aggregate of Receivables originating from Lease Contracts, the underlying Assets of which are Motor Vehicles;

- (ii) **"Pool No. 2"** shall mean the aggregate of Receivables originating from Lease Contracts, the underlying Assets of which are Equipment;
- (iii) **"Pool No. 3"** shall mean, as the case may be, (a) the aggregate of Receivables originating from Lease Contracts the underlying Assets of which are Real Estate Asset having, exclusively in relation to the transfer of the Initial Portfolio, a value lower than Euro 3,900,000.00 at the relevant Transfer Date (**"Pool No. 3 Revolving"**), and (b) the aggregate of Receivables originating from Lease Contracts the underlying Assets of which are Real Estate Assets, whose value at the Transfer Date of the Initial Portfolio is comprised between Euro 5,500,000.00 and Euro 20,000,000.00, and having a concentration of its debt exposure by single Lessee not in excess of 1% of the Initial Portfolio (**"Pool No. 3 Non Revolving"**).

Purchase Termination Events

If any of the following Purchase Termination Event occurs:

- (i) *Breach of obligations by Locat:*

Locat defaults in the performance or observance of any of its obligations under any of the Transaction Documents to which it is party, the Representative of the Noteholders certifies that such default is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interest of the Rated Noteholders 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 Locat; or

- (ii) *Breach of Ratios:*

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

Period exceeds, for two consecutive Interest Payment Dates the Trigger Default Ratio; or

- (c) the Cumulative Default Ratio during the immediately preceding Quarterly Collection Period exceeds, for two consecutive Interest Payment Dates, the applicable Cumulative Default Trigger Ratio; or

- (iii) *Non payment*

any of the amounts due as Principal Deficiency Amount is not paid on any Interest Payment Date; or

- (iv) *Breach of representations and warranties by Locat:*

any of the representations and warranties given by Locat 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

- (v) *Insolvency of Locat:*

an Insolvency Event occurs in respect of Locat;

then the Representative of the Noteholders shall give a Purchase Termination Notice to the Issuer and Locat. 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 and the Issuer Available Funds shall be applied in accordance with the Priority of Payments set out in Condition 4.2, provided that, save as provided in the Conditions, no redemption shall occur prior to the Interest Payment Date falling in September 2008. For further details see "*Priority of Payments - During the Amortisation Period*".

Trigger Events

If any of the following Trigger Events occurs:

- (i) *Non-payment:*

interest or principal due on the Most Senior Class of Rated Notes on an Interest Payment Date is not paid on the due date or within a period of 3 (three) Business Days;

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

the Issuer defaults in the performance or observance of any of its obligations under any of the Transaction Documents to which it is a party or any obligations under the Rated Notes (other than any obligation for the payment of principal or interest under the Rated Notes), the Representative of the Noteholders certifies that such default is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interest of the Noteholders and except where, in the sole and absolute opinion of the Representative of the Noteholders, such default is incapable of remedy or such default remains unremedied for 30 (thirty) days after the Representative of the Noteholders has given written notice thereof to the Issuer and Locat; or

(iii) *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

(iv) *Insolvency of the Issuer:*

an Insolvency Event occurs in respect of the Issuer; or

(v) *Unlawfulness:*

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

then the Representative of the Noteholders may, in its sole and absolute discretion (and, if so requested by an Extraordinary Resolution shall), give a Trigger Notice to the Issuer declaring the Notes to be due and repayable, whereupon they shall become immediately due and repayable at their Principal Amount Outstanding together with accrued interest, without any further action or formality, provided that (a) in the case of any of the events referred to in items (iv) and (v) above, the Representative of the Noteholders shall

have such discretion or obligation only if it shall have certified in writing that such event is, in its opinion, materially prejudicial to the interests of the Noteholders and (b) in the case of an event referred to in item (ii) and (iii) above, a Trigger Notice shall be given only if so provided by an Extraordinary Resolution of the holders of the Most Senior Class of Notes.

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 set out in Condition 4.3, provided that such accelerated payments will only become due and payable from the Interest Payment Date falling in September 2008. For further details see "*Priority of Payments - Following a Trigger Notice*".

In addition, in accordance with the provisions of the Intercreditor Agreement, after the service of a Trigger Notice, the Representative of the Noteholders shall instruct the Issuer to sell the purchased Receivables, if so requested by an Extraordinary Resolution of the holders of the Most Senior Class of Notes.

Servicing Agreement

Pursuant to the Servicing Agreement, the Servicer agreed to collect and service the Receivables in compliance with the Securitisation Law. Under the Servicing Agreement, the Servicer shall credit to the Collection Account, all the Collections received in respect of each Collection Period within the second Business Day following the date of the relevant collection of such amounts until the occurrence of a Downgrading.

Warranty and Indemnity Agreement

Pursuant to the Warranty and Indemnity Agreement, Locat made certain representations and warranties and gave certain indemnities to the Issuer in relation to, *inter alia*, the Receivables.

Intercreditor Agreement

Pursuant to the Intercreditor Agreement, 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 Other Issuer Creditors

acknowledge and accept that the Joint Lead Managers and Joint Bookrunners shall not be liable in respect of any loss, liability, claim, expenses or damage suffered or incurred by any of the Other Issuer Creditors as a result of the performance by the Representative of the Noteholders of its duties provided by the Transaction Documents.

Agreement for the Extension and Amendment to the Letter of Undertaking

The Originator has undertaken to indemnify the Issuer from certain regulatory and tax costs and liabilities incurred by the Issuer pursuant to the terms of the Letter of Undertaking entered into on 15 November 2005, in the context of the Previous Securitisation, between the Issuer, the Originator and the Representative of the Noteholders (the "**Letter of Undertaking**"). The content of such agreement has been amended and supplemented by reference to the Portfolio in the context of the Securitisation by an agreement entered into on or about the Issue Date between the Issuer, the Originator and the Representative of the Noteholders (the "**Agreement for the Extension and Amendment to the Letter of Undertaking**"). See for further details "*Description of the Transaction Documents - The Agreement for the Extension and Amendment to the Letter of Undertaking*".

Rated Notes Subscription Agreement

The Issuer, the Joint Lead Managers and Joint Bookrunners, Locat and the Representative of the Noteholders will enter into the Rated Notes Subscription Agreement under which the Joint Lead Managers and Joint Bookrunners agree to subscribe for the Rated Notes, subject to the conditions set out therein.

Under the Rated Notes Subscription Agreement the Joint Lead Managers and Joint Bookrunners appoint Securitisation Services S.p.A. as Representative of the Noteholders in relation to the Rated Notes.

Junior Notes Subscription Agreement

The Issuer, Locat and the Representative of the Noteholders will enter into the Junior Notes Subscription Agreement under which Locat agrees to subscribe for the Junior Notes, subject to the conditions set out therein.

Under the Junior Notes Subscription Agreement Locat appoints Securitisation Services S.p.A. as Representative of the Noteholders in relation to the Junior Notes.

Cash Allocation, Management and

Pursuant to the Cash Allocation, Management and Payments Agreement, the Account Bank, the Custodian Bank, the Cash

Payments Agreement

Manager and the Computation Agent agree to provide certain calculation and cash administration services to the Issuer and the Principal Paying Agent and the Irish Paying Agent agree to perform certain services in relation to the Notes, including calculating the amount of principal and interest payable under the Notes and arranging for the payment of these amounts to the Noteholders.

Hedging Agreement

The Issuer will protect itself against certain interest rate risks arising in respect of its floating rate interest obligations under the Rated Notes by entering into the Hedging Agreement. The Hedging Agreement will terminate on the Final Maturity Date of the Notes unless terminated earlier in accordance with its terms.

Agreement for the Extension and Amendment to the Corporate Services Agreement

The Corporate Servicer has agreed to provide certain corporate administrative services to the Issuer pursuant to a corporate services agreement entered into on 14 October 2005, in the context of the Previous Securitisation, between the Issuer and the Corporate Servicer (the "**Corporate Services Agreement**"). The content of such agreement has been amended and supplemented by reference to the Portfolio in the context of the Securitisation by an agreement entered into on or about the Issue Date between the Issuer and the Corporate Servicer (the "**Agreement for the Extension and Amendment to the Corporate Services Agreement**"). See for further details "*Description of the Transaction Documents - The Agreement for the Extension and Amendment to the Corporate Services Agreement*".

Previous Securitisation

On 18 November 2005, the Issuer carried out the Previous Securitisation through the issuance of the Previous Notes collateralised by the Previous Portfolio.

RISK FACTORS AND SPECIAL CONSIDERATIONS

The following is a summary of certain risks and aspects of the issue of which prospective holders of the Rated Notes should be aware. Prospective investors should read the entire Prospectus. Prospective investors should carefully read and assess the specific risks set forth below and the other information contained in the Prospectus. The description of the risks below does not purport to be exhaustive and these risks are not only risks to which the Issuer and the Originator are currently exposed. The order in which the individual risks are presented is not indicative of their likelihood to occur nor of the severity or significance of the individual risks.

Securitisation Law

The Securitisation Law was enacted in Italy on 30 April 1999. As at the date of this Prospectus, as far as the Issuer is aware, no interpretation of the application of the Securitisation Law has been issued by any Italian court or governmental or regulatory authority, except for: (i) regulations issued by the Bank of Italy concerning, *inter alia*, the accounting treatment of securitisation transactions for special purpose companies incorporated under the Securitisation Law, such as the Issuer, and the duties of companies which carry out collection and recovery activities in the context of a securitisation transaction; and (ii) a decree of the Italian Treasury Ministry dated 4 April 2001 on the conditions for registration of financial intermediaries in the register held by the Bank of Italy pursuant to article 107 of the Banking Act. Consequently, it is possible that such or different authorities may issue further regulations relating to the Securitisation Law or the interpretation thereof, the impact of which cannot be predicted by the Issuer as at the date of this Prospectus.

Suitability

Structured securities, such as the Notes, are sophisticated instruments, which can involve a significant degree of risk. Prospective investors in any Class of the Notes should ensure that they understand the nature of the Notes and the extent of their exposure to the relevant risks. 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 an investment in the Notes and that they consider the suitability of the Notes as an investment in light of their own circumstances and financial condition.

Source of payments to Noteholders

The Notes will be obligations solely of the Issuer. In particular, the Notes will not be obligations or responsibilities of the Originator, the Servicer, the Lessees, the Representative of the Noteholders, the Account Bank, the Principal Paying Agent, the Irish Paying Agent, the Hedging Counterparty, the Cash Manager, the Computation Agent, the Quotaholder, the Custodian Bank, any of the Joint Lead Managers and Joint Bookrunners or the Sole Arranger. No person, other than the Issuer, will accept any liability to the Noteholders in respect of any failure by the Issuer to pay any amount due under the Notes.

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

Issuer's ability to meet its obligations under the Notes

The ability of the Issuer to meet its payment obligations in respect of the Notes will be dependent on the receipt by the Issuer of: (i) Collections and Recovery Amounts from the Receivables received by Locat, acting in its capacity as Servicer under the Servicing Agreement; (ii) any payments required to be made by the Hedging Counterparty under the Hedging Agreement; and (iii) any other amounts payable to the Issuer pursuant to the terms of the Transaction Documents to which it is a party.

Limited recourse nature of the Notes

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

The Notes will be limited recourse obligations of the Issuer. If there are no sufficient funds available to the Issuer to pay in full all principal and interest and other amounts due in respect of the Notes, then the Noteholders will have no further claims against the Issuer in respect of any such unpaid amounts. After the Notes have become due and payable following the service of a Trigger Notice, the only remedy available to the Noteholders and the Other Issuer Creditors is the exercise by the Representative of Noteholders of the rights of the Issuer.

No independent investigation in relation to the Receivables

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

Claw back of the sales of the Receivables

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

Claims of creditors of the Issuer

The Notes have the benefit of the provisions of the Securitisation Law, pursuant to which the Portfolio is segregated by operation of law from the Issuer's other assets and, both prior to and following a winding-up of the Issuer, the Collections may be applied by the Issuer exclusively for the purpose of satisfying the Issuer's obligations to the Noteholders, the Other Issuer Creditors, or any other creditors of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation. The Portfolio may not be seized or attached in any form by creditors of the Issuer other than the Noteholders, until full discharge by the Issuer of its payment obligations under the Notes or cancellation of the Notes. However, under Italian law, any other creditor of the Issuer would be able to commence insolvency or winding up proceedings against the Issuer in respect of any unpaid debt.

Under the Conditions, the Issuer will undertake to the Noteholders *inter alia* not to engage in any activity whatsoever which is not incidental to or necessary in connection with any further securitisation or with any of the activities in which the Transaction Documents provide and envisage that the Issuer will engage.

Limited Rights

The protection and exercise of the Noteholders' rights against the Issuer and the security under the Notes is one of the duties of the Representative of the Noteholders. The Conditions limit the ability of each individual Noteholder to commence proceedings against the Issuer by conferring on the Noteholders collectively the power to resolve on the ability of any Noteholder to commence any such individual actions.

Italian Usury Law

Italian Law No. 108 of 7 March 1996 (the "**Usury Law**") introduced legislation preventing lenders from applying interest rates equal to or higher than rates (the "**Usury Rates**") set every three months on the basis of a Decree issued by the Italian Treasury (the last such Decree having been published in the Official Gazette of the Republic of Italy n. 227 of 29 September 2006).

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

The Italian Government has intervened in this situation with Law Decree No. 394 of 29 December 2000 (the "**Usury Law Decree**"), converted into Law No. 24 by the Italian Parliament on 28 February 2001, which provides, *inter alia*, that interest is to be deemed usurious only if the interest rate agreed by the parties exceeds the Usury Rate applicable at the time the relevant agreement is

reached. The Usury Law Decree has also provided that, as an extraordinary measure due to the exceptional fall in interest rates in the years 1998 and 1999, interest rates due on instalments payable after 2 January 2001 on loans already entered into on the date on which the Usury Law Decree came into force (such date being 31 December 2000) are to be substituted with a lower interest rate fixed in accordance with parameters fixed by the Usury Law Decree.

The validity of the Usury Law Decree has been challenged before the Italian Constitutional Court by certain consumers' associations claiming that the Usury Law Decree does not comply with the principles set out in the Italian Constitution. By decision No. 29 of 14 February 2002, the Italian Constitutional Court has stated, *inter alia*, that the Usury Law Decree complies with the principles set out in the Italian Constitution except for such provisions of the Usury Law Decree providing that the interest rates due on instalments payable after 2 January 2001 on loans are to be substituted with lower interest rates fixed in accordance with the Usury Law Decree. By such decision the Italian Constitutional Court has established that the lower interest rates fixed in accordance with the Usury Law Decree are to be substituted on instalments payable from the date on which such Decree came into force (31 December 2000) and not on instalments payable after 2 January 2001.

The Originator represented and warranted in the Warranty and Indemnity Agreement that the interest rates provided for under the Lease Contracts have been determined on the basis of criteria that ensure compliance with the Usury Rates.

Compounding of Interest (*Anatocismo*)

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

The Originator has consequently undertaken in the Warranty and Indemnity Agreement in respect of the Portfolio sold by it to indemnify the Issuer in respect of any losses, costs and expenses that may be incurred by the Issuer in connection with any challenge in respect of interest on interest accrued but unpaid. In this respect, it should be noted that article 25, paragraph 3, of Legislative Decree No. 342 of 4 August 1999 ("**Law No. 342**") enacted by the Italian Government under a delegation granted pursuant to Law No. 142 of 19 February 1992 (the "**Legge Delega**") has considered the capitalisation of accrued interest (*anatocismo*) made by banks prior to the date on which it came into force (19 October 1999) to be valid. After such date, the capitalisation of accrued interest will still be possible upon the terms established by a resolution of the Interministerial Committee of Credit and Saving (C.I.C.R.) issued on 22 February 2000. Law No. 342 has been challenged, however,

before the Italian Constitutional Court on grounds it falls outside the scope of the legislative powers delegated under the *Legge Delega*. On these grounds, by decision No. 425 dated 9 October 2000 issued by the Italian Constitutional Court, article 25, paragraph 3, of Law No. 342 has been declared as unconstitutional.

Servicing of the Receivables

Prior to the Issue Date, the Receivables have always been collected by the Originator in its capacity as owner of the Receivables. Following the Issue Date, the Receivables will continue to be serviced by the Originator in its capacity as Servicer under the Servicing Agreement. Consequently, the net cash flows from the Receivables may be affected by decisions made, actions taken and the Collection Policy adopted by the Originator.

In addition, the Servicer has agreed to prepare and submit to the Issuer, the Representative of the Noteholders and the Account Bank monthly and quarterly reports, showing all collections of interest, principal and penalties and any other amount due in respect of the Receivables during the related Collection Periods and Quarterly Collection Periods. See "*Description of the Servicing Agreement*".

Commingling risk

The Issuer is subject to the risk that, in the event of insolvency of the Servicer, the Collections held at the time the insolvency occurs, might be treated by the bankruptcy estate as an unsecured claim of the Issuer. For the purpose of mitigating such risk, the Servicer has undertaken, under the Servicing Agreement to transfer any Collections received by the Lessees to the Collection Account within two Business Days following receipt thereof, thus reducing the amount of the monies from time to time subject to the commingling risk and, if Locat is assigned a short term rating lower than "A-2" by S&P or a short term rating lower than "P-1" by Moody's, Locat shall, within twenty days of such downgrading, procure that any payments made by the Lessees through "RID" direct debit system, are directly credited to the Collection Account

In addition, in order to further mitigate such commingling risk, certain other events are provided under the Servicing Agreement in respect to (i) the Locat's Downgrading and (ii) certain events related to the ratings of, respectively, UniCredit Banca d'Impresa S.p.A. and UniCredito Italiano S.p.A. and related to the interest held by UniCredito Italiano S.p.A. in UniCredit Banca d'Impresa S.p.A.. See "*Description of the Servicing Agreement*".

Credit and performance risk on the Servicer and the other parties to the Transaction Documents

The ability of the Issuer to make payments in respect of the Notes will depend to a significant extent upon the due performance by the Servicer and the other parties to the Transaction Documents of their respective 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 and collect the Receivables pursuant to the Servicing Agreement and on the continued availability of hedging support under the Hedging Agreement. Prospective Noteholders should note that the Hedging Agreement may be terminated by

the Hedging Counterparty, if a Trigger Event or a Hedging Agreement Termination Event occurs. In addition, the ability of the Issuer to make payments under the Notes may depend to an extent upon the due performance by the Originator of its obligations under the Warranty and Indemnity Agreement in respect of the Portfolio. The performance by all parties of their respective obligations under the relevant Transaction Documents is dependent on the solvency of each relevant party.

Moreover, it is not certain whether or not a suitable alternative servicer could be found to service the Receivables should the appointment of the Originator as Servicer be terminated. If such an alternative servicer were to be found it is not certain whether it would agree to service the Receivables on the same terms as provided in the Servicing Agreement.

Interest rate risk

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

In order to mitigate this interest rate risk and avoid the occurrence of a mismatch between such payments and the floating rate payment obligations of the Issuer under the Rated Notes, the Issuer entered into a Hedging Agreement in relation to the Portfolio with the Hedging Counterparty, which shall at all times be (or its credit support provider shall at all times be) or, in accordance with the provisions of the Hedging Agreement, deemed to be, an Eligible Institution.

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

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

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

Expected maturity dates of the Rated Notes

In accordance with the mandatory redemption provisions applicable to the Notes, if Issuer Principal Available Funds are sufficient, full redemption of the Class A1 Series 2006 Notes is expected to be achieved on the Interest Payment Date falling in June 2009, of the Class A2 Series 2006 Notes is expected to be achieved on the Interest Payment Date falling in March 2017 and of the Class B Series 2006 Notes and the Class C Series 2006 Notes is expected to be achieved on the Interest Payment Date falling in September 2017. There can be no assurance, however, that redemption in full, or at all, will be achieved on such Interest Payment Dates since the above forecast is based on

many unpredictable assumptions. See for further details "*Expected Weighted Average Life of the Rated Notes*".

In particular, the redemption in full of the Rated Notes may be achieved prior to such dates as a result of the occurrence of circumstances in which the Lease Contracts may be terminated prior to the scheduled redemption date and, in addition, as a result of the circumstances in which the Originator has the option to buy back the Receivables.

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

Market for the Rated Notes

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

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

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

Rights of set-off of the Lessees

Under general principles of Italian law, the Lessees are entitled to exercise rights of set-off in respect of amounts due under any Lease Contract against any amounts payable by the Originator to the relevant Lessee. Under the terms of the Warranty and Indemnity Agreement, the Originator has agreed to indemnify the Issuer in respect of any reduction in amounts received by the Issuer in respect of the relevant Receivable as a result of the exercise by any Lessee of a right of set-off.

Subordination

Save as provided under paragraph (c) below and in the Conditions:

- (a) in respect of the obligations of the Issuer to pay interest on the Notes, the Class A1 Series 2006 Notes and the Class A2 Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class B Series 2006 Notes, the Class C Series 2006 Notes and the Class D Series 2006 Notes; the Class B Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in

priority to the Class C Series 2006 Notes and the Class D Series 2006 Notes and subordinated to the Class A Series 2006 Notes; the Class C Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class D Series 2006 Notes and subordinated to the Class A Series 2006 Notes and the Class B Series 2006 Notes; the Class D Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves but subordinated to the Rated Notes;

- (b) in respect of the obligations of the Issuer to pay principal on the Notes, the Class A1 Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves but in priority to the Class A2 Series 2006 Notes, the Class B Series 2006 Notes, the Class C Series 2006 Notes and the Class D Series 2006 Notes; the Class A2 Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class B Series 2006 Notes, the Class C Series 2006 Notes and the Class D Series 2006 Notes and subordinated to the Class A1 Series 2006 Notes; the Class B Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class C Series 2006 Notes and the Class D Series 2006 Notes and subordinated to the Class A Series 2006 Notes; the Class C Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class D Series 2006 Notes and subordinated to the Class A Series 2006 Notes and the Class B Series 2006 Notes; the Class D Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves but subordinated to the Rated Notes;
- (c) following the service of a Trigger Notice, the Class A1 Series 2006 Notes and the Class A2 Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority for all purposes to the Class B Series 2006 Notes and the Class C Series 2006 Notes and the Class D Series 2006 Notes; the Class B Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority for all purposes to the Class C Series 2006 Notes and the Class D Series 2006 Notes and subordinated to the Class A Series 2006 Notes; the Class C Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority for all purposes to the Class D Series 2006 Notes and subordinated to the Class A Series 2006 Notes and the Class B Series 2006 Notes; the Class D Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves but subordinated to the Rated Notes.

As long as the Class A Series 2006 Notes are outstanding, unless notice has been given to the Issuer declaring the Class A Series 2006 Notes due and payable, the Class B Series 2006 Notes, the Class C Series 2006 Notes and the Class D Series 2006 Notes shall not be capable of being declared due and payable and the Class A Series 2006 Noteholders shall be entitled to determine the remedies to be exercised. Remedies pursued by the Class A Series 2006 Noteholders could be adverse to the interests of the Class B Series 2006 Noteholders, the Class C Series 2006 Noteholders and the Class D Series 2006 Noteholders. Once the Class A Series 2006 Notes have been repaid in full, as long as the Class B Series 2006 Notes are outstanding, unless notice has been given to the Issuer declaring the Class B Series 2006 Notes due and payable, the Class C Series 2006 Notes and the Class D Series 2006 Notes shall not be capable of being declared due and payable and the Class B Series

2006 Noteholders shall be entitled to determine the remedies to be exercised. Remedies pursued by the Class B Series 2006 Noteholders could be adverse to the interests of the Class C Series 2006 Noteholders and the Class D Series 2006 Noteholders. Once the Class B Series 2006 Notes have been repaid in full, as long as the Class C Series 2006 Notes are outstanding, unless notice has been given to the Issuer declaring the Class C Series 2006 Notes due and payable, the Class D Series 2006 Notes shall not be capable of being declared due and payable and the Class C Series 2006 Noteholders shall be entitled to determine the remedies to be exercised. Remedies pursued by the Class C Series 2006 Noteholders could be adverse to the interests of the Class D Series 2006 Noteholders.

Noteholders should have particular regard to the factors identified in the section related to the "*Priority of Payments*" above in determining the likelihood or extent of any shortfall of funds available to the Issuer to meet payments of interest and any remuneration and or repayment of principal due under the Notes.

Effect on Lease Contracts of insolvency of the Lessees or the Originator

Article 59 of Legislative Decree No. 5 of 9 January 2006 amended the Bankruptcy Law by introducing a supplemental article *72-quater* (Article *72-quater*) specifically regulating the impact of the insolvency of a lessee or a lessor in financial lease agreements.

Article *72-quater*, provides that the effects of the insolvency of a lessee on a financial lease agreement are regulated under article 72 of the Bankruptcy Law pursuant to which, upon occurrence of such an insolvency, the relevant agreement would be suspended pending a decision by the relevant insolvency receiver with respect to either the continuation or the termination of the agreement. According to article 72, however, the lessor could request that a term (not exceeding 60 days) be assigned to the receiver for the decision, following which the agreement would be deemed terminated. If the temporary continuation of the business is provided, the agreement continues to be in force unless the insolvency receiver declares the termination of the agreement.

Furthermore, article *72-quater* provides that in case of termination of the agreement, the lessor is entitled to the restitution of the leased asset and must pay to the insolvency estate the difference between the proceeds of the sale or reallocation of the leased assets and the outstanding amount due under the terminated agreement, provided however that any instalments paid by the lessee prior to insolvency are not subject to insolvency claw-back in accordance with article 67, third paragraph, item (a) of the Bankruptcy Law.

The lessor must instead prove in the insolvency proceeding for the restitution of any amounts outstanding under the terminated agreement not recovered as a result of the sale or reallocation of the asset.

With respect to the insolvency of companies authorized to carry out financial activity in the form of financial leases (such as the Originator), article *72-quater* provides that the relevant financial lease agreement would not be terminated as a result of the insolvency of the company and that the lessees would maintain the right to exercise the option for the purchase of the leased assets upon expiry of the agreement against payment of the instalments due and the agreed purchase price for the asset.

Right to future receivables

Under the terms of the Master Receivables Purchase Agreement, the Originator transfers to the Issuer any penalty or other amounts due by each Lessee in relation to the early termination of the relevant Lease Contract. In the event that the Originator is or becomes insolvent, the court will treat the Issuer's claims to such penalty or other amounts as "future" receivables. The Issuer's claims to any future receivables that have not yet arisen at the time of the Originator's admission to the relevant insolvency proceedings, including any indemnity payment due by any Lessee and purported to be assigned to the Issuer pursuant to the Master Receivables Purchase Agreement, would not be effective and enforceable against the insolvency receiver of the Originator.

Further Securitisations

The Securitisation is the second securitisation operated by the Issuer. On 18 November 2005, the Issuer carried out the Previous Securitisation through the issuance of the Previous Notes collateralised by the Previous Portfolio.

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

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

In the intercreditor agreement executed in the context of the Previous Securitisation the relevant parties agreed that none of the Parties nor any person on their behalf shall initiate or join any person in initiating an Insolvency Event in relation to the Issuer until the date falling one year and one day after the later of (i) the earlier of (a) the Final Maturity Date and (b) the date on which the Notes have been redeemed in full and (ii) the date on which any other notes issued by the Issuer in the context of any further securitisations have been redeemed in full or cancelled in accordance with their terms and conditions.

Historical Information

The historical financial and other information set out in the sections headed "*Locat S.p.A.*", "*Credit and Collection Policy*" and "*The Portfolio*", including in respect of the delinquency and default rates, represents the historical experience of the Originator. The Originator accepts responsibility for its fairness and truth. However, there can be no assurance that the future experience and performance of the Originator as Servicer of the Portfolio will be similar to the experience shown in this Prospectus.

Terms of the Lease Contracts

Although the Originator has represented, in the Warranty and Indemnity Agreement that the Lease Contracts conform to the Originator's standard forms of lease agreements as from time to time adopted, 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.

Tax Treatment of the Issuer

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

In this respect, on 24 October 2002, the Revenue Agency – Regional Direction of Lombardy (the "**Agency**") released a private ruling with reference to some aspects concerning the Italian taxation of a securitisation vehicle. According to the private ruling, the Agency has claimed that the net result of a securitisation transaction is taxable as Issuer's taxable income "to the extent that the relevant securitisation transaction is structured in such a way that a net income is available to the vehicle after having discharged all its obligations". Moreover the Revenue Agency - Central Direction, with a Circular of 6 February 2003, No. 8/E, has taken the position that only amounts, if any, available to securitisation vehicles after fully discharging their obligations towards the noteholders and any other creditors of the securitisation vehicles in respect of any costs, fees and expenses in relation to securitisation transactions should be imputed, for tax purposes, to the securitisation vehicles. Consequently, according to the quoted position of the tax authorities, the Issuer should not have any taxable income if no amounts are available to the Issuer after discharging all its obligations deriving from and connected to the Securitisation.

It is however possible that the Italian Ministry of Economy and Finance or another competent authority may issue regulations, circular letters or generally binding rules relating to the

Securitisation Law which might alter or affect, or that any competent authority or court may take a different view with respect to the tax position of the Issuer as described above.

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

Withholding Tax under the Notes

Payments of interest under the Notes may or may not be subject to withholding or deduction for or on account of Italian tax. For example, as at the date of this Prospectus, according to Decree No. 239, any non-Italian resident beneficial owner of a payment of interest or other proceeds relating to the Notes who (i) is not resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information, or (ii) even if resident in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information, does not timely comply with the requirements set forth in Decree No. 239 and the relevant application rules in order to benefit from the exemption from substitute tax, will receive amounts payable on the Notes net of Italian substitute tax. See "*Taxation*" below.

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

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

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

European withholding tax directive

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

Italy has implemented the directive through Legislative Decree No. 84 of 18 April 2005 ("**Decree 84/2005**"). Under Decree 84/2005, subject to a number of important conditions being met, in the case of interest paid starting from 1 July 2005 (including the case of interest accrued on the Notes at the time of their disposal) to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian paying agents (i.e. banks, SIMs, fiduciary companies, SGRs resident for tax purposes in Italy, permanent establishments in Italy of non-resident persons and any other economic operator resident for tax purposes in Italy paying interest for professional or commercial reasons) shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the state of residence of the beneficial owner. In certain circumstances, the same reporting requirements must be complied with also in respect of interest paid to an entity established in another Member State, other than legal persons (with the exception of certain Finnish and Swedish entities), whose profits are taxed under general arrangements for business taxation and, in certain circumstance, UCITS recognised in accordance with Directive 85/611/EEC.

Change of Law

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

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

Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

THE PORTFOLIO

Introduction

All Lease Contracts have been entered into by Locat (or by other companies merged with Locat).

The Lease Contracts

The Lease Contracts have been entered into by Locat primarily with small and medium size private businesses and other individual entrepreneurs (excluding individual persons). Generally, the Lease Contracts are based on Locat's standard form which incorporates certain standard terms and conditions and which contains a description of the Asset, the rental payment, 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 to the extent of its specially negotiated terms and conditions, if any. 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, Locat 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 Lease Contracts are governed by Italian Law.

The Receivables are divided into the three following Pools:

- (i) "**Pool No. 1**" is the aggregate of Receivables originating from Lease Contracts, the underlying Assets of which are Motor Vehicles;
- (ii) "**Pool No. 2**" is the aggregate of Receivables originating from Lease Contracts, the underlying Assets of which are Equipment;
- (iii) "**Pool No. 3**" is, as the case may be, (a) the aggregate of Receivables originating from Lease Contracts the underlying Assets of which are Real Estate Asset having, exclusively in relation to the transfer of the Initial Portfolio, a value lower than Euro 3,900,000.00 at the relevant Transfer Date ("**Pool No. 3 Revolving**"), and (b) the aggregate of Receivables originating from Lease Contracts the underlying Assets of which are Real Estate Assets, whose value at the Transfer Date of the Initial Portfolio is comprised between Euro 5,500,000.00 and Euro 20,000,000.00, and having a concentration of its debt exposure by single Lessee not in excess of 1% of the Initial Portfolio ("**Pool No. 3 Non Revolving**").

The Eligibility Criteria

Pursuant to the Master Receivables Purchase Agreement, Locat has sold and will sell to the Issuer and the Issuer has purchased and will purchase from Locat, respectively, all the Receivables related to Instalments with a Scheduled Instalment Date falling not later than 31 December 2023 and arising out of Lease Contracts which meet, at the relevant Selection Date, the following Common Criteria and Specific Criteria:

Common Criteria

- (1) the relevant Lease Contracts have been executed after 1 January 1998 (including);
- (2) there are no Delinquent Instalments (or Instalments totally unpaid for 30 days following the Scheduled Instalment Date) and at least one Instalment has been paid and one Instalment has to be paid;
- (3) the Lease Contracts have a filing number with one of the following asset suffixes:

VA, VO, VP, VL, VS, (Pool 1),
PS, AS, TS

LI, LO, OS, LS (Pool 2),

IC, IF, IR (Pool 3);
- (4) the sole lessor is Locat S.p.A.;
- (5) the Instalments are payable in Euro (or Italian Lire), with a fixed rate or a floating rate based on Euribor or determined by reference to such equivalent rate as may replace Euribor;
- (6) the Instalments are paid by RID direct debit system;
- (7) the Asset is located in Italy and the Lessee is an Italian resident;
- (8) the Lessee is not an employee of Locat;
- (9) the Lessee is not a company belonging to the UniCredito Italiano Group;
- (10) Public Administrations or similar entities or individuals are not party thereto;
- (11) the relevant Lease Contracts have not been granted under the Law No. 1329/65 (*Legge Sabatini*) or Law No. 64/86 or have not been assisted by a financial contribution (excluding those provided under Law 488/1992, Law 240/1991, Law 598/1944, Regional Law 5/2001 and MCC Resolution n. 334/2003);
- (12) the Receivables have never been classified as Defaulted Receivables and the management thereof has ever been transferred to Locat S.p.A.'s Legal Unit;
- (13) the Asset is not a work of art or a berth for a boat.

Specific Criteria in relation to the Initial Portfolio

- (1) the relevant Lease Contracts do not feature cap or structured indexation different from those providing, at the relevant Selection Date, a fixed rate interest until their maturity;
- (2) no Lessee has requested and has been provided with a single invoice in advance in relation to all the Instalments;
- (3) no Lessee has requested and has been provided with a single invoice in advance in relation to more Lease Contracts;
- (4) the relevant Lease Contracts do not provide for guarantee deposits (*depositi cauzionali*).

Furthermore:

- (5) the following Lease Contracts are included:
 - (a) in Pool 1: all the Lease Contracts;
 - (b) in Pool 2 all the Lease Contracts having a transfer value lower than Euro 4,500,000.00: from 561320 to 717000 (both included); from 718000 to 775440 (both included); from 775445 to 777280 (both included); from 777293 to 784152 (both included); from 784154 to 790796 (both included); from 790799 to 799800 (both included); to 799816 to 867800 (both included); from 867900 to 868800 (both included); from 868900 to 871480 (both included); from 871586 to 875686 (both included); from 875700 to 891005 (both included); from 891014 to 897980 (both included); from 898000 to 903260 (both included); from 903267 to 912360 (both included); from 912376 (included) to 912378 (excluded); from 912380 to 912381 (both included); from 912383 (included) to 912385 (excluded); from 912391 to 912940 (both included); from 912953 to 922175 (both included); from 922196 to 922201 (both included); from 922208 to 928530 (both included); from 928550 to 928555 (both included); from 928570 to 928585 (both included); from 928591 to 928600 (both included); from 928620 to 933369 (both included);
 - (c) in Pool 3 Revolving, all the Lease Contracts having a transfer value lower than Euro 3,900,000.00: from 159164 to 860440 (both included); from 860500 to 916870 (both included); from 916890 to 932802 (both included);
 - (d) in Pool 3 Non Revolving, all the Lease Contracts having a transfer value from Euro 5,500,000.00 to Euro 20,000,000.00: from 577551 to 622000 (both included); from 634000 to 700000 (both included); from 709000 to 784600 (both included); from 801900 to 830000 (both included) from 840000 to 855000 (both included); from 861600 to 865000 (both included); from 869200 to 875000 (both included); from 913000 to 917480 (both included);

and all the Receivables include the Instalments with a Scheduled Instalment Date falling after 1 December 2006.

Conditions for Purchase of Subsequent Portfolios

During the Revolving Period, asset selection will be subject to the same Eligibility Criteria set forth for the Initial Portfolio. In addition, in order to mitigate the effect that the Receivables comprised in Subsequent Portfolios might have on the quality of the total Portfolio, Subsequent Portfolios may only be purchased to the extent that:

- with reference to each Pool, the Pool Default Ratio and the Pool Delinquency Ratio for Receivables comprised in each Subsequent Portfolio has not exceeded, in the immediately preceding Quarterly Collection Period, the following ratios:

	Pool Default Ratio	Pool Delinquency Ratio
Pool No. 1	1.75%	14.0%
Pool No. 2	2.25%	9.0%
Pool No. 3 Revolving	1.75%	8.0%

- in case of floating rate Lease Contracts, the weighted average margin over the 3-month EURIBOR (as determined thereunder) of the relevant Subsequent Portfolio shall not be lower than 2.7% for Pool No. 1, 1.7% for Pool No. 2 and 2.0% for Pool No. 3 Revolving;
- in case of fixed rate Lease Contracts, the difference between the weighted average of the yield of the relevant Subsequent Portfolio and the fixed rate of interest provided for in the Hedging Agreement shall be equal to or higher than 2.7% for Pool No. 1, 1.7% for Pool No. 2 and 2.0% for Pool No. 3 Revolving, save that in case of Lease Contracts having a structured indexation, the average yield shall be equal or higher than the fixed rate of interest provided for in the Hedging Agreement;
- following the purchase of the relevant Subsequent Portfolio, the Pool Outstanding Amount of each Pool divided by the Pool Outstanding Amount of the Initial Portfolio shall not be higher than 30% for Pool No. 1, 45% for Pool No. 2 and 70% for Pool No. 3, and not lower than 40% for Pool No. 3;
- as at the relevant Valuation Date, the Receivables relating to any single Lessee do not account for more than 1% of the Initial Portfolio;
- as at the relevant Valuation Date, the Receivables relating to the ten largest Lessees, included in Pool No. 1, Pool No. 2 and Pool No. 3 Revolving, do not account for more than 3.5% of the aggregate Outstanding Principal of each Pool No. 1, Pool No. 2 and Pool No. 3 Revolving, including the available balance in respect of the principal of the Collections deposited in the Collection Account (including any principal Collections applied to purchase Eligible Investments), save that, at the relevant Valuation Date, the Receivables relating to any single Lessee in respect of the Pool No. 1, Pool No. 2 and Pool No. 3 Revolving do not account for more than 1% of the Pool No. 1, Pool No. 2 and Pool No. 3 Revolving, including the available balance in respect of the principal of the Collections deposited in the Collection Account (including any principal Collections applied to purchase Eligible Investments);

- as at the relevant Valuation Date, the Receivables relating to each single Lessee in each Pool (excluding Pool No. 3 Non Revolving) do not account for more than 1% of the aggregate Outstanding Principal of the relevant Pool; and
- as at the relevant Valuation Date, the Receivables relating to the ten largest Lessees in each Pool (excluding Pool No. 3 Non Revolving) do not account for more than 4.5% of the aggregate Outstanding Principal in respect of Pool No. 1, 6.0% of the aggregate Outstanding Principal in respect of Pool No. 2 and 7.5% of the aggregate Outstanding Principal in respect of Pool No. 3 Revolving.

General Description of the Initial Portfolio

The Initial Portfolio comprises Receivables arising out of 24,919 Lease Contracts with a financed amount of about EUR 2,833,128,438.96 and an Outstanding Principal of about EUR 1,972,909,866.07 as of the Valuation Date.

The average original lease amount is about EUR 113,693.51. There is no single Lease Contract with an Outstanding Principal amount greater than EUR 18,202,514.94 (excluding the Pool 3 Non Revolving, there is no single lease contract with an Outstanding Principal amount greater than EUR 4,254,230.45). There are no Lessees who have an Outstanding Principal amount of more than EUR 18,202,514.94 (excluding the Pool 3 Non Revolving there are no Lessees who have an Outstanding Principal amount of more than EUR 6,896.284.91).

The weighted average remaining maturity of the Initial Portfolio is around 3.47 years for Pool 1, around 3.79 years for Pool 2, around 12.25 years for Pool 3 Revolving and 8.26 years for Pool 3 Non Revolving.

Specific Details of the Initial Portfolio

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

Table 1	- Breakdown of Outstanding Principal by Pool
Table 2	- Breakdown of Outstanding Principal by periods of payment
Table 3	- Breakdown of Outstanding Principal by residual life
Table 4	- Breakdown of Outstanding Principal by region and geographical area
Table 5	- Breakdown of Outstanding Principal by type of interest rate
Table 6	- Breakdown by Range of Outstanding Principal
Table 7	- Breakdown of Outstanding Principal by industry
Table 8	- Breakdown of Pool 3 Non Revolving

All amounts are expressed in Euro.

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

TABLE 1
Breakdown of Outstanding Principal by Pool

(Amount in euro)

POOL	NUMBER OF CONTRACTS	OUTSTANDING PRINCIPAL*	%
POOL 1	10,495	309,512,111.46	15.69%
POOL 2	13,178	736,414,606.14	37.33%
POOL 3 REVOLVING	1,212	540,541,584.21	27.40%
POOL 3 NON REVOLVING	34	386,441,564.26	19.59%
Total	24,919	1,972,909,866.07	100.00%

(* Note: Outstanding Principal is net of Residual Amount

Source: Locat

TABLE 2
Breakdown of Outstanding Principal by periods of payment

(Amount in euro)

FREQUENCY OF PAYMENT	NUMBER OF CONTRACTS	OUTSTANDING PRINCIPAL *	%
1	22,991	1,650,303,548.57	83.65%
2	564	10,167,497.15	0.52%
3	1,351	301,675,863.69	15.29%
6	13	10,762,956.66	0.55%
Total	24,919	1,972,909,866.07	100.00%

(* Note: Outstanding Principal is net of Residual Amount

Source: Locat

TABLE 3
Breakdown of Outstanding Principal by residual life

(Amount in euro)

RESIDUAL LIFE (IN MONTHS)	NUMBER OF CONTRACTS	OUTSTANDING PRINCIPAL*	%
00-12	2,533	19,903,812	1.01%
12-24	3,413	73,797,222	3.74%
24-30	4,912	140,146,814	7.10%
30-36	3,323	140,213,401	7.11%
36-48	4,645	214,349,321	10.86%
48-60	4,516	395,720,952	20.06%
60-96	508	342,529,186	17.36%
OVER 96	1,069	646,249,157	32.76%
Total	24,919	1,972,909,866.07	100.00%

(* Note: Outstanding Principal is net of Residual Amount

Source: Locat

TABLE 4
Breakdown of Outstanding Principal by region and geographical area

(Amount in euro)

GEOGRAPHICAL AREA	NUMBER OF CONTRACTS	OUTSTANDING PRINCIPAL *	%
EMILIA-ROMAGNA	2,693	231,339,413.36	11.73%
FRIULI-VENEZIA GIULIA	553	36,830,644.27	1.87%
LIGURIA	378	47,033,169.47	2.38%
LOMBARDIA	4,865	434,023,572.50	22.00%
PIEMONTE	3,459	216,049,945.51	10.95%
TRENTINO-ALTO ADIGE	215	59,584,691.49	3.02%
VALLE D'AOSTA	93	2,246,514.64	0.11%
VENETO	3,353	299,628,293.64	15.19%
North Regions	15,609	1,326,736,244.88	67.25%
ABRUZZO	813	41,134,616.56	2.08%
LAZIO	2,028	202,323,100.86	10.26%
MARCHE	400	23,874,166.15	1.21%
MOLISE	50	4,082,034.31	0.21%
TOSCANA	2,246	141,896,373.56	7.19%
UMBRIA	446	25,727,549.23	1.30%
Centre Regions	5,983	439,037,840.67	22.25%
BASILICATA	105	4,378,736.62	0.22%
CALABRIA	141	10,989,319.75	0.56%
CAMPANIA	1,110	78,864,450.26	4.00%
PUGLIA	900	56,685,510.94	2.87%
SARDEGNA	415	16,671,230.77	0.85%
SICILIA	656	39,546,532.18	2.00%
South Regions	3,327	207,135,780.52	10.50%
Total	24,919	1,972,909,866.07	100.00%

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

TABLE 5
Breakdown of Outstanding Principal by type of Interest Rate

(Amount in euro)

TYPE OF INTEREST	NUMBER OF CONTRACTS	OUTSTANDING PRINCIPAL *	%
Fixed	6,848	250,346,452.57	12.69%
Floating	18,071	1,722,563,413.50	87.31%
Total	24,919	1,972,909,866	100.00%

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

Source: Locat

TABLE 6
Breakdown by range of Outstanding Principal

(Amount in euro)

POOL	NUMBER OF CONTRACTS	OUTSTANDING PRINCIPAL *	%
POOL 1	10,495	309,512,111.46	15.69%
POOL 2	13,178	736,414,606.514	37.33%
POOL 3 REVOLVING	1,212	540,541,584.21	27.40%
POOL 3 NON REVOLVING	34	386,441,564.26	19.59%
Total	24,919	1,972,909,866.07	100.00%

(* Note: Outstanding Principal is net of Residual Amount

Source: Locat

TABLE 7
Breakdown of Outstanding Principal by industry

(Amount in euro)

INDUSTRY (based on RAE code)	NUMBER OF CONTRACTS	OUTSTANDING PRINCIPAL *	%
Non industrial	210	5,721,468.43	0.29%
Other sales and distribution services	5,083	581,930,437.51	29.50%
Wholesale and retail trade	4,591	288,986,568.94	14.65%
Building and construction industry	3,949	187,405,546.38	9.50%
Transportation services	2,416	124,594,111.68	6.32%
Food, beverages, tobacco	675	58,767,805.38	2.98%
Electronics, electrical goods, EDP	474	25,162,879.73	1.28%
Hotels and public services	408	46,591,754.11	2.36%
Chemicals	257	17,295,926.53	0.88%
Miscellaneous industrial products	921	51,230,946.10	2.60%
Textiles, footwear, clothing	762	70,618,866.45	3.58%
Metal goods excluding machinery and transport	1,947	148,445,055.89	7.52%
Communications	50	2,486,351.98	0.13%
Industrial and agricultural machinery	944	91,081,023.47	4.62%
Mining, minerals	537	43,809,554.22	2.22%
Transport	256	31,303,662.87	1.59%
Rubber, plastics	392	32,561,674.79	1.65%
Metals	120	9,020,269.89	0.46%
Agriculture, forestry, fisheries	329	12,139,791.90	0.62%
Paper, printing, publishing	529	76,734,690.63	3.89%
Oil and gas	69	67,021,479.19	3.40%
Total	24,919	1,972,909,866.07	100.00%

(* Note: Outstanding Principal is net of Residual Amount

Source: Locat

TABLE 8

Breakdown of Pool 3 Non Revolving

CLIENT	FREQUENCY	RESIDUAL MATURITY	SEASONING	RAE CODE	OUTSTANDING *	% RESIDUAL VALUE	INTEREST RATE TYPE	ORIGINATION DATE	MATURITY DATE	PROVINCE	REGION	PROBABILITY OF DEFAULT **	CLTV
Client 1	monthly	166.13	12.10	Hotels and public services	7,071,466.90	35.00%	V	28-Nov-05	01-Oct-20	CN	PIEMONTE	0.16%	47.14%
Client 2	monthly	173.10	5.10	Textiles, footwear, clothing	6,602,463.57	20.00%	V	29-Jun-06	01-May-21	BG	LOMBARDIA	1.16%	58.43%
Client 3	quarterly	90.05	14.37	Other sales and distribution services	6,077,030.72	20.00%	V	20-Sept-05	01-Jun-14	MI	LOMBARDIA	0.32%	67.52%
Client 4	monthly	128.09	14.30	Oil and gas	14,656,993.70	1.00%	V	22-Sept-05	01-Aug-17	RM	LAZIO	1.21%	78.17%
Client 5	quarterly	76.18	13.87	Other sales and distribution services	14,057,736.53	10.00%	V	05-Oct-05	05-Apr-13	MI	LOMBARDIA	0.09%	59.75%
Client 6	quarterly	80.05	12.49	Textiles, footwear, clothing	8,475,900.11	1.00%	V	16-Nov-05	01-Aug-13	MI	LOMBARDIA	0.38%	74.35%
Client 7	monthly	149.06	18.05	Other sales and distribution services	8,500,373.51	30.00%	V	31-May-05	01-May-19	TO	PIEMONTE	0.40%	45.95%
Client 8	monthly	70.75	22.32	Paper, printing, publishing	11,304,265.28	1.00%	V	21-Jan-05	22-Oct-12	BZ	TRENTINO-ALTO ADIGE	0.02%	45.22%
Client 9	monthly	66.05	19.07	Oil and gas	18,202,514.94	1.00%	V	30-Apr-05	01-Jun-12	BR	PUGLIA	0.10%	77.74%
Client 10	monthly	107.01	11.05	Hotels and public services	10,128,552.58	5.00%	V	30-Dec-05	30-Oct-15	BS	LOMBARDIA	1.21%	78.63%
Client 11	quarterly	112.08	29.03	Other sales and distribution services	9,971,163.22	25.00%	V	01-Jul-04	01-Apr-16	FC	EMILIA-ROMAGNA	0.34%	39.85%
Client 12	quarterly	74.10	19.00	Wholesale and retail trade	16,181,226.26	10.00%	V	02-May-05	01-Feb-13	PC	EMILIA-ROMAGNA	0.06%	66.05%
Client 13	quarterly	157.12	17.06	Oil and gas	13,994,241.00	0.58%	V	30-Jun-05	01-Jan-20	GE	LIGURIA	0.60%	67.30%
Client 14	monthly	54.02	40.31	Other sales and distribution services	10,135,665.42	5.00%	V	24-Jul-03	01-Jun-11	MI	LOMBARDIA	0.07%	50.68%
Client 15	quarterly	94.06	10.59	Textiles, footwear, clothing	15,043,467.59	15.00%	V	13-Jan-06	01-Oct-14	MI	LOMBARDIA	0.07%	60.62%
Client 16	quarterly	80.75	12.30	Other sales and distribution services	13,075,789.41	1.00%	V	22-Nov-05	22-Aug-13	BG	LOMBARDIA	0.12%	65.38%
Client 17	monthly	139.07	16.01	Other sales and distribution services	13,649,731.13	20.00%	V	01-Aug-05	01-Jul-18	RM	LAZIO	0.02%	64.14%
Client 18	monthly	82.06	12.10	Other sales and distribution services	7,877,619.94	10.00%	V	28-Nov-05	01-Oct-13	RM	LAZIO	0.32%	65.65%
Client 19	monthly	130.09	12.72	Other sales and distribution services	12,546,790.65	20.00%	V	09-Nov-05	01-Oct-17	MI	LOMBARDIA	0.23%	63.37%
Client 20	quarterly	133.41	44.42	Other sales and	11,171,080.95	20.00%	V	21-Mar-03	10-Jan-18	RM	LAZIO	0.34%	60.08%

Client 21	quarterly	102.05	74.20	distribution services Transport	11,862,898.63	30.47%	V	26-Sept-00	01-Jun-15	CN	PIEMONTE	0.35%	44.01%
Client 22	quarterly	165.14	12.03	Other sales and distribution services	8,048,524.96	40.00%	V	30-Nov-05	01-Sept-20	VE	VENETO	0.09%	47.62%
Client 23	quarterly	52.96	64.08	Other sales and distribution services	10,905,308.00	15.00%	V	31-Jul-01	30-Apr-11	MI	LOMBARDIA	0.31%	43.99%
Client 24	quarterly	77.03	39.88	Other sales and distribution services	11,286,569.87	20.00%	V	06-Aug-03	01-May-13	BO	EMILIA- ROMAGNA	0.87%	45.51%
Client 25	monthly	177.14	1.45	Other sales and distribution services	7,929,016.91	1.00%	V	18-Oct-06	01-Sept-21	MI	LOMBARDIA	0.33%	86.37%
Client 26	monthly	71.08	47.08	Wholesale and retail trade	12,266,616.37	20.00%	V	30-Dec-02	01-Nov-12	BZ	TRENTINO- ALTO ADIGE	0.42%	32.28%
Client 27	quarterly	103.00	35.05	Industrial and agricultural machinery	9,821,322.49	15.00%	V	31-Dec-03	30-Jun-15	PC	EMILIA- ROMAGNA	0.23%	65.78%
Client 28	monthly	109.08	33.14	Other sales and distribution services	11,333,080.85	20.00%	V	27-Feb-04	01-Jan-16	RM	LAZIO	0.61%	47.62%
Client 29	monthly	43.00	52.37	Food, beverages, tobacco	12,349,605.19	0.50%	V	22-Jul-02	01-Jul-10	TN	TRENTINO- ALTO ADIGE	0.28%	45.08%
Client 30	quarterly	105.96	71.15	Wholesale and retail trade	14,991,599.41	36.59%	V	28-Dec-00	28-Sept-15	VE	VENETO	0.14%	35.40%
Client 31	monthly	95.80	23.28	Wholesale and retail trade	7,917,460.55	10.00%	V	23-Dec-04	23-Nov-14	VR	VENETO	0.09%	54.65%
Client 32	monthly	71.08	24.00	Industrial and agricultural machinery	16,538,341.82	0.97%	V	01-Dec-04	01-Nov-12	NO	PIEMONTE	0.04%	73.18%
Client 33	semi-annually	52.01	32.02	Building and construction industry	9,879,826.05	10.00%	V	01-Apr-04	01-Apr-11	MI	LOMBARDIA	0.31%	50.28%
Client 34	monthly	93.07	33.04	Wholesale and retail trade	12,587,319.75	5.00%	V	01-Mar-04	01-Sept-14	RM	LAZIO	0.05%	59.89%

* Note: Outstanding Principal is net of Residual Amount

** Note: the probability of default takes into account the subjective concepts of "incaglio" and "sofferenza" according to Bank of Italy guidelines and that of "ristutturazione".

For clarity, the probability of default does not include the concept of "past due", i.e. positions in arrear for more than 180 days, and refers to one year of probability of default

Source: Locat

On each Settlement Date, the Issuer is obliged to purchase a Subsequent Portfolio from Locat, subject to certain conditions set out in the Master Receivables Purchase Agreement. Although the Subsequent Portfolios shall satisfy certain criteria, there can be no assurance 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 Locat in respect of its lease receivables.

- Table A - Locat's Gross Default Experience by Pool and by year
- Table B - Static Pool analysis
- Table C - Recovery analysis

TABLE A**Locat gross default experience by Pool and by year****gross default amounts by year of default****(as a % of Pool Outstanding Amount in each year)**

Pool	2006	2005	2005	2004	2004	2003	2003	2002	2002	2001	2001	2000	2000	1999	1999
	1stHalf	2nd Half	1st Half	2nd Half	1stHalf	2nd Half	1st Half	2nd Half	1st Half	2nd Half	1stHalf	2nd Half	1st Half	2ndHalf	1st Half
1	0.63%	0.69%	0.78%	0.59%	0.72%	0.77%	0.62%	0.44%	0.60%	0.53%	0.54%	0.75%	1.00%	1.00%	1.15%
2	0.72%	0.80%	0.81%	0.85%	0.82%	0.90%	0.74%	0.79%	0.55%	0.74%	0.68%	0.68%	0.63%	0.97%	0.94%
3	0.14%	0.16%	0.61%	0.55%	0.32%	0.12%	0.14%	0.18%	0.07%	0.17%	0.24%	0.11%	0.06%	0.16%	0.42%

TABLE B
Static Pool Analysis
POOL 1

(amount in Euro)

YEAR/HALF YEAR FINANCED AMOUNT			YEAR FROM ORIGINATION TO DEFAULT DATE								Total
			1	2	3	4	5	6	7	8	
1999	1	NR CTR Outstanding 292,043,113	77 1,997,121.09 0.68%	138 2,868,647.85 0.98%	120 1,976,891.87 0.68%	96 1,536,098.31 0.53%	46 380,220.88 0.13%	18 41,498.00 0.01%	23 29,549.97 0.01%	3 1,834.26 0.00%	521 8,831,862 3.02%
	2	NR CTR Outstanding 241,560,502	28 707,560.45 0.29%	103 2,211,766.04 0.92%	97 1,783,099.55 0.74%	56 759,544.79 0.31%	34 285,392.12 0.12%	25 35,544.09 0.01%	22 27,464.69 0.01%	- - 0.00%	365 5,810,372 2.41%
2000	1	NR CTR Outstanding 288,740,184	48 1,203,855.89 0.42%	107 1,730,425.19 0.60%	119 2,199,267.99 0.76%	106 882,910.50 0.31%	76 814,538.96 0.28%	26 101,658.94 0.04%	2 3,292.60 0.00%	- - 0.00%	484 6,935,950 2.40%
	2	NR CTR Outstanding 270,235,662	53 1,292,822.49 0.48%	92 1,733,335.46 0.64%	126 1,795,572.66 0.66%	129 1,943,528.30 0.72%	43 401,342.32 0.15%	26 83,196.98 0.03%	- - 0.00%	- - 0.00%	469 7,249,798 2.68%
2001	1	NR CTR Outstanding 339,299,372	50 1,218,785.61 0.36%	128 2,473,172.71 0.73%	203 3,118,685.24 0.92%	100 1,137,728.74 0.34%	48 448,778.76 0.13%	8 51,538.84 0.02%	- - 0.00%	- - 0.00%	537 8,448,690 2.49%
	2	NR CTR Outstanding 308,537,526	40 874,117.61 0.28%	96 2,144,712.20 0.70%	154 2,481,309.25 0.80%	83 976,764.62 0.32%	45 474,551.81 0.15%	- - 0.00%	- - 0.00%	- - 0.00%	418 6,951,455 2.25%
2002	1	NR CTR Outstanding 313,060,226	20 533,602.54 0.17%	124 2,727,163.03 0.87%	134 1,832,428.37 0.59%	92 1,165,750.18 0.37%	23 199,188.52 0.06%	- - 0.00%	- - 0.00%	- - 0.00%	393 6,458,133 2.06%
	2	NR CTR Outstanding 354,775,856	52 1,420,039.04 0.40%	111 2,763,191.31 0.78%	130 2,005,013.75 0.57%	64 812,243.51 0.23%	- - 0.00%	- - 0.00%	- - 0.00%	- - 0.00%	357 7,000,488 1.97%

2003	1	NR CTR	54	133	152	18	-	-	-	-	357
		Outstanding	1,825,707.45	3,094,435.48	2,137,243.85	250,397.82	-	-	-	-	7,307,785
		299,002,743	0.61%	1.03%	0.71%	0.08%	0.00%	0.00%	0.00%	0.00%	2.44%
	2	NR CTR	64	156	87	-	-	-	-	-	307
		Outstanding	1,591,059.43	3,723,580.18	1,499,342.13	-	-	-	-	-	6,813,982
		290,780,556	0.55%	1.28%	0.52%	0.00%	0.00%	0.00%	0.00%	0.00%	2.34%
2004	1	Contracts	64	152	20	-	-	-	-	-	236
		Credit outs	2,108,892.50	3,321,819.71	409,350.58	-	-	-	-	-	5,840,063
		357,183,721	0.59%	0.93%	0.11%	0.00%	0.00%	0.00%	0.00%	0.00%	1.64%
	2	NR CTR	60	89	-	-	-	-	-	-	149
		Outstanding	1,790,676.87	2,968,665.06	-	-	-	-	-	-	4,759,342
		292,653,251	0.61%	1.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.63%
2005	1	NR CTR	62	27	-	-	-	-	-	-	89
		Outstanding	1,890,213.04	416,972.08	-	-	-	-	-	-	2,307,185
		353,159,250	0.54%	0.12%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.65%
	2	NR CTR	34	-	-	-	-	-	-	-	34
		Outstanding	981,886.45	-	-	-	-	-	-	-	981,886
		350,558,115	0.28%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.28%
2006	1	NR CTR	4	-	-	-	-	-	-	-	4
		Outstanding	193,209.40	-	-	-	-	-	-	-	193,209
		403,777,503	0.05%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.05%

POOL 2

(amount in Euro)

YEAR/HALF YEAR FINANCED AMOUNT			YEAR FROM ORIGINATION TO DEFAULT DATE								
			1	2	3	4	5	6	7	8	Total
1999	1	Contracts Credit outs. 457,223,336	50 3,215,399 0.70%	116 7,388,243 1.62%	121 3,962,425 0.87%	70 1,868,618 0.41%	62 942,862 0.21%	33 306,717 0.07%	12 53,420 0.01%	- - 0.00%	464 17,737,683 3.88%
	2	Contracts Credit outs. 467,432,027	35 1,846,382 0.40%	77 5,072,552 1.09%	88 3,973,270 0.85%	85 2,448,508 0.52%	60 1,117,478 0.24%	22 1,155,467 0.25%	7 221,881 0.05%	- - 0.00%	374 15,835,538 3.39%
2000	1	Contracts Credit outs. 532,493,175	42 4,392,381 0.82%	87 5,135,759 0.96%	71 2,309,643 0.43%	88 3,824,422 0.72%	58 2,374,573 0.45%	19 107,676 0.02%	3 368,215 0.07%	- - 0.00%	368 18,512,669 3.48%
	2	Contracts Credit outs. 611,082,616	74 5,545,979 0.91%	104 9,647,040 1.58%	109 5,885,274 0.96%	112 3,606,833 0.59%	56 1,132,957 0.19%	14 333,138 0.05%	- - 0.00%	- - 0.00%	469 26,151,221 4.28%
2001	1	Contracts Credit outs. 620,515,249	44 3,772,679 0.61%	105 8,604,096 1.39%	143 7,090,610 1.14%	113 4,548,620 0.73%	57 1,359,423 0.22%	3 3,862 0.00%	- - 0.00%	- - 0.00%	465 25,379,290 4.09%
	2	Contracts Credit outs. 612,800,626	38 4,088,674 0.67%	101 7,578,814 1.24%	127 6,886,770 1.12%	89 4,298,868 0.70%	71 1,812,378 0.30%	- - 0.00%	- - 0.00%	- - 0.00%	426 24,665,503 4.03%
2002	1	Contracts Credit outs. 562,425,886	48 4,163,182 0.74%	130 7,660,926 1.36%	113 5,156,078 0.92%	92 2,704,630 0.48%	7 68,864 0.01%	- - 0.00%	- - 0.00%	- - 0.00%	390 19,753,680 3.51%
	2	Contracts Credit outs. 706,876,852	40 3,164,877 0.45%	108 8,110,379 1.15%	122 4,713,324 0.67%	75 3,894,952 0.55%	- - 0.00%	- - 0.00%	- - 0.00%	- - 0.00%	345 19,883,533 2.81%

2003	1	Contracts	37	102	85	15	-	-	-	-	239
		Credit outs.	1,423,450	5,125,842	3,614,659	296,865	-	-	-	-	10,460,817
		372,983,973	0.38%	1.37%	0.97%	0.08%	0.00%	0.00%	0.00%	0.00%	2.80%
	2	Contracts	43	104	74	-	-	-	-	-	221
		Credit outs.	1,994,700	5,503,298	2,573,305	-	-	-	-	-	10,071,302
		455,019,776	0.44%	1.21%	0.57%	0.00%	0.00%	0.00%	0.00%	0.00%	2.21%
2004	1	Contracts	59	109	18	-	-	-	-	-	186
		Credit outs.	3,192,247	9,119,475	453,830	-	-	-	-	-	12,765,553
		469,322,512	0.68%	1.94%	0.10%	0.00%	0.00%	0.00%	0.00%	0.00%	2.72%
	2	Contracts	47	75	-	-	-	-	-	-	122
		Credit outs.	2,560,240	3,910,354	-	-	-	-	-	-	6,470,594
		440,197,758	0.58%	0.89%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.47%
2005	1	Contracts	47	16	-	-	-	-	-	-	63
		Credit outs.	4,204,530	628,556	-	-	-	-	-	-	4,833,085
		477,129,353	0.88%	0.13%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.01%
	2	Contracts	24	-	-	-	-	-	-	-	24
		Credit outs.	1,281,908	-	-	-	-	-	-	-	1,281,908
		600,978,045	0.21%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.21%
2006	1	Contracts	2	-	-	-	-	-	-	-	2
		Credit outs.	43,853	-	-	-	-	-	-	-	43,853
		580,986,132	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%

POOL 3

(amount in Euro)

YEAR/HALF YEAR FINANCED AMOUNT			YEAR FROM ORIGINATION TO DEFAULT DATE								
			1	2	3	4	5	6	7	8	Total
1999	1	Contracts	2	2	4	4	3	3	4	-	22
		Credit outs	401,349	1,797,408	2,159,644	1,738,857	436,924	350,608	418,951	-	7,303,742
		162,936,711	0.25%	1.10%	1.33%	1.07%	0.27%	0.22%	0.26%	0.00%	4.48%
	2	Contracts	-	1	2	4	2	3	-	-	12
	Credit outs	-	208,677	1,128,610	742,285	647,527	471,463	-	-	3,198,562	
		335,269,647	0.00%	0.06%	0.34%	0.22%	0.19%	0.14%	0.00%	0.00%	0.95%
2000	1	Contracts	2	3	1	3	2	1	2	-	14
		Credit outs	215,970	191,538	44,646	326,539	688,603	614,847	259,497	-	2,341,640
		318,083,468	0.07%	0.06%	0.01%	0.10%	0.22%	0.19%	0.08%	0.00%	0.74%
	2	Contracts	-	4	6	3	4	3	-	-	20
	Credit outs	-	2,341,886	2,461,454	2,180,971	1,767,294	1,597,166	-	-	10,348,772	
		510,321,765	0.00%	0.46%	0.48%	0.43%	0.35%	0.31%	0.00%	0.00%	2.03%
2001	1	Contracts	1	5	3	3	4	-	-	-	16
		Credit outs	829,864	988,325	952,326	556,984	4,480,800	-	-	-	7,808,299
		375,002,130	0.22%	0.26%	0.25%	0.15%	1.19%	0.00%	0.00%	0.00%	2.08%
	2	Contracts	3	5	7	5	-	-	-	-	20
	Credit outs	1,395,123	2,855,394	9,056,109	2,648,651	-	-	-	-	15,955,277	
		689,061,374	0.20%	0.41%	1.31%	0.38%	0.00%	0.00%	0.00%	0.00%	2.32%
2002	1	Contracts	3	1	2	-	-	-	-	-	6
		Credit outs	1,209,118	218,578	6,070,429	-	-	-	-	-	7,498,125
		476,326,658	0.25%	0.05%	1.27%	0.00%	0.00%	0.00%	0.00%	0.00%	1.57%
	2	Contracts	3	4	6	2	-	-	-	-	15
	Credit outs	767,245	1,544,423	7,020,636	468,911	-	-	-	-	9,801,215	
		883,781,382	0.09%	0.17%	0.79%	0.05%	0.00%	0.00%	0.00%	0.00%	1.11%

2003	1	Contracts	6	5	2	-	-	-	-	-	13
		Credit outs	2,010,698	20.179,579	456,975	-	-	-	-	-	22,647,253
		503,641,410	0.40%	4.01%	0.09%	0.00%	0.00%	0.00%	0.00%	0.00%	4.50%
	2	Contracts	5	5	4	-	-	-	-	-	14
		Credit outs	6,240,172	17.621,601	3,743,391	-	-	-	-	-	27,605,165
		1,117,500,301	0.56%	1.58%	0.33%	0.00%	0.00%	0.00%	0.00%	0.00%	2.47%
2004	1	Contracts	1	2	1	-	-	-	-	-	4
		Credit outs	1,438,082	271,249	876,718	-	-	-	-	-	2,586,049
		630,135,505	0.23%	0.04%	0.14%	0.00%	0.00%	0.00%	0.00%	0.00%	0.41%
	2	Contracts	5	5	-	-	-	-	-	-	10
		Credit outs	1,414,164	2,101,461	-	-	-	-	-	-	3,515,625
		1,045,963,240	0.14%	0.20%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.34%
2005	1	Contracts	11	-	-	-	-	-	-	-	11
		Credit outs	8,638,203	-	-	-	-	-	-	-	8,638,203
		640,881,234	1.35%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.35%
	2	Contracts	2	-	-	-	-	-	-	-	2
		Credit outs	2,771,120	-	-	-	-	-	-	-	2,771,120
		1,309,183,058	0.21%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.21%
2006	1	Contracts	2	-	-	-	-	-	-	-	2
		Credit outs	760,967	-	-	-	-	-	-	-	760,967
		1,128,911,078	0.07%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.07%

TABLE C**Recovery Analysis****POOL 1***Total recoveries*

(amount in Euro)

Half-year / Year of default	Credit Outstanding	Number of months from the default date to the recovery date						Total
		1-6	6-12	12-18	18-24	24-30	> 30	
1999 - 1st Half	9,395,427 % <i>% cumulative</i>	3,017,091 32.11% 32.11%	1,351,578 14.39% 46.50%	730,177 7.77% 54.27%	290,511 3.09% 57.36%	123,093 1.31% 58.67%	559,107 5.95% 64.62%	6,071,557 64.62%
1999 - 2nd Half	8,480,112 % <i>% cumulative</i>	2,096,293 24.72% 24.72%	1,573,826 18.56% 43.28%	843,027 9.94% 53.22%	628,991 7.42% 60.64%	398,977 4.70% 65.34%	875,299 10.32% 75.66%	6,416,413 75.66%
2000 - 1st Half	9,049,654 % <i>% cumulative</i>	2,612,942 28.87% 28.87%	1,679,013 18.55% 47.43%	1,045,745 11.56% 58.98%	657,185 7.26% 66.24%	374,937 4.14% 70.39%	719,463 7.95% 78.34%	7,089,286 78.34%
2000 - 2nd Half	6,826,685 % <i>% cumulative</i>	2,494,272 36.54% 36.54%	1,216,432 17.82% 54.36%	600,629 8.80% 63.15%	502,900 7.37% 70.52%	222,030 3.25% 73.77%	532,289 7.80% 81.57%	5,568,552 81.57%
2001 - 1st Half	5,678,854 % <i>% cumulative</i>	1,922,495 33.85% 33.85%	1,019,397 17.95% 51.80%	541,260 9.53% 61.34%	255,663 4.50% 65.84%	269,536 4.75% 70.58%	392,064 6.90% 77.49%	4,400,415 77.49%
2001 - 2nd Half	5,854,093 % <i>% cumulative</i>	1,748,668 29.87% 29.87%	1,179,080 20.14% 50.01%	401,944 6.87% 56.88%	358,981 6.13% 63.01%	267,957 4.58% 67.59%	445,030 7.60% 75.19%	4,401,661 75.19%
2002 - 1st Half	6,775,983 % <i>% cumulative</i>	2,384,013 35.18% 35.18%	1,201,739 17.74% 52.92%	726,809 10.73% 63.64%	498,103 7.35% 71.00%	215,389 3.18% 74.17%	349,265 5.15% 79.33%	5,375,318 79.33%
2002 - 2nd Half	5,313,441 % <i>% cumulative</i>	1,581,959 29.77% 29.77%	992,978 18.69% 48.46%	470,894 8.86% 57.32%	184,448 3.47% 60.79%	169,150 3.18% 63.98%	264,988 4.99% 68.97%	3,664,417 68.97%
2003 - 1st Half	7,612,927 % <i>% cumulative</i>	2,237,573 29.39% 29.39%	1,671,307 21.95% 51.35%	530,573 6.97% 58.31%	389,713 5.12% 63.43%	262,156 3.44% 66.88%	263,786 3.46% 70.34%	5,355,108 70.34%
2003 - 2nd Half	9,360,709 % <i>% cumulative</i>	3,881,848 41.47% 41.47%	1,606,225 17.16% 58.63%	802,471 8.57% 67.20%	395,701 4.23% 71.43%	357,584 3.82% 75.25%	93,584 1.00% 76.25%	7,137,412 76.25%
2004 - 1st Half	9,121,718 % <i>% cumulative</i>	3,129,330 34.31% 34.31%	1,812,032 19.87% 54.17%	955,173 10.47% 64.64%	434,395 4.76% 69.41%	132,397 1.45% 70.86%	- 0.00% 70.86%	6,463,327 70.86%
2004 - 2nd Half	7,317,736 % <i>% cumulative</i>	2,657,284 36.31% 36.31%	1,303,120 17.81% 54.12%	698,779 9.55% 63.67%	224,938 3.07% 66.74%	- 0.00% 66.74%	- 0.00% 66.74%	4,884,122 66.74%

2005 - 1st Half	10,070,629 % % cumulative	3,115,716 30.94% 30.94%	2,145,515 21.30% 52.24%	642,982 6.38% 58.63%	- 0.00% 58.63%	- 0.00% 58.63%	- 0.00% 58.63%	5,904,213 58.63%
2005 - 2nd Half	9,078,961 % % cumulative	3,516,069 38.73% 38.73%	1,003,903 11.06% 49.79%	- 0.00% 49.79%	- 0.00% 49.79%	- 0.00% 49.79%	- 0.00% 49.79%	4,519,973 49.79%
2006 - 1st Half	8,780,810 % % cumulative	2,253,731 25.67% 25.67%	- 0.00% 25.67%	- 0.00% 25.67%	- 0.00% 25.67%	- 0.00% 25.67%	- 0.00% 25.67%	2,253.731 25.67%

POOL 2

Total recoveries

(amount in Euro)

Half-year / Year of default	Credit Outstanding	Number of months from the default date to the recovery date						Total
		1-6	6-12	12-18	18-24	24-30	> 30	
1999 - 1st Half	14,499,106 % % cumulative	2,147,580 14.81% 14.81%	3,451,746 23.81% 38.62%	1,283,411 8.85% 47.47%	491,275 3.39% 50.86%	302,814 2.09% 52.95%	797,770 5.50% 58.45%	8,474,597 58.45%
1999 - 2nd Half	17,012,331 % % cumulative	2,179,559 12.81% 12.81%	2,126,417 12.50% 25.31%	2,133,886 12.54% 37.85%	707,587 4.16% 42.01%	617,464 3.63% 45.64%	2,047,871 12.04% 57.68%	9,812,784 57.68%
2000 - 1st Half	12,619,572 % % cumulative	1,880,772 14.90% 14.90%	1,342,941 10.64% 25.55%	1,443,237 11.44% 36.98%	764,167 6.06% 43.04%	640,361 5.07% 48.11%	1,144,054 9.07% 57.18%	7,215,531 57.18%
2000 - 2nd Half	15,296,550 % % cumulative	3,102,675 20.28% 20.28%	1,322,973 8.65% 28.93%	1,962,230 12.83% 41.76%	799,190 5.22% 46.98%	850,336 5.56% 52.54%	842,660 5.51% 58.05%	8,880,063 58.05%
2001 - 1st Half	16,300,061 % % cumulative	2,192,429 13.45% 13.45%	1,456,783 8.94% 22.39%	1,266,412 7.77% 30.16%	1,013,819 6.22% 36.38%	908,637 5.57% 41.95%	1,997,096 12.25% 54.20%	8,835,177 54.20%
2001 - 2nd Half	18,938,493 % % cumulative	3,241,723 17.12% 17.12%	3,286,509 17.35% 34.47%	1,765,392 9.32% 43.79%	1,259,474 6.65% 50.44%	1,343,899 7.10% 57.54%	3,508,366 18.53% 76.06%	14,405,363 76.06%
2002 - 1st Half	14,375,037 % % cumulative	2,880,637 20.04% 20.04%	1,518,457 10.56% 30.60%	1,338,471 9.31% 39.91%	935,021 6.50% 46.42%	560,518 3.90% 50.32%	621,129 4.32% 54.64%	7,854,234 54.64%
2002 - 2nd Half	22,168,918 % % cumulative	4,919,292 22.19% 22.19%	2,030,407 9.16% 31.35%	2,135,256 9.63% 40.98%	748,548 3.38% 44.36%	663,412 2.99% 47.35%	747,411 3.37% 50.72%	11,244,327 50.72%
2003 - 1st Half	19,591,025 % % cumulative	2,092,663 10.68% 10.68%	1,825,419 9.32% 20.00%	2,411,726 12.31% 32.31%	1,139,859 5.82% 38.13%	917,495 4.68% 42.81%	1,084,752 5.54% 48.35%	9,471,914 48.35%
2003 - 2nd Half	23,176,364 % % cumulative	3,065,929 13.23% 13.23%	4,435,949 19.14% 32.37%	1,989,988 8.59% 40.95%	1,401,217 6.05% 47.00%	502,271 2.17% 49.17%	259,385 1.12% 50.29%	11,654,739 50.29%
2004 - 1st Half	20,572,905 % % cumulative	2,805,159 13.64% 13.64%	3,875,602 18.84% 32.47%	3,592,079 17.46% 49.93%	1,098,869 5.34% 55.28%	232,012 1.13% 56.40%	- 0.00% 56.40%	11,603,720 56.40%
2004 - 2nd Half	20,492,457 % % cumulative	5,288,021 25.80% 25.80%	2,899,015 14.15% 39.95%	1,889,288 9.22% 49.17%	748,960 3.65% 52.83%	- 0.00% 52.83%	- 0.00% 52.83%	10,825,285 52.83%
2005 - 1st Half	19,061,586 % % cumulative	5,207,999 27.32% 27.32%	1,874,166 9.83% 37.15%	597,706 3.14% 40.29%	- 0.00% 40.29%	- 0.00% 40.29%	- 0.00% 40.29%	7,679,871 40.29%

2005 - 2nd Half	19,631,460 % <i>% cumulative</i>	5,124,793 26.11% 26.11%	1,010,983 5.15% 31.25%	- 0.00% 31.25%	- 0.00% 31.25%	- 0.00% 31.25%	- 0.00% 31.25%	6,135,776 31.25%
2006 - 1st Half	18,162,155 % <i>% cumulative</i>	3,591,476 19.77% 19.77%	- 0.00% 19.77%	- 0.00% 19.77%	- 0.00% 19.77%	- 0.00% 19.77%	- 0.00% 19.77%	3,591,476 19.77%

POOL 3

Total recoveries

(amount in Euro)

Half-year / Year of default	Credit Outstanding	Number of months from the default date to the recovery date						Total
		1-6	6-12	12-18	18-24	24-30	> 30	
I 1999 - 1st Half	3,374,834 % % cumulative	77,459 2.30% 2.30%	175,430 5.20% 7.49%	244,799 7.25% 14.75%	3,347,053 99.18% 113.92%	30,501 0.90% 114.83%	1,163,475 34.48% 149.30%	5,038,717 149.30%
II 1999 - 2nd Half	1,507,899 % % cumulative	434,415 28.81% 28.81%	43,109 2.86% 31.67%	98,272 6.52% 38.19%	171,559 11.38% 49.56%	54,764 3.63% 53.19%	521,701 34.60% 87.79%	1,323,820 87.79%
I 2000 - 1st Half	488,492 % % cumulative	41,133 8.42% 8.42%	17,812 3.65% 12.07%	15,306 3.13% 15.20%	227,913 46.66% 61.86%	15,309 3.13% 64.99%	111,255 22.78% 87.77%	428,729 87.77%
II 2000 - 2nd Half	2,198,853 % % cumulative	99,212 4.51% 4.51%	89,292 4.06% 8.57%	198,668 9.04% 17.61%	425,696 19.36% 36.97%	105,610 4.80% 41.77%	592,282 26.94% 68.71%	1,510,761 68.71%
I 2001 - 1st Half	4,953,530 % % cumulative	34,864 0.70% 0.70%	429,267 8.67% 9.37%	673,090 13.59% 22.96%	971,164 19.61% 42.56%	691,036 13.95% 56.51%	2,505,457 50.58% 107.09%	5,304,877 107.09%
II 2001 - 2nd Half	4,573,886 % % cumulative	4,515 0.10% 0.10%	227,426 4.97% 5.07%	272,033 5.95% 11.02%	271,107 5.93% 16.95%	709,895 15.52% 32.47%	1,449,795 31.70% 64.16%	2,934,771 64.16%
I 2002 - 1st Half	2,159,930 % % cumulative	211,617 9.80% 9.80%	275,801 12.77% 22.57%	66,845 3.09% 25.66%	60,652 2.81% 28.47%	53,400 2.47% 30.94%	535,850 24.81% 55.75%	1,204,165 55.75%
II 2002 - 2nd Half	6,728,755 % % cumulative	687,671 10.22% 10.22%	425,300 6.32% 16.54%	1,359,620 20.21% 36.75%	1,048,024 15.58% 52.32%	1,218,445 18.11% 70.43%	1,919,545 28.53% 98.96%	6,658,605 98.96%
I 2003 - 1st Half	5,390,334 % % cumulative	539,095 10.00% 10.00%	1,476,461 27.39% 37.39%	414,264 7.69% 45.08%	241,822 4.49% 49.56%	241,968 4.49% 54.05%	667,443 12.38% 66.43%	3,581,052 66.43%
II 2003 - 2nd Half	6,106,500 % % cumulative	441,308 7.23% 7.23%	355,296 5.82% 13.05%	283,119 4.64% 17.68%	255,745 4.19% 21.87%	186,175 3.05% 24.92%	189,679 3.11% 28.02%	1,711,323 28.02%
I 2004 - 1st Half	16,551,797 % % cumulative	351,315 2.12% 2.12%	289,345 1.75% 3.87%	467,957 2.83% 6.70%	516,040 3.12% 9.82%	1,349,301 8.15% 17.97%	- 0.00% 17.97%	2,973,957 17.97%
II 2004 - 2nd Half	32,604,570 % % cumulative	1,492,711 4.57% 4.57%	4,702,255 14.41% 18.98%	1,009,131 3.09% 22.07%	73,677 0.23% 22.30%	- 0.00% 22.30%	- 0.00% 22.30%	7,277,773 22.30%
I 2005 1st Half	37,533,297 % % cumulative	1,379,207 3.67% 3.67%	3,628,117 9.67% 13.34%	2,267,482 6.04% 19.38%	- 0.00% 19.38%	- 0.00% 19.38%	- 0.00% 19.38%	7,274,806 19.38%
II 2005 2nd Half	11,058,324 % % cumulative	694,175 6.28% 6.28%	172,805 1.56% 7.84%	- 0.00% 7.84%	- 0.00% 7.84%	- 0.00% 7.84%	- 0.00% 7.84%	866,980 7.84%

I 2006	10,781,075	152,488	-	-	-	-	-	152,488
1st Half	%	1.41%	0.00%	0.00%	0.00%	0.00%	0.00%	1.41%
	% <i>cumulative</i>	1.41%	1.41%	1.41%	1.41%	1.41%	1.41%	

THE ORIGINATOR

Introduction

Locat S.p.A. ("**Locat**") is a member of the "UniCredito Italiano" Group ("**UniCredito Group**"). As at June 2006, Locat was reported by Assilea (*Associazione Italiana per il Leasing*), a database established by the major Italian leasing companies, to be one of the top leading institutions in the Italian financial leasing market in terms of market share. For more than 40 years Locat has offered leasing services to different segments of customers and service providers (private individuals, public administrations, large corporate, small and medium sized enterprises) operating in a wide variety of consolidated economic sectors, for example heavy industry, handicrafts and commerce as well as emerging fields such as generation of electric power, waste management and the industrial chemistry sector.

History

Founded in 1965 under the name of "LOCAT Locazione Attrezzature S.p.A.", Locat was one of the first leasing companies to operate in the Italian market. In 1997, following the merger of the leasing activities carried out by other companies of the Credito Italiano Banking Group, Locat Locazione Attrezzature S.p.A. and Credit Leasing S.p.A. merged into ISEFI S.p.A. which has since changed its name to LOCAT S.p.A. In 1999, following the acquisition of Banca CRT and Cariverona by the UniCredito Group, the leasing companies of Banca CRT and of Cariverona (respectively, Findata Leasing S.p.A. and Quercia Leasing S.p.A.) were merged with Locat. After the public purchase offer of 7 July 2003 and the residual public offer of 2 February 2004, UniCredito Italiano S.p.A. holds 100% of the Locat share capital. Following the public purchase offer, Locat shares were delisted from the Milan Stock Exchange in March 2004.

Locat has its headquarters in Milan and operates in the following sectors of leasing activity: real estate (including real estate to be built), equipment (including marine, air and railway) and vehicles (industrial and transport vehicles).

Leasing market evolution and Locat market share

The following table sets out data relating to the Italian leasing market by segment in the years from 1998 to June 2006. The source for the information set out in the following tables Table 1, Table 2 and Table 3 (the "**Third Party Information**") is Assilea - Associazione Italiana Leasing. The Third Party Information has been accurately reproduced by the Issuer and, as far as the Issuer is aware and is able to ascertain from the Third Party Information, no facts have been omitted which would render such information inaccurate or misleading.

Table 1: Italian leasing market by segment, 1998 – June 2006

Volumes	1998	1999	2000	2001	2002	2003	2004	2005	June 2006
Equipment*	7,438	8,741	10,866	11,923	12,263	10,548	12,849	13,335	7,678

Vehicles	4,216	5,376	6,262	7,010	8,280	7,588	8,590	8,834	4,973
Real Estate	5,604	7,762	9,604	13,329	17,314	14,086	16,739	21,899	10,691
TOTAL	17,258	21,879	26,732	32,262	37,857	32,222	38,178	44,068	23,342

Source: Assilea, data in Euro mln.

* the data include naval and aircraft contracts

Data from Assilea, an association which accounts for 98% of total Italian market, illustrate that the three major asset classes of the leasing market, real estate, equipment and vehicles, have grown significantly from 1997 to 2002, whereas in 2003 the growth was reduced, mainly because of the heavy volume of investments done in the previous years. During 2004 and 2005 data show growing volumes due to favourable market conditions and in 2006 data show volumes of around Euro 23,342 million, as of 30 June 2006, with an increase of 15.6% compared to June 2005.

The Italian leasing market has developed due to a number of factors, in particular certain tax advantages for entities which lease assets (in contrast to purchasing the assets) and due to the fact that there has been an increase in the awareness of borrowers regarding the greater flexibility and better timing offered by lease finance as compared to bank lending. The table below shows the annual percentage growth of the major asset classes of leasing in terms of volume for the Italian market in the period 1998 – June 2006.

Table 2: Annual percentage growth of the major leasing asset classes, 1998 – June 2006

Market Growth	99/98	2000/99	2001/2000	2002/2001	2003/2002	2004/2003	2005/2004	2006/2005
Real Estate	38.5%	23.7%	38.8%	29.9%	-18.6%	18.8%	30.8%	17.8%
Equipment*	17.5%	24.3%	9.7%	2.9%	-13.4%	21.8%	3.8%	17.9%
Vehicles	27.5%	16.5%	11.9%	18.1%	-10.1%	13.2%	2.8%	8.1%
TOTAL	26.8%	22.2%	20.7%	17.3%	-15.1%	18.5%	15.4%	15.6%

Source: Assilea, data in Euro mln; the ratio 2006/2005 is based on data as of 30 June of each year.

* the data include naval and aircraft contracts

In this growing market, Locat has been the leader; in the last years its market share in terms of volumes has ranged between 11% and 13%, with variations due to both market behaviour and particular transactions closed by Locat.

Table 3: Originated amounts and market share, June 2005 – June 2006

Company	Contracts originated as of June 2006		Contracts originated as of June 2005		Market share as of June 2006	
	Number	Amount	Number	Amount	Number	Amount
Gruppo bancario Banca Italease	16,998	3,718,633	15,180	3,260,258	7.02%	15.93%
Locat S.p.A.	19,266	2,924,778	17,849	2,285,737	7.95%	12.53%
Intesa Leasing S.p.A.	8,318	1,772,167	8,338	1,356,234	3.43%	7.59%

Sanpaolo Leasing S.p.A.	6,714	1,332,012	5,903	1,023,738	2.77%	5.71%
Banca Agrileasing S.p.A.	9,129	1,128,277	8,863	923,638	3.77%	4.83%
Gruppo Locafit	5,811	945,827	4,953	729,622	2.40%	4.05%
Gruppo Selmabipiemme Leasing S.p.A.	10,583	791,632	10,957	862,434	4.37%	3.39%
SBS Leasing S.p.A.	7,034	729,725	6,439	523,329	2.90%	3.13%
MPS Leasing e Factoring S.p.A.	4,452	699,626	4,690	644,517	1.84%	3.00%
Centro Leasing Banca S.p.A.	7,329	658,180	6,884	643,549	3.03%	2.82%
Gruppo ING Lease (Italia)	5,305	633,153	4,065	433,917	2.19%	2.71%
FINECO Leasing S.p.A.	7,582	608,996	8,271	651,622	3.13%	2.61%
Gruppo BPU Leasing - Esaleasing	6,157	595,580	5,064	696,518	2.54%	2.55%
SGEF Leasing	3,182	454,181	3,628	441,866	1.31%	1.95%
MCC S.p.A.	1,537	418,340	1,508	364,143	0.64%	1.79%
Others	122,824	5,931,217	114,739	5,347,575	50.71%	25.41%
TOTAL	242,221	23,342,324	227,331	20,188,697	100.0%	100.0%

Source: Assilea, data in Euro Thousands

In particular, Locat's market share reflects the recent company business strategies, which were particularly focused on real estate leasing, characterized by lower level of non performing contracts, valuable underlying assets and high margins over a relatively long period of time.

Table 4: Locat market share, June 2005 – June 2006

	Locat Volumes			Local Market Share		
	June 2006	June 2005	Delta	June 2006	June 2005	Delta
Vehicles	461,753	411,028	12.34%	9.29%	9.09%	0.35%
Equipment	692,402	562,155	23.17%	11.25%	10.73%	0.87%
Naval-Aircraft	406,039	299,813	35.43%	26.68%	27.52%	-0.63%
Real Estate	1,364,582	1,012,741	34.74%	12.76%	11.53%	1.61%
Total	2,924,779	2,285,737	27.96%	12.53%	11.64%	1.21%

data in Euro Thousands

Current strategies are based on three main objectives:

- (1) cost/income ratio reduction, thanks to synergies within the Group, streamlining of business processes and increase of originated volumes;
- (2) improvement of portfolio quality, thanks to a better knowledge of the territory through the direct channel and stricter selection applied by the banking and intermediaries origination channels;
- (3) coordination of all leasing activities of UniCredito.

Leasing Activity

Locat provides domestic leasing services in Italy. It operates by way of a multi-channel approach i.e. through a direct channel (18 of its own Branches, 4 Areas, 6 Leasing Points), a network of 148 Agents and approximately 177 Brokers (as of 30 June 2006) and a Banking channel (Branches

network of the Group and other associated banks). The contribution of each channel to contract origination is shown in the below table:

Table 5: Portfolio breakdown by origination channel

	Volumes			
	30 June 2003	30 June 2004	30 June 2005	30 June 2006
Agent and Brokers	62.3%	55.3%	64.4%	69.8%
Banking channel	22.7%	23.1%	20.3%	16.7%
Direct channel	15.0%	21.3%	15.3%	13.5%
Total	100.0%	100.0%	100.0%	100.0%

Source: Locat

The following tables show the composition of the Locat portfolio as at 30 June 2006, compared to the previous year, split by lease type and by geographical area.

Table 6. Portfolio breakdown by lease type

Lease Type	30/06/2006		30/06/2005	
	Number of contracts	Outstanding Principal	Number of contracts	Outstanding Principal
Naval-Aircraft	2,829	834,713,257	1,091	600,231,642
Real Estate	12,669	7,692,426,061	11,626	6,406,337,905
Capital Equipments	53,709	2,599,901,973	53,254	2,380,499,867
Vehicles	61,237	1,389,402,702	63,485	1,288,553,307
TOTAL	130,444	12,516,443,993	130,456	10,675,622,721

Source: Locat, data in Euro.

Table 7: Portfolio breakdown by Geographical Area in Italy

Geographical Area	30/06/2006		30/06/2005	
	Number of contracts	Outstanding Principal	Number of contracts	Outstanding Principal
North	81,347	8,565,682,699	79,672	7,691,828,008
Centre	26,441	2,358,899,451	15,900	931,543,075
South and Islands	22,656	1,591,861,843	34,884	2,052,251,638
TOTAL	130,444	12,516,443,993	130,456	10,675,622,721

Source: Locat, data in Euro.

Locat has a standard form of Lease Contract, which contains the following items: (i) standard terms and conditions (only in exceptional situations, Locat will agree to modify its standard terms and conditions); (ii) a description of the asset to be leased; (iii) the term of the rental period (the standard lease term is one-half of the expected life of the relevant asset, based on an amortisation schedule, and standard lease terms range from a minimum of 2 years in the case of car leases to a maximum of 12 years for certain real estate leases); (iv) details regarding the rental payment (in most cases

rental payments are paid by monthly instalments and by direct debit from the customer's bank account); (v) the purchase option price; and (vi) any other terms and conditions on which the parties agree.

According to the terms of the Lease Contract, the lessee is required to monitor the condition of the capital equipment, 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 customer varies according to the specific type of asset covered, but in all cases the policy must expressly be in favour of Locat. Such insurance coverage does not apply to ships and aircraft, the insurance terms and conditions of which are ascertained on a case by case basis.

At the end of the lease term, the customer has the option to purchase the leased asset for the residual price, or return the asset to Locat. The majority of Locat's customers choose to purchase the asset for the residual price. The residual price varies according to the type of asset leased and the term of the lease, but, as of 1 July 2006, it had an average value of 2.1% of the purchase price of the asset in the case of equipment, 8.3% of the purchase price in the case of vehicles and 20.5% in the case of real estate.

If a customer breaches its payment obligations under a Lease Contract, Locat is entitled, amongst other things, to recover the asset and sell it or re-lease it to a third party.

Board of Directors

The table below sets out the names of the current members of the Board of Directors, together with their positions.

Table 8: Board of Directors

Name	Position
Vittorio Ogliengo	Chairman of the Board
Francesco Mezzadri Majani	Vice-Chairman of the Board deputy
Luigi Marino	Vice-Chairman of the Board
Rosario Corso	CEO
Regina Prehofer	CEO
Mario Aramini	Director
William Arletti	Director
Franco Asquini	Director
Aldo Bacchiocchi	Director
Gianni Coriani	Director
Fausto Galmarini	Director
Alessandro Marcheselli	Director
Enrico Montanari	Director
Giuseppe Serre	Director
Luigi Verrini	Director

Locat's current Managing Director is Luca Lorenzi; Deputy Managing Director is Elvio Campagnola. The General Management is based in Milan, viale Bianca Maria, 4. Locat's registered office is in Bologna, Piazza di Porta Santo Stefano 3.

Organisational structure

Locat's organisational structure is based on Headquarter Departments (called "*Direzioni*"), Units ("*Unità Organizzative*") and Areas (which are further divided into Branches).

Under the responsibility of the General Manager (supported by the Deputy General Manager) there are four "Departments":

- Network Management
- Credit
- Administration and Operative Processes
- Resources

Within these entities, there are several Units and Committees, such as

- General and Corporate Affairs
- Operative
- Planning and Risk Management
- Finance
- Marketing and Web
- Insurance
- Accounting and Fiscal Affairs
- Balance
- Legal
- IT
- Agents Network
- Banks Network
- Credit Analysis
- Credit Policies and Monitoring
- Workout

- Logistic
- Organisation
- HR

All the Departments, Units and Committees are assigned to specific tasks by the Board of Directors.

Financial Highlights	30/06/06	30/06/05	Var a/a %	Var a/a %mln euros
Total Loans	13,973.3	11,863.8	17.8%	2,109.5
Contribution margin	123.2	115.9	6.3%	7.3
Total administrative cost	-41.4	-41.0	1.0%	-0.4
Net profit	48.2	43.8	10.0%	4.4
Locat new production:				
Volumes	2,924.8	2,285.7	28.0%	639.1

data in Euro mln

Shareholder's equity amounted to EUR 372,560,610.00 as at 30 June 2006, composed of 186,280,305 shares of EUR 2.00 each.

CREDIT AND COLLECTION POLICY

Origination of the leases

The commercial network of Locat is continuously expanding and it is currently composed of three channels:

- (1) *Direct Channel*, with 4 Areas, 18 local Branches and 6 Leasing Points;
- (2) *Agents and Brokers Channel*, with 150 Agents and approximately 200 Brokers, located throughout Italy;
- (3) *Banking Channel*, throughout the banking network of the Group and of other agreed Banks.

The Direct Channel

Direct origination of leasing contracts by Locat is performed thanks to a network of 4 Areas (North East, North West, North/Centre, Centre/South), 18 local Branches spread over the national territory and 6 Leasing Points. The Direct Channel supports also the credit monitoring processes.

The Agents and Brokers Channel

Locat uses a network of about 150 external Agents which sell leasing contracts. The status of the Agents can vary according to the nature of their relationship with Locat. An Agent will be classified as one of the following:

- (a) Agent with operating tasks (A1 and A2);
- (b) Agent without operating tasks.

Agents A1 supply global services and manage post-selling procedures for vehicle lease. Agents A2 oversee operations until the signing of the contracts (and in case of vehicle leases until the supplier has been paid). Agents are appointed by the Agents Network Unit on the advice of the local Locat Branch and pursuant to the approval of the appointment by the Head of the relevant Area (Locat branches are divided into territorial Areas and each Area is headed by a Commercial Director). The Agents Network Unit co-ordinates and controls Agents. The credit quality of all lease contracts originated by Agents are assessed by Locat structures, according to specific criteria. Locat continuously monitors the credit quality and delinquency experience of lease contracts originated by Agents so as to maintain control over their impact on the global portfolio quality. In accordance with Locat's policy of continual review of lease contracts originated by Agents, the remuneration of Agents is partly established at the start date of lease contracts and partly based on incentives which depend on the achievement of pre-determined objectives and the performance of the lease contracts is measured over several months.

Alongside the Agents, Locat is able to originate lease contracts through a network of Brokers. Following a thorough review, Locat reduced the number of Brokers used from 650 in 1997 to approximately 200 in 2003. Brokers are appointed by the Agents Network Unit on the advice of the

local Locat Branch and following the approval of the appointment by the Head of the Area. Brokers are controlled both centrally and territorially.

All lease contracts originated by Brokers need to be approved by Locat, in terms of risks and profitability. Similarly to the Agents, a part of a Broker's remuneration is based on the performance of the lease contracts which they originate, which is measured over a period of time.

The Banking Channel

The Banks' distribution network comprises two groups of Banks: those which are part of the Group and those which are external to the Group.

The following institutions fall into the first group: UniCredit Banca d'Impresa, UniCredit Banca, UniCredit Private Banking, Xelion Banca, Cassa Risparmio Carpi e Banca dell'Umbria 1462.

Those included in the second group are: Area Banca, Banca CR di Savigliano, Banca Carime, Banca Popolare di Cremona, Banca Sai, Cassa di Risparmio Fossano, Cassa di Risparmio Saluzzo, Cassa di Risparmio Bra, Cassa di Risparmio Cento e Cassa di Risparmio di Brendola.

Locat has offered incentives to specific Banks in certain circumstances or in special periods. An incentive could be either an economic incentive for the Bank itself or an incentive directed to its personnel through various types of bonuses. Statistics, which are collated both centrally by Locat and also at Branch level, show data relating to the production, profitability and litigation of the Lease Contracts originated by each Relationship manager of each Bank.

The underwriting process – Automatic procedure

Locat credit underwriting processes present a common feature in that they are all supported and managed by the company IT system, but they are diversified according to certain criteria such as the overall exposure towards the counterparty, the type of the counterparty (i.e.: large clients, intra Group clients), the type of transaction (i.e.: real estate lease-back) and the underlying asset.

For application up to Euro 100,000 (with a weight of 100% for equipment lease, 50% for vehicle leasing and 33% for real estate leasing) and excluding particular types of borrowers, contracts and assets which require further analysis or higher deliberating faculties, the entire process is managed automatically by an electronic procedure called "Pratica Elettronica" ("**PE**"). This procedure is fed by a large amount of data and information stored in the internal electronic archives or downloaded by external credit information and statistics providers, as described later. Once Locat commercial structures have received the client's application and have uploaded it into the IT System, PE starts retrieving information and then applies some algorithms that define whether an application is acceptable or not, given the characteristics of the loan, the asset and lease type. In all the circumstances where PE limits are overcome, an additional traditional credit analysis is performed and the automatic analysis performed by PE is integrated by further activities until the final decision is taken by the relevant body.

The underwriting process – Non automatic procedure

The Preliminary Investigation (l'istruttoria)

The traditional (i.e. non automatic) analysis starts from the feedback and the elaboration received by the automatic client valuation, to which it adds additional analysis and it is based on two levels of investigation: the first level is conducted by Locat employees working in local Branches, whereas the second level is carried out by the Credit Analysis Organisation Unit. Some aspects of the Preliminary Investigation can be delegated to either: (i) Agents who will be able to carry out a search at the Chamber of Commerce, an investigation into the credit history of a proposed customer, a search of the Assilea database and will be able to obtain such other information as is available according to the type of potential customer; or (ii) the Bank network which may already provide certain information in relation to the potential customer. In addition to the Preliminary Investigation, internal Investigation Centres (physically located in each Locat Area but functionally depending from the Credit Department) will perform an assessment of the balance sheet, financial results and other credit indicators of a potential customer and of its guarantors. Moreover, the Investigation Centres undertake an appraisal of the value of the asset and evaluate the price, obsolescence and liquidity of the asset.

The Investigation Centres produce a comprehensive presentation sheet detailing the appraisals and analysis carried out. The Investigation Centres evaluate the risk to be undertaken with the economic situation of the potential customer, and highlight the motivation of the application and the flows of funds necessary to repay the obligations under the Lease Contract.

Information about the Clients

At the outset of each request, Locat consults internal and external archives such as:

1. the Assilea Credit Bureaux (Italian leasing association)
2. the Cerved Database
3. the Bank of Italy Credit Bureaux (Centrale Rischi)
4. Other private Credit Bureaux (Crif and Experian)
5. Centrale Bilanci (CEBI) Database
6. UniCredito Global Position (for shared clients)

in order to ascertain whether or not a potential customer has a negative credit history or been the subject of any reports carried out by other firms operating in the same sector and also (if applicable) to ascertain the amount of the customer's outstanding debts.

Assilea

Assilea database was established by the main Italian leasing companies. This database contains detailed information on customers which have entered lease contracts with leasing companies associated with Assilea. Assilea data can only be consulted by an Assilea associate and exclusively through INTESA, an on-line data transmission system that covers Italy. Each month, Locat and other Assilea associates update the database with information regarding their customers. Assilea represents almost 95% of the leasing market.

The Database allows the following information to be obtained in relation to a proposed customer:

- data as to whether or not a potential customer is already engaged in lease contracts and if so to what extent. If the name of a potential customer is listed in the archives of Assilea, it will also be possible to ascertain with how many companies it has lease contracts, the amount of the lease contracts and how much has been repaid of such lease contracts;
- any advance payment rate with which, on average, the potential customer has repaid obligations it has assumed in relation to other lease contracts;
- the liabilities of a potential customer (including details of any amounts maturing in the short period);
- the regularity of repayments and, if applicable, any details of non-payment.

Cerved

The Cerved Database allows a subscriber to consult the following information:

- certificate from the Chamber of Commerce;
- any certificate or notice of protest regarding the non-payment of liabilities,
- certificate of real estate property (from the land registry);
- corporate capacity and title of the individuals;
- analytical and synthetic financial reports;
- shareholding structure.

This information is vital for good risk assessment and in particular, to assist in recovery of the credit (before and after the formal default).

Bank of Italy Credit Bureaux

Italian credit institutions have centralised, at a national level, different sets of data on leasing customers such as overdrawn amounts, delinquency or default records.

The analysis of information available on the Central Risks Database is key to risk assessment. The Central Risks Database provides useful and very precise information regarding the credit position of an individual or company. Information in relation to a potential customer include:

- default records;
- reduction of available credit;
- excess use of financial instruments with specified maturity;
- repeated exceeding of authorised limits;

- guarantees provided;
- number of information requests regarding a particular client or individual.

Private Credit Bureaux

This is a database managed by private companies (CRIF, EXPERIAN), that provide statistics about corporate and retail clients identified by Banks and Financial Institutions, detailing the presence of delinquencies and legal procedures against the client.

Centrale Bilanci ("CEBI") Database

Central balance sheets bureaux (Centrale dei Bilanci Spa) is a company whose shareholders are Bank of Italy and other major Italian banking groups (including the Group).

CEBI database provides reclassified balance sheet information for a large number of companies, giving details on particular ratios or aspects of the economic activity and assigning to each company a quantitative rating based on financial and accounting parameters.

Global Position in UniCredito ("PGA")

The integration between the different institutions of the Group makes it possible for Locat to use an internal Group software which synthesizes the most important credit information analyzed by the Banks part of the Group.

It is possible for Locat to access various information about the counterparty and its affiliated companies:

- customer master information and business classifications of the counterparty (location, address, account branch, business sector, turnover breakdown by products, region, etc);
- balance sheet information;
- balance sheet ratios;
- behavioural score assigned to the client by the SMR (a monitoring system used in the Group, which identifies the clients whose credit profile is going to deteriorate in the next twelve months)
- exposure information with Italian Legal Entities of UCI Group

Analysis of the asset

The analysis of the client credit profile is then integrated with the analysis of the underlying asset. Most of the assets are appraised by dedicated professionals by either internal Locat Technical Service (*servizio tecnico*) or by external appraisal companies.

For Aircraft and Ships, appraisals are completed by qualified experts, whose evaluation takes into consideration the present value of the asset, the fungibility of the asset and its commerciability over

time. In addition to the initial appraisal, the asset will need to be maintained, inspected and audited throughout the term of the Lease Contract.

In relation to other assets, appraisals are conducted by Locat personnel. Appraisals will either be conducted on the asset itself (whereby certain factors such as price, fungibility, compliance with regulations regarding health and safety, etc will be considered) and /or on the supplier or constructor itself.

For Real Estate properties, the appraisal is conducted by an external expert chosen by Locat. The appraisal process allows the consideration and evaluation of the possible restrictions, situation and state of conservation of the real estate asset and in addition further evaluation of the seller. Real Estate assets to be built or to be restructured would require further evaluation and appraisal.

Motor vehicles (cars, trucks or coaches) are considered more liquid assets and generally require less technical assessment. However, the adequacy of the price and the tradability of the assets are thoroughly reviewed (using internal and Eurotax data on the relevant markets).

For Equipment and Plant Machinery, a standardisation of the appraisal technique is more difficult. A cautious appraisal is adopted prior to acceptance of a Lease Contract in relation to these assets. Appraisals are carried out by professionals working within the relevant sector who are part of a dedicated office integrated in the credit decision structure of Locat.

The technical analysis prior to the final decision phase can lead to four types of outcome:

- *operazione indesiderata* (transaction refused): the seller or the buyer of the asset is refused because of a negative commercial or credit history;
- *parere negativo sul bene* (negative opinion on the asset): the price has been considered inadequate, or the second-hand market too underdeveloped (the recovery would be too expensive) and the transaction is refused;
- *parere positivo con impegno di ricommercializzazione da parte del fornitore* (positive opinion with re-sale commitment on the part of the seller): the outcome is positive on the asset regarding its quality and its price, but the second-hand market is considered underdeveloped, and a commitment of the seller is required for the re-sale of the asset in case of necessity;
- *parere positivo con indicazione del deprezzamento* (positive opinion with indication on the depreciation): the asset is considered tradable, however concerns exist regarding the commercial depreciation of the asset. Evaluation of the expected level of depreciation will be undertaken and account will be taken of factors such as the category of the asset, the level of obsolescence, any additional accessories from which the Asset benefits, the size of the sector of utilisation, and the size of the second-hand market.

If the outcome is *operazione indesiderata*, the decision is transferred to the immediately superior level of Locat personnel. If the outcome is *parere negativo sul bene* or *parere positivo con impegno di ricommercializzazione da parte del fornitore* it is necessary for the current decision-making level to provide an explanation and information on the quality of the potential applicant.

In the last case, the positive outcome is, however, subject to an opinion on the depreciation.

For Equipment and Plant Machinery, the technical analysis continues after the signing of the contract. This last phase, which is prior to the payment of the seller, is consistent with European legislation regarding health and safety.

Final decision and post signing activities

Once client, asset and transaction analysis have been performed, the body within Locat having the required faculties takes the final decision.

The decision can be taken at a Branch/Local Area level for transactions of smaller amount and lower risk, whereas personnel of the Credit Department will take a decision for larger/riskier transactions, according to a precise delegation system.

The time needed for the approval process for an application ranges from approximately 3/4 days to approximately 12/13 days according to the decision level, the complexity of the application and the amount of information available and required for the decision.

If the outcome of the decision process is positive, a Locat Branch will prepare the lease contract. However, this task may be partially or totally delegated to a Bank or an Agent, according to the pre-established structure of the transaction. The role of the Branch can either be (i) to act as a support to the Bank or Agent, (in which case the Branch will receive the lease contract and carry out a review of the document); or (ii) to arrange for the complete management of the transaction.

Once the contracts have been signed, the required guarantees agreed and all checks and controls completed, the purchase order is sent to the seller. All the documentation is then sent to the Head Office for review.

At this point, the management of the contracts is undertaken by the Head Office staff through the on-line informative system AS 400 (an information system used throughout the leasing industry), which sends the order for payment to the seller through the on line inter-bank system INTESA (except for light vehicles for which the payment is made directly by the branches) and manages the contract during its various phases (calculation of the amortisation, receipt of the instalments, possible phases of recovery).

Control activities

Automatic (i.e. realised by the IT system) and manual (i.e. performed by personnel of local and central credit analysis units) controls are performed both before the signing of the contract and after this moment, on a on going basis. Locat controls can be divided into three categories:

- (1) first level: these are *operative controls*, focused on a specific client or transaction, both in automatic and manual form (example of client controls: customer master information, client/guarantor identity, accounting data, consistencies among different credit bureaux indications, etc; example of transaction controls: check of deliberating body faculties, formal control on contracts, formal adequacy of the guarantees etc).

- (2) second level: these are *higher level controls*, focused on aggregated sub-portfolios credit quality: performance breakdown by origination channel, lease type, year of origination, location of the client, industry type. A particular focus is put on non performing clients. Second levels controls are executed by UO or Committees which report to the General Manager (Legal UO), the CEO (Planning and Risk Management UO) or to the Credit Department (Credit Monitoring UO) or to the Administration Department (Finance UO, Operational UO), provided that such controls second levels are, in any case, managed by third entities in analytical, or concise, or automatic or manual form.
- (3) third level: *auditing controls*, executed, on a sample basis, by the Unicredit Audit S.p.A. and aiming at the verification of compliance with both credit and formal requirements. The UniCredit Audit S.p.A. operates both in the local network and in the central offices; relevant findings of its analysis are reported to the Statutory Auditors, to the Board of Directors and to the CEO.

Collection activity

Although Locat customers use various forms of payment, automatic bank transfers (direct debit) cover almost all of the total payments. The following table sets out the methods of payment as at 1 July 2005:

DESCRIPTION	% OF VALUE
Automatic transfer (R.I.D.)	94.65 %
Bank transfer	4.64 %
Bill of exchange	0.48 %
Bank receipt	0.01 %
Direct Payment	0.22 %

Source: Locat

With the R.I.D. procedure the client gives an authorisation to his bank to debit his account on the dates payments are due. Locat sends periodically the payment details to the clients' bank. The bank will credit Locat only if the funds available on the client account are sufficient to pay the entire amount due, otherwise the instalment will result as unpaid ("insoluto"). Payments are entered in the system immediately after they are executed. It takes Locat up to 5-6 days after the payment becomes due to verify the missed payment and classify definitely a contract as unpaid.

Recovery activities

Credit recovery activity is diversified in relation to the number and amount of unpaid instalments, the length of the delay and the legal status of the client (i.e. defined as defaulted by banking system). On the basis of these criteria, a classification of delinquent and defaulted positions has been defined and this classification represents the framework for the entire recovery process. The classification can be applied only by the body within the organization having the required faculties in terms of recoveries actions.

Classification of unpaid contracts

1. Similar to regular contracts ("*Assimilate a regolari*")

This situation defines positions for which no recovery action has been taken, given that the payment by client has been debited but not paid as it is not yet due (in case of RID payment) or is due and unpaid by no more than 25 days (in case of bank transfer);

2. Solicited ("*Sollecitate*")

This situation covers positions for which an initial contact with the client has started, either in automatic way (postel) or via a direct meeting or call through the local structures of Locat;

3. Monitored ("*Sorvegliate*")

Identifies debtors who have not paid although a remainder has been sent or a solicitation by the local structures has been done and they were both ineffective; and for whom the Credit Recovery Unit can appoint an external recovery agent or company or decide to reschedule the timing of the payments;

4. Restructured ("*Ristrutturate*")

This definition applies to counterparties affected by deteriorated financial conditions that have been entitled (after authorization by the relevant deliberating body) to modify the original financial terms that determined a loss on their exposure;

5. Doubtful loan ("*Incagliate*")

This definition reflects Bank of Italy's guidelines and applies to clients that either have a specific number of unpaid instalments (according to the loan tenor and coupon frequency) or applies to counterparties that present a temporary situation of financial weakness, which is deemed to be cured in limited time. This definition also applies to counterparties whose contracts have been rescinded or for which legal actions have been taken;

6. Non performing loan ("*Sofferenze*")

This definition reflects Bank of Italy's guidelines, according to which banks must classify a loan as "*in sofferenza*" (non-performing), regardless of the availability of further guarantees, when the customer is in serious and long-term economic or financial difficulty or insolvent (even if not ascertained by a court) or is subject to insolvency or liquidation proceedings.

Involved Units/Entities

The first phase of the recoveries carried out by Locat is conducted by the Credit Recovery Unit with the strong involvement of the personnel in the Areas and in the Branches network. The organisational rationale for this partial delegation derives from:

- the proximity and attention to the customer required during the first phase of recovery;
- the major promptness and efficiency of intervention, whatever the reason of non-payment;
- the need on the part of the Areas to monitor payment, aiming at maintaining a portfolio of constant quality.

The Areas are in charge of ensuring the correct functioning of the payment system chosen for each lease contract, providing a quick first intervention on delinquencies, controlling the cycle of the reminders sent to the customers, and finally managing all types of phone contact with the customers. Their action should follow various priorities based on the lease contract, the amount of risk and the type of the goods. In these tasks, Locat is assisted by the A1 Agents, who are responsible for recovery activity in respect of the contracts they have originated. This does not incur any extra cost for Locat since the A1 Agents conduct this activity with the exclusive aim of maintaining the quality of their portfolio. Indeed, the quality of their portfolio after the first 18 months determines a large part of their remuneration.

The recovery process is based mainly on automatic tools (i.e. reminders, letters electronically generated) in the first phases whereas the use of specific actions is taken in case of longer delays or more problematic contracts.

While the Credit Recovery Unit manages contracts unpaid but not defaulted, the management of defaulted positions (defined as either "*in incaglio*" or "*in sofferenza*" as per Bank of Italy definitions) is carried out by the Legal Unit ("LU"), external lawyers or specialised recovery firms.

From an organisational point of view, the LU is divided into 2 offices: one in charge of the real estate, equipment and plant machinery and the other in charge of the vehicles only. This separation stems from the need to provide different approaches and skills for types of assets with largely different characteristics.

Lease contracts terminated in advance due to the theft or destruction of the asset do not follow this scheme: they are managed by the Insurance Unit ("IU") until payment of the compensation by the insurance company. The lease contracts whose compensation is lower than the amount due will be sent to the Credit Recovery Unit or to the LU if the IU has received information requesting to send them directly.

Brief overview of the procedure

Following a delay of 30 days in payment, the recovery procedure will commence with the automatic sending of a first reminder by post. A second reminder of the same type will be sent after a further 30 days delay if no response has been received. In the meantime, those positions are managed by the relevant Area, except for positions of particular relevance, that are managed directly by the Credit Recovery Unit. The management of those positions consists of the collection of relevant information by the clients, the running of reminders for a defined period, the settlement of the position.

If these first interventions prove to be unsuccessful, the following steps are taken:

- the relevant Area keeps the responsibility for the management of the delinquent contracts for more direct action, but reports to the Credit Recovery Unit; or
- an external recovery company is entrusted with the management of the contract according to a standardised procedure, under which the recovery company is granted a mandate and receives a file with complete information on the lease contract (start date, end date, type and value of the asset, interest rate, guarantees, etc). The mandate has a 60-day term, after which

the external recovery company delivers a report stating the outcome of the actions undertaken to the Credit Recovery Unit. The remuneration of the external recovery company depends exclusively on the amount recovered; or

- the A1 Agents are entrusted for a 60-day period with the recovery action (i.e., full reimbursement of the amounts due, or agreement on an amortisation plan in respect of the relevant amount, or repossession of the asset) in respect of the contracts they have originated and in respect of lease contracts related to vehicles. After this period of time the responsibility of the process returns to Locat.

For vehicles, if the first phase of the recovery process has not produced a positive outcome, the Area, the external recovery company or the A1 Agent in charge is entitled to attempt to recover the asset. If he achieves seizure of the asset, it will be sold at market price.

At the end of the first phase of the recovery procedure, if no positive outcome has been reached (i.e., full reimbursement of the amounts due, or agreement on an amortisation plan in respect of the relevant amount, or repossession of the asset) the office in charge of the contract in Locat (according to the comprehensive risk on this customer) will transfer its management to the Legal Unit.

The Legal Unit will examine preliminarily the transferred contracts, in order to:

- move the position from temporary insolvency to insolvency;
- establish a recovery procedure;
- define responsibilities in the management of the position
- inside the Legal Unit.

On average, contracts based on automatic transfer payment (R.I.D.) are transferred to the LU after 120-150 days of delay. However, if a customer has already been recorded by the Bank of Italy for a previous default or his credit profile has shown relevant signs of worsening, his contract can be sent to the LU and classified as defaulted even earlier than this standard time.

If no positive outcome has been reached following the out of court procedures, the relevant LU office will proceed to rescind the contract and will formally require the immediate payment of the full outstanding amount. External counsel will be instructed in relation to the rescission of the contract, but will always be monitored by professionals from the LU of Locat. According to the circumstances, external counsel will seek to either recoup the due amount or repossess the asset. If external counsel seeks to recoup or seeks to recover the due outstanding amount, the procedure will involve all of the possible guarantors.

The decision to retain external lawyers to carry out the legal procedure comes mainly from economic considerations. In some cases in particular, when the LU considers the commencement of a legal action to be economically inefficient, it may record the outstanding amount as a loss and/or cancel the asset and will undertake the definitive closing of the contract.

Locat has formal agreements with 10 external lawyers pursuant to which the lawyers are entitled to receive fees no higher than Euro 1,250 for each transaction closed following a normal recovery procedure (notice, injunction for both payment and restitution of the asset, court order, legal executive procedure, petition for bankruptcy, other types of petition, support for other types of creditor recovery procedures, support during the foreclosure).

As a rule, started legal actions are carried out until their conclusion, except if the customer or its guarantors repay the total outstanding amount in the meantime or if a settlement out of court is reached.

The interaction with UGC

Recovery activities on both delinquent and defaulted clients are supported by specialized companies, such as UniCredit Gestione Crediti Banca S.p.A. ("UGC"), a bank part of the Group, which was created from the former MedioVenezie Banca SpA. UGC is a specialized entity dedicated to recovery activities for Group clients as well as for external parties.

The UGC strategy focuses on minimizing the delay in recovery collections and on maximizing the recovered amount. The main elements of UGC's strategy are:

1. speedy and timely recoveries
2. focus on restructuring and out-of court settlements
3. focus on reducing the recovery cost
4. specialized processes for each type of receivables, i.e. Personal (unsecured/secured), Corporate (unsecured/ secured) or receivables arising from bankruptcy proceedings.

As one of the leading credit recovery institutions in Italy UGC benefits from an extensive database of information which has proven valuable in making the decisions which lead to the most successful outcome. The database contains information, for example, on the average time required for foreclosure proceedings in each Italian court, prices achieved at auctions, real estate market data or the costs of legal advisors and surveyors. The database allows UGC to quantify the likely outcome of each recovery position in advance with a high degree of accuracy and to use this calculation as a powerful decision making tool throughout the process.

UGC has been interacting with Locat for more than three years and during this period the coordination between the two structures has been growing, bringing visible results.

For delinquent Locat contracts, UGC operates as other external firms/agents, within a 60 day mandate, but with the advantage of exchanging information by means of access to Locat IT system (and vice versa) and coordinating the communication with the delinquent client. For defaulted contracts, UGC manages all the contracts with an exposure of less than Euro 250,000; UGC coordinates and monitors the actions of external consultants and legal firms appointed by Locat and provides outsourcing of back office services, ensuring a more efficient management of recoveries.

Insurance cover

It is important for Locat to have the leased assets covered by suitable insurance policies. One of the two following options will be undertaken by Locat:

- the client takes out an "all risks" insurance convention pre-agreed between Locat and leading Italian insurance companies
- the client takes out an insurance policy on its own (meeting Locat requirements)

The pre-agreed "all risks" convention is proposed to each client when signing the leasing contract and sponsored by Locat. If instead a client decides to take out an insurance policy on its own (always in favour of Locat), Locat always requires a copy of such contract in order to verify whether it contains all the clauses required (technical guarantees, norms) and asks for modifications if necessary.

If at some point the client does not pay the insurance premium, Locat is immediately informed (as stipulated in the insurance contract clause in favour of Locat) and has 30 days to contact the client and request that any unpaid and due insurance premium is paid immediately. During this 30-day period, the asset remains covered by the insurance policy.

Insurance Unit

Whenever loss of the leased asset is suffered due to a theft, damage or any event which necessitates contact between Locat and an insurance company, the management of such Lease Contract is transferred to the Insurance Unit. The IU is in charge of:

- rescinding the relevant Lease Contract;
- recording the penalty due from the customer for the loss of the asset (in practice, this means notifying the outstanding principal amount);
- sending a request in writing to the insurance company that the insurance indemnity will be paid directly to Locat as owner of the Asset and beneficiary of the insurance policy;
- sending to the insurance company all documents necessary for release of the insurance payment;
- requesting payment from the insurance company for the damage or loss of the Asset;
- signing the insurance policy receipt for the amount agreed with the Customer and/or otherwise deemed appropriate by Locat;
- doing all that is necessary so as to prevent the expiry of the insurance company's obligation to pay under the insurance policy and to obtain payment of the insurance monies including the delivery of a notice of default to the insurance company.

THE ISSUER

The Issuer was incorporated in the Republic of Italy (with the register of enterprises held in Treviso) pursuant to the Securitisation Law as a limited liability company on 23 November 2004 under the name of Canapeo Finance S.r.l. (renamed Locat Securitisation Vehicle 3 S.r.l. pursuant to the Issuer's quotaholders meeting of 15 September 2005) and registered in the register held by *Ufficio Italiano dei Cambi* pursuant to article 106 of the Banking Act and in the special register held by the Bank of Italy pursuant to article 107 of the Banking Act. On 6 November 2006 the Issuer has changed again its denomination into Locat SV S.r.l..

Since the date of its incorporation the Issuer has not engaged in any business other than the purchase of the Previous Portfolio and the issuance of the Previous Notes under the Previous Securitisation.

The authorised and issued capital of the Issuer is Euro 10,000 wholly owned by SVM Securitisation Vehicles Management S.p.A..

Principal Activities

The principal corporate object of the Issuer, being a special purpose vehicle, is to perform securitisation transactions (*operazioni di cartolarizzazione*) by issuing asset-backed securities in compliance with the Securitisation Law, as further set out in article 3 of its By-laws (*statuto*). The Issuer has been established as a multi-purpose vehicle and accordingly may carry out other securitisation transactions in addition to the Previous Securitisation and the Securitisation, subject to the restrictions which are detailed in Condition 3.

Accordingly as long as any of the Notes remain outstanding, the Issuer shall not be entitled to incur any other indebtedness for borrowed money (except in relation to the Previous Securitisation and any further securitisation carried out in accordance with the Transaction Documents) or engage in any activities (other than acquiring and holding the assets on which the Previous Notes and the Notes are secured, issuing the Previous Notes and the Notes and entering into the documents executed in the context of the Previous Securitisation and the Transaction Documents to which is a party), pay any dividends, repay or otherwise return any equity capital, have any subsidiaries, employees or premises, consolidate or merge with any other person or convey or transfer its property or assets to any person (otherwise than as contemplated in the Conditions or the Intercreditor Agreement) or increase its capital.

Employees

The Sole Director of the Issuer is Mr Andrea Perin, who was appointed for the period from the Issuer's incorporation until resignation or revocation.

The Issuer's registered office is located at Via Vittorio Alfieri No. 1, 31015 Conegliano (TV), Italy, phone number 0039 0438 360 900.

The Issuer has no employees.

Capitalisation and Indebtedness Statement

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

Quota capital	Euro
Issued, authorised and fully paid up capital	10,000.00
Loan Capital	Euro
Previous Securitisation (principal amount outstanding)	
Class A1 € 451,000,000 Asset Backed Floating Rate Notes due 2026	451,000,000
Class A2 € 1,349,000,000 Asset Backed Floating Rate Notes due 2026	1,349,000,000
Class B € 160,000,000 Asset Backed Floating Rate Notes due 2026	160,000,000
Class C € 33,000,000 Asset Backed Floating Rate Notes due 2026	33,000,000
Class D € 7,000,136 Asset Backed Variable Return Notes due 2026	7,000,136
Securitisation	
€ 400,000,000 Class A1 Series 2006 Asset Backed Floating Rate Notes due 2028	400,000,000
€ 1,348,000,000 Class A2 Series 2006 Asset Backed Floating Rate Notes due 2028	1,348,000,000
€ 152,000,000 Class B Series 2006 Asset Backed Floating Rate Notes due 2028	152,000,000
€ 64,000,000 Class C Series 2006 Asset Backed Floating Rate Notes due 2028	64,000,000
€ 8,909,866 Class D Series 2006 Asset Backed Variable Return Notes due 2028	8,909,866
Total loan capital (euro)	3,972,910,002
Total capitalisation and indebtedness (euro)	3,972,920,002

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

Financial statements and auditors' report

Copy of the financial statements of the Issuer for each financial year since the Issuer's incorporation may be inspected and obtained free of charge during usual business hours at the specified offices of the Irish Paying Agent and at the specified office of the Representative of the Noteholders.

Since the date of its last statutory financial statements, there has been no material adverse change in the financial position of the Issuer.

The following is the text of a report received by the Quotaholder of the Issuer from Dott. Lino De Luca, independent auditor to the Issuer, with office at Via Vittorio Alfieri, 1, 31015 Conegliano (TV) and certified public accountant enrolled with the register held by the *Ordine dei Dottori Commercialisti* of Treviso. The Issuer's accounting reference date is 31 December in each year.

"To

Locat SV S.r.l. (the "Issuer")

Via Vittorio Alfieri, 1
31015 Conegliano (TV)
Italy

To the kind attention of Mr. Andrea Perin, Sole Director

Conegliano, 7 December 2006

Dear Sirs,

I am reporting in connection with the listing and sale of € 400,000,000 Class A1 Series 2006 Asset Backed Floating Rate Notes due 2028, € 1,348,000,000 Class A2 Series 2006 Asset Backed Floating Rate Notes due 2028, € 152,000,000 Class B Series 2006 Asset Backed Floating Rate Notes due 2028, € 64,000,000 Class C Series 2006 Asset Backed Floating Rate Notes due 2028 and € 8,909,866 Class D Series 2006 Asset Backed Variable Return Notes due 2028 (collectively, the "Notes") to be issued by Locat SV S.r.l. (the "Issuer"), referred to in the prospectus to be dated 12 December 2006 (the "**Prospectus**").

Terms not defined herein shall have the meaning ascribed to them in the Prospectus.

Basis of preparation

The financial information set out below (the "**Financial Information**") is based on the restatement in accordance with International Accounting Standard IAS/IFRS (the "**IAS/IFRS accounting standards**") of the statutory financial statement of the Issuer for the period from 23 November 2004 to 31 December 2005 and on the non-statutory financial statement from 1 January 2006 to 7 December 2006 prepared in accordance with IAS/IFRS accounting standards (together with the restatement of the statutory financial statement, the "**Financial Statements**").

Responsability

The Financial Statements are the responsibility of the Director of the Issuer who approved the issue of the Notes. The Issuer (and any other persons referred to in the Prospectus as accepting responsibility for the same or any part thereof) is responsible for the contents of the Prospectus in which this report is included.

It is my responsibility to compile the Financial Information set out in my report from the Financial Statements. I have conducted my work in accordance with IAS/IFRS accounting standards and reporting practices. It also included an assessment of significant estimates and judgments 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.

Opinion

In my opinion the Financial Information set out below give, for the purposes of the Prospectus a true and fair view of the state of affairs of the Issuer as at the date stated.

Financial Information

Statement of Current Assets, Capital and Reserves

	7 December 2006 <i>euro</i>	31 December 2005 <i>euro</i>
Assets		
Cash and due from banks	4,177	4,315
Other assets	68,386	22,946
Total	72,563	27,261
Liabilities and capital		
Suppliers	12,526	16,155
Other liabilities	50,037	3,090
Capital	10,000.00	10,000.00
Losses of the year		
Losses of Previous year	(1,984)	(2,480)
Profit of the year	1,984	496
Total	72,563	27,261

(*) With reference to 31 December 2005, these items comprise the adjustments due to the application of the IAS/IFRS accounting standards to the statutory financial statement, originally prepared in accordance with Italian accounting principles.

The Purchase Price of the Initial Portfolio: € 1,972,909,866.07.

Notes to the statements:

1. Basis of Preparation

The statements have been prepared in accordance with IAS/IFRS accounting standards. In particular, the statutory financial statement referred to the period 23 November 2004 to 31 December 2005, prepared in accordance with Italian accounting principles, has been restated in accordance with IAS/IFRS accounting standards.

2. Incorporation and Trading Activity

The Issuer was incorporated on 23 November 2004 with the sole object to perform one or more securitisation transactions.

On November 2005 the Issuer carried out the Previous Securitisation pursuant to Italian Law No. 130 of 30 April 1999. The Previous Securitisation involved the purchase by the Issuer from Locat S.p.A. of three portfolios of lease receivables originated by the latter during its ordinary course of business. Locat S.p.A. is the servicer of the Previous Securitisations.

On 18 November 2005 the Issuer financed the purchase of the Previous Portfolio through the issuance of euro Class A1 € 451,000,000 Asset Backed Floating Rate Notes due 2026, Class A2 € 1,349,000,000 Asset Backed Floating Rate Notes due 2026, Class B € 160,000,000 Asset Backed Floating Rate Notes due 2026, Class C € 33,000,000 Asset Backed Floating Rate Notes due 2026, Class D € 7,000,136 Asset Backed Variable Return Notes due 2026.

All administrative and start-up expenses that the Issuer has incurred up to the end of 2005 have been charged to the portfolios of the Previous Securitisation.

The Issuer has no employees and the corporate administrative services are provided by UGC Banca S.p.A. pursuant to the Corporate Services Agreement entered into on 14 October 2005 and subsequently amended and supplemented.

3. **Capital**

The called up and paid up capital of the Issuer is euro 10,000 entirely held by SVM Securitisation Vehicles Management S.p.A..

4. **Commitments**

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

5. **The Portfolio**

The Portfolio was purchased by the Issuer from Locat S.p.A. on 14 November 2006 with economic effect from 4 November 2006 and it comprises 24,919 receivables arising out of lease contracts.

The Portfolio as well as the Previous Portfolio purchased on 14 October 2005 are not included within the Statement of the "Current Assets and Capital and Reserves " stated above in accordance with Italian Law No. 130 of 30 April 1999 which provides that securitisation transactions shall be recorded as off-balance sheet.

6. **Collections on Portfolio**

The collections and recovery on the Portfolio from 2 December 2006 (included) to the Issue Date (included) and other events are not reflected in the financial statements, the amount collected and recovered has been and will be transferred to the Issuer's account on or before the Issue Date in accordance with the Servicing Agreement and the Transfer Agreement.

Yours faithfully,

Dott. Lino De Luca
Via Vittorio Alfieri, 1
31015 Conegliano (TV)
Italy

(Public Certified Accountant enrolled with the Treviso's Public Certified Accountants)"

THE HEDGING COUNTERPARTY

UniCredito will act as Hedging Counterparty under the Hedging Agreement. UniCredito is a joint stock company registered with the Bank of Italy, pursuant to article 13 of the Banking Act, as a bank, duly existing under the laws of the Republic of Italy. Its head office is at Piazza Cordusio, Milan, and its registered office is at Via Dante 1, Genoa, Italy. Established in 1998 from the aggregation of Credito Italiano and Rolo Banca 1473 with Cariverona, Cassa di Risparmio di Torino, and Cassamarca. In 1999 UniCredito group also merged with Cassa di Risparmio di Trento e Rovereto and Cassa di Risparmio di Trieste.

The UniCredit Group is a full-service financial services group that engages in a wide range of banking, financial and related activities throughout Italy, Germany, Austria and numerous Central and Eastern European countries. The UniCredit Group's activities include deposit-taking, lending, asset management, securities trading, securities brokerage, investment banking, international trade finance, corporate finance, foreign exchange, leasing, factoring and the distribution of certain life insurance products through bank branches, or bank assurance. As of 30 June 2006, the UniCredit Group's multi-channel distribution network comprised 7,336 branches (of which 3,002 were located in Italy), licensed banks subsidiaries in 22 countries and a network of licensed financial consultants (promotori finanziari) operating in Italy, as well as internet and telephone banking capabilities.

As of 30 June, 2006, the UniCredit Group was the largest banking group in Italy in terms of market capitalization (€ 63.9 billion) and had 134,870 (full time equivalent) employees, of which approximately 39,100 were in Italy. In terms of total assets (€ 803,792 million at Group level), the UniCredit Group was the second largest bank in Italy and Germany as well as the first in Austria, Poland, Croatia and Bulgaria. On 30 June 2006, the UniCredit Group held, in Italy, a 10.6% market share for loans (Source: internal estimates based on Bank of Italy data) and 10.5% for direct deposits (Source: internal estimates based on ABI data), and a market share of 15.17% for mutual funds (Source: Assogestioni, the Italian association of asset managers).

The UniCredit Group was formed as a result of the October 1998 merger between the Credito Italiano national banking group and the UniCredit regional banking group. Through this transaction, these two leading Italian banking groups combined their product strengths and complementary geographic coverage in order to compete more effectively in the Italian and European banking and financial services markets.

Business Combination with the HVB Group

On 12 June, 2005, UniCredito Italiano S.p.A. and Bayerische Hypo- und Vereinsbank Aktiengesellschaft ("**HVB**") resolved to enter into a business combination agreement (the "**Business Combination Agreement**") setting out the terms of the aggregation of HVB and UniCredit Group. The transaction will consist of three voluntary share-for-share offers by UniCredito for the shares of HVB (the "**HVB Offer**"), Bank Austria (the "**Bank Austria Offer**") and Bank BPH (the "**Bank BPH Offer**") and together with the HVB Offer, the Bank Austria Offer, the "**Offers**"), which will have to be approved by the competent local authorities.

The HVB Offer and the Bank Austria Offer were both launched on 26 August 2005, and the acceptance period for the HVB Offer ended on 24 October 2005 and that for the Bank Austria Offer expired on 31 October 2005. The HVB Offer was subject to a minimum acceptance level of 65 per cent. of the share capital, and the Bank Austria Offer was subject to the completion of the HVB Offer.

The Bank BPH Offer was launched On January 20, 2006, and the acceptance period expired on 1 March 2006.

The launch of the Offers requires the approval by the UniCredito's shareholders to increase UniCredito Italiano S.p.A.'s share capital, which was granted by the UniCredito Italiano S.p.A.'s extraordinary shareholders' meeting on 29 July 2005. Under the Business Combination Agreement, UniCredito Italiano S.p.A. has agreed, subject to successful completion of the HVB Offer and the Bank BPH Offer, respectively, as described above, to apply for listing of all UniCredito ordinary shares on the official market (Amtlicher Markt) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse), to the extent legally possible, and on the Warsaw Stock Exchange (Gie³ da Papierów Wartościowych w Warszawie SA). Following the HVB Offer and pursuant to the securities prospectus approved by CONSOB on 4 August 2005, the listing of all UniCredito Italiano S.p.A. ordinary shares on the Frankfurt Stock Exchange has been admitted on 21 November 2005 and trading of UniCredito Italiano S.p.A.'s ordinary shares on the Frankfurt Stock Exchange commenced on 23 November 2005. In respect to the Bank BPH Offer the listing of UniCredito Italiano S.p.A. ordinary shares, as described above, is expected to occur on or around the relevant date of settlement.

On 4 August, 2006, the board of directors of UniCredito and the supervisory board of BA-CA approved:

- (1) the transfer to UniCredito of BA-CA's 71.03% stake in BPH; and
- (2) the contribution by UniCredito to BA-CA of its New Europe banks, excluding Bank Pekao, which includes UniCredito's holdings in Koç Finansal Hizmetler (50.00%), Zagrebčka (81.91%), of Bulbank (86.13%), Zivnostenská (100.00%), UniBanka a.s. (97.11%) and UniCredit Romania (99.95%).

The transfer to UniCredito of the 71.03% stake BA-CA held in BPH took place on 3 November 2006 and it has been made against a total consideration of €4.3 billion to be paid in four instalments, while the New Europe banks will be contributed to BA-CA in exchange for 55,000,000 newly issued BA-CA shares. Following completion of the contribution in kind, UniCredito's direct and indirect stake in BA-CA is expected to increase from 94.98% to 96.35%. In subsequent steps of the same project, HVB will transfer to UniCredito its 77.53% stake in BA-CA for a total consideration of €12.5 billion and its 100% participation in HVB Ukraine for a total consideration of €83 million. HVB will also transfer its approximately 70.3% interest in IMB's share capital to BA-CA for cash consideration of approximately €984 million.

Current organizational structure

On commencing integration of the UniCredit and HVB Group, a new organisational model and new regulations governing the UniCredit Group and its parent company were drawn up in line with the increased size and operational complexity of the UniCredit Group. The UniCredit Group currently conducts its business through five operating divisions: Retail Banking, Corporate Banking, Investment Banking, Private Banking & Asset Management and New Europe. Prior to the Business Combination, and until December 31, 2005, the Corporate Banking and Investment Banking divisions constituted a single Corporate and Investment Banking division. Each of these divisions (except the New Europe division) is organized around one or more lead banks that, through its distribution network, channels to its clients products and services engineered and packaged by the other banks and financial services companies comprising the division.

Senior Management

The Board of Directors appoint the top executives who are responsible for managing the day-to-day operations, as directed by the Managing Director/Chief General Manager/CEO.

GENERAL MANAGEMENT

Updated as of 30 June 2006

Members of the Management Committee

Alessandro Profumo	Managing Director, General Manager and Chief Executive Officer
Ranieri de Marchis	Deputy General Manager and Head of Planning, Finance & Administration and Chief Financial Officer
Paolo Fiorentino	Deputy General Manager and Head of Global Banking Services Division
Sergio Ermotti	Deputy General Manager and Head of Markets/Investment Banking Division
Dario Frigerio	Deputy General Manager and Head of Private Banking & Asset Management division
Erich Hampel	Deputy General Manager and Head of Central Eastern Europe (CEE) Division
Andrea Moneta	Deputy General Manager and Head of Poland's Market Division
Roberto Nicastro	Deputy General Manager and Head of Retail Division
Vittorio Ogliengo	Deputy General Manager and Head of Corporates/SMEs Division
Henning Giesecke	Chief Risk Officer (CRO)
Franz Herrlein	Chief Integration Officer
Rino Piazzolla	Head of Human Resources Strategy Division
Wolfgang Sprißler	Head of German Region Strategic Advisory Staff

Other heads of areas

Maurizia Angelo Comneno	Legal, Compliance and Corporate Affairs Department
Chiara Burberi	Group Organisation Department
Elisabetta Magistretti	Internal Audit Department
Marc Beckers	Corporate Identity Department
Umberto Quilici	Group ICT Department
Franco Leccacorvi	Area Accounting

(*) covered by the deputy general manager

The following tables present certain summary consolidated financial and operating information for the UniCredit Group. The financial data set forth below has been presented in accordance with Italian GAAP.

Financial Summary

PROFIT AND LOSS AND PROFITABILITY RATIOS				(€ million)
	1st Half		CHANGE	
	2006	2005 PROFORMA		
Total revenues	11.939	10321	+15.7%	
Operating expenses	6,529	6.249	+ 4.5%	
Operating profit	5.410	4.072	+32.9%	
Profit before tax	4.729	3.257	+45.2%	
Net Profit attributable to the Group	3.043	2.052	+48.3%	
ROE (1)	17.3%	11.9%	+5.4	
Cost/income ratio	54.7%	60.5%	-5.8	
BALANCE SHEET				(€ million)
	AMOUNTS AS AT		CHANGE	
	30.06.2006	31.12.2005	EXCL. HVB	
Total assets	803.792	787.000	+2.1%	
Loans and receivables with customers	430.148	426.553	+0.8%	
Deposits from customers and debt certificates	474.564	462.248	+2.7%	

Shareholders' equity	34.771	35.203	-1.2%
CAPITAL RATIOS			
	AS AT		CHANGE
	30.06.2006	31.12.2005	
Tier 1/Total risk-weighted assets	5.91%	5.53%	+0.38
Total regulatory capital/Total risk-weighted assets	10.16%	10.34%	+0.18
1. Calculated on the basis of the average annual shareholders' equity (excluding reserves in respect of AfS assets and dividends to be distributed)			

Consolidated Balance Sheet

CONSOLIDATED BALANCE SHEET

(€ million)

	AMOUNTS AS AT		CHANGE	
	30.06.2006	31.12.2005	AMOUNT	PERCENT
Assets				
Cash and cash balances	3,264	3,459	-195	- 5.6%
Financial assets held for trading	174,574	172,287	2,287	+ 1.3%
Loans and receivables with banks	85,079	76,099	8,980	+ 11.8%
Loans and receivables with customers	430,148	426,553	3,595	+ 0.8%
Financial investments	66,447	65,796	651	+ 1.0%
Hedging instruments	3,431	4,919	-1,488	- 30.3%
Property, plant and equipment	8,777	7,973	804	+ 10.1%
Goodwill	8,840	9,202	-362	- 3.9%
Other intangible assets	2,572	2,633	-61	- 2.3%
Tax assets	6,286	6,592	-306	- 4.6%
Non-current assets and disposal groups classified as held for sale	6,053	3,309	2,744	+ 82.9%
Other assets	8,321	8,178	143	+ 1.7%
Total assets	803,792	787,000	16,792	+ 2.1%

Liabilities and shareholders' equity

Deposits from banks	135,802	141,682	-5,880	- 4.2%
Deposits from customers and debt securities in issue	474,564	462,248	12,316	+ 2.7%
Financial liabilities held for trading	115,941	107,094	8,847	+ 8.3%
Financial liabilities designated at fair value	1,401	1,129	272	+ 24.1%
Hedging instruments	3,556	4,498	-942	- 20.9%
Provisions for risks and charges	6,778	6,607	171	+ 2.6%
Tax liabilities	5,125	5,925	-800	- 13.5%
Liabilities included in disposal groups classified as held for sale	4,346	1,887	2,459	+ 130.3%
Other liabilities	17,396	16,824	572	+ 3.4%
Minorities	4,112	3,903	209	+ 5.4%
Shareholders' equity	34,771	35,203	-432	- 1.2%
- Capital and reserves	30,625	31,106	-481	- 1.5%
- Available-for-sale assets fair value reserve and cash-flow hedging reserve	0	0	0	+ 0.0%
- Net profit	1,103	1,627	-524	- 32.2%
- Net profit	3,043	2,470	573	+ 23.2%
Total liabilities and shareholders' equity	803,792	787,000	16,792	+ 2.1%

Major Shareholders

As at 30 October, 2006, UniCredito's issued and paid-up capital totalled €5,219,088,816.50 and was made up of 10,438,177,633 shares of €0.50 each, including 10,416,471,081 common shares and 21,706,552 savings shares.

As at 1 October, 2006, the main shareholders were as follows:

MAIN SHAREHOLDERS	Shares Owned	% Owned*
Gruppo Munich Re	499,559,020	4.796%
Fondazione Cassa di Risparmio di Torino	491,744,753	4.721%
Fondazione Cassa di Risparmio Verona, Vicenza, Belluno e Ancona	491,718,824	4.721%
Carimonte Holding S.p.A.	445,467,993	4.277%

MAIN SHAREHOLDERS	Shares Owned	% Owned*
Gruppo Allianz	309,206,344	2.969%

*As a percentage of common capital. UniCredito's by-laws set a limitation on voting rights at 5% of voting capital.

UniCredito is currently rated "A+" by Standard & Poor's, "A+" by Fitch and "A1" by Moody's. In addition to this, Standard & Poor's recently upgraded its outlook on UniCredito and its subsidiaries from "Negative" to "Stable".

THE COMPUTATION AGENT

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

Securitisation Services S.p.A is a professional Italian dealer specialised in managing and monitoring securitisation transactions. In particular, Securitisation Services acts as servicer, corporate servicer, calculation agent, programme administrator, cash manager and representative of the noteholders in several structured finance deals.

THE ACCOUNT BANK

The BNP Paribas Group (the "**Group**") is one of the top global players in financial services, conducting retail, corporate and investment banking, private banking, asset management, insurance and other financial activities throughout the world. According to rankings published in July 2005 by The Banker (based on 2004 figures):

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

The Group is a leading European provider of corporate and investment banking products and services and a leading provider of private banking and asset management products and services throughout the world. It provides retail banking and financial services to over 20 million individual customers throughout the world, in particular in Europe and the western United States.

The Group has offices in more than 85 countries. At 31 December 2004, the Group had consolidated assets of €905.9 billion (compared to €783.1 billion at 31 December 2003), consolidated gross total customer items of €266.9 billion (compared to €231.5 billion at 31 December 2003), consolidated customer deposits (including retail and negotiable certificates of deposit) of €328.3 billion (compared to €282.6 billion at 31 December 2003) and shareholders' equity (Group share including income for the 2004 fiscal year) of €30.2 billion (compared to €28.3 billion at 31 December 2003). Net income, before taxes, non-recurring items and amortization of goodwill for the year ended 31 December 2004 was €7.6 billion (compared to €6.3 billion for the year ended 31 December 2003). Net income, Group share, for the year ended 31 December 2004 was €4.7 billion (compared to €3.8 billion for the year ended 31 December 2003).

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

The Group has three divisions: Retail Banking, Asset Management and Services and Corporate and Investment Banking. Operationally, these divisions are organized into five core businesses (French Retail Banking, International Retail Banking and Financial Services, Asset Management and Services, Corporate and Investment Banking and BNP Paribas Capital).

BNP Paribas will act in the context of the Securitisation in the capacities of Account Bank through its Italian Branch, having its offices at Piazza San Fedele 2, 20121 Milan - Italy.

THE CASH MANAGER

BNP PARIBAS Asset Management Società di Gestione del Risparmio S.p.A., a company with capital stock of Euro 4,000,000 organised under the laws of the Republic of Italy, whose registered office is at Via Ansperto, 5, 20123, Milan, Italy, registered under number 31356/99 with the Chamber of Commerce of Milan and, pursuant to article 35 of Legislative Decree no. 58 of 24 February 1998, enrolled under number 77 in the asset management companies register held at the Bank of Italy.

BNP PARIBAS Asset Management Società di Gestione del Risparmio S.p.A. is one of the leading management company acting in the European market having its clients (the majority of them institutional investors) in the major trading places worldwide such as Paris, London, New York, Tokyo and Hong Kong.

USE OF PROCEEDS

The estimated proceeds from the issue of the Notes, being approximately € 1,972,909,866, will be applied by the Issuer to pay the Purchase Price of the Initial Portfolio payable on the Issue Date, pursuant to the Master Receivables Purchase Agreement, equal to € 1,972,909,866.07.

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 by reference to the detailed provisions of such Transaction Documents. Prospective Noteholders may inspect copies of the Transaction Documents described below upon request at the specified office of the Representative of the Noteholders and at the specified office of the Irish Paying Agent.

1. **The Master Receivables Purchase Agreement**

Introduction

On 14 November 2006, Locat and the Issuer entered into the Master Receivables Purchase Agreement whereby (i) Locat sold to the Issuer and the Issuer purchased from Locat, and (ii) during the Revolving Period and subject to the terms and conditions of the Master Receivables Purchase Agreement, Locat will sell to the Issuer, and the Issuer will purchase from Locat, all of the right, title and interest of Locat, arising out of Receivables meeting the Eligibility Criteria set out thereunder. Under the Master Receivables Agreement, neither the Lease Contracts nor the Assets will be transferred from Locat to the Issuer.

The Initial Portfolio was purchased by the Issuer on 14 November 2006 and the Purchase Price will be paid on the Issue Date and funded by the proceeds of the issue of the Notes.

Sales of Subsequent Portfolios may take place each month during the Revolving Period, and the Purchase Price for the Subsequent Portfolios will be payable to the extent there are Issuer Principal Available Funds available for such purposes under the Priority of Payments and provided no Purchase Termination Event or Trigger Event has occurred and subject to the terms and conditions of the Master Receivables Purchase Agreement. Any principal amount arising from Receivables included in Pool No. 3 Non Revolving shall be applied during the Revolving Period to purchase Subsequent Portfolios.

During the Amortisation Period, the sale and purchase of Subsequent Portfolios will cease.

In addition to the Receivables, Locat shall transfer to the Issuer all Locat's right, title and interest in any security, guarantees, indemnities and agreements securing payment of each Receivable.

The Purchase Price

The Purchase Price for the Initial Portfolio and for each Subsequent Portfolio shall be equal to the aggregate amount of the Individual Purchase Prices of the Receivables comprised in the relevant Portfolio.

Each Purchase Price will be paid on the relevant Settlement Date or on the relevant Interest Payment Date, according to the Priority of Payments, or, in relation to the Initial Portfolio, on the Issue Date.

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

The Eligibility Criteria

Locat has sold to the Issuer and the Issuer has purchased from Locat and Locat will offer to sell and the Issuer may purchase, during the Revolving Period and with respect to any Subsequent Portfolio, only Receivables which meet the Eligibility Criteria, described in detail in the section headed "*The Portfolio*".

Undertakings

The Master Receivables Purchase Agreement contains a number of undertakings by Locat in respect of its activities relating to the Receivables. Locat has undertaken, *inter alia*, to refrain from carrying out activities with respect to the Receivables which may prejudice the validity or recoverability of any Receivable or adversely affect the benefit which the Issuer may derive from the Receivables and in particular not to assign or transfer the Receivables to any third party or to create any security interest, charge, lien or encumbrance or other right in favour of any third party in respect of the Receivables. Locat has also undertaken not to modify or cancel any term or condition of the Lease Contracts or any document to which it is a party relating to the Receivables which may prejudice the Issuer's rights to the Receivables, save in the event such modifications or cancellations are provided by the Transaction Documents or required by law.

Conditions for purchase of Subsequent Portfolios

Under the Master Receivables Purchase Agreement, the Issuer shall purchase Subsequent Portfolios during the Revolving Period only subject to the conditions set out in the Master Receivables Purchase Agreement and described in detail in the section headed "*The Portfolio*".

Purchase Termination Events

In the event that a Purchase Termination Event occurs, the Representative of the Noteholders shall serve a Purchase Termination Notice on the Issuer and Locat. After the service of a Purchase Termination Notice by the Representative of the Noteholders, 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 during the Amortisation Period.

Renegotiation and repurchase

Under the terms of the Master Receivables Purchase Agreement, Locat shall have the right to re-negotiate certain terms of the Lease Contracts and, specifically, in order to amend (i) the indexation of the Lease Contracts and (ii) the amortisation plans (including extensions to the repayment period, which may not in any case exceed the Interest Payment Date which falls five years before the Final Maturity Date). Locat has undertaken to indemnify the Issuer for any damages, costs and expenses that may be sustained by the Issuer as a consequence of any such renegotiation.

As an alternative to the re-negotiation, Locat will have the option to purchase the Receivables (which are not Defaulted Receivables) to which the request for re-negotiation refers.

Law and jurisdiction

The Master Receivables Purchase Agreement will be governed by and construed in accordance with Italian law.

2. Warranty and Indemnity Agreement

Introduction

Locat and the Issuer entered into the Warranty and Indemnity Agreement on 14 November 2006 in which Locat has made certain representations and warranties to the Issuer. Furthermore, Locat has agreed to indemnify the Issuer, in certain circumstances specified therein, in connection with these representations and warranties to the extent set out therein.

Representations and warranties as to matters affecting Locat

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

In relation to the Receivables

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

Locat has undertaken to repeat the representations described above with respect to the Initial Portfolio, on the Issue Date, and with respect to each Subsequent Portfolio, on each Selection Date and on each relevant Settlement Date or Interest Payment Date.

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

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

Law and jurisdiction

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

3. The Servicing Agreement

Introduction

Pursuant to the Servicing Agreement entered into on 14 November 2006, the Issuer has appointed Locat as Servicer of the Receivables. The Servicer shall be responsible for servicing, collecting and administering the Receivables and the related Lease Contracts. The Servicer will apply to the Receivables the same procedures it uses for its own assets in its credit and collection policies.

Administration of payments

Under the Servicing Agreement, the Servicer shall credit to the Collection Account all the Collections received in respect of each Collection Period within the second Business Day following the date of the relevant collection of such amounts until the occurrence of a Downgrading.

If Locat is assigned a short term rating lower than "A-2" by S&P and "P-1" by Moody's, Locat shall, within twenty days of such downgrading, procure that any payments made by the Lessees through "RID" direct debit system, are credited to the Collection Account.

Save as stated in the preceding paragraph, in case of a Downgrading of Locat, Locat shall: (i) advance to the Issuer any sums to be received by the Issuer in relation to the Receivables during the relevant Collection Period (plus a sum equal to the higher of 5% of such sums or

an amount equal to 200% of the average early payments received during the period of 90 days preceding such Downgrading, as an advance for any early payments to be received during such Collection Period in relation to such Receivables), or (ii) provide to the Issuer a letter of credit (which is satisfactory to S&P) for an equivalent amount, to be issued by an Eligible Institution and, where requested by the Representative of the Noteholders, transfer on a daily basis into the Collection Account all the amounts received in respect of Instalments or any other amounts whatsoever received in respect of the Receivables, or (iii) credit into the Collection Account, any sums received by the Lessees through the "RID" direct debit system.

Furthermore, during any period when UniCredit Banca d'Impresa S.p.A. is not an Eligible Institution if (i) the short term rating of UniCredito falls below "P-1" from Moody's or (ii) UniCredito does not hold a 100% interest in UniCredit Banca d'Impresa S.p.A., the Servicer shall credit the Collections to an account held with an Eligible Institution. In any period in which the short term rating of UniCredito and UniCredit Banca d'Impresa S.p.A. is equal to "A-1" from S&P, if the aggregate amount deposited with any institutions (including amounts invested in Eligible Investments with such institutions) is higher than 20% (twenty per cent) of the aggregate Principal Amount Outstanding of the Rated Notes, the Servicer shall credit any amounts exceeding such 20% to an account held with an Eligible Institution (unless the Rating Agencies otherwise agree).

Undertakings

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

Pursuant to the terms of the Lease Contracts, Locat shall adjust periodically the Index Rate applicable to the Instalments under the Lease Contracts. By operation of this adjustment it may become evident that the Lessees have paid less or more in amount of interest in relation to the Receivables compared to those actually due. Accordingly, the situation may arise by which some of the interest overpayments made by the Lessees have been already remitted by the Servicer to the Issuer. Under the Servicing Agreement Locat has agreed to advance such amounts to the Lessees on behalf of the Issuer.

The Servicing Fee

In return for the services provided by the Servicer, the Issuer will pay to the Servicer the following fees (the "**Servicing Fee**"): (i) in relation to the management and collection of performing leases, an amount equal to 0.045% (plus VAT, if any) of the aggregate

Collections received during the preceding Quarterly Collection Period; and (ii) in relation to the recovery and enforcement activities carried out in any Quarterly Collection Period, an amount equal to 0.005% (plus VAT, if any) calculated in respect of the amounts recovered under any Defaulted Receivables, Defaulting Receivables or Delinquent Receivables during the preceding Quarterly Collection Period. The Servicing Fee is intended to compensate the Servicer for performing the functions of a third party Servicer of the Receivables, including collecting, posting and payments, responding to enquiries of obligors on the Receivables, investigating delinquencies, sending payment coupons to obligors, reporting tax information to obligors, paying costs of collections and policing the collateral. The Servicing Fee will also compensate the Servicer for its services as the Receivable pool administrator, including accounting of Collections, providing monthly statements to the Issuer with respect to distributions and related matters.

The Issuer has undertaken to identify a back-up servicer if the long-term rating of the Servicer's unsecured, unguaranteed and unsubordinated debt obligations by Moody's falls below "Baa3".

Servicer Termination Events

The following are Servicer Termination Events under the Servicing Agreement:

- (i) failure on the part of the Servicer to deposit or pay any amount required to be paid or deposited, which failure continues unremedied for 5 (five) Business Days after the due date thereof;
- (ii) failure on the part of the Servicer to observe or perform any other term, condition, covenant or agreement provided for under the Servicing Agreement and the other transaction documents to which it is a party, and the continuation of such failure for a period of 7 (seven) Business Days following receipt by the Servicer of written notice from the Representative of the Noteholders stating that such default is, in its opinion, materially prejudicial to the interests of the Noteholders;
- (iii) certain bankruptcy events with respect to the Servicer;
- (iv) winding-up of the Servicer; and
- (v) it becomes unlawful for the Servicer to perform or comply with any of its obligations under the Servicing Agreement or the other Transaction Documents to which it is a party.

Following the occurrence of a Servicer Termination Event, the termination shall be notified by notice of termination to be sent in advance to the Servicer, the Representative of the Noteholders and the Rating Agencies, in writing and shall be effective from the termination date specified therein; it being agreed that until a replacement is appointed the Servicer shall continue to fulfil its duties.

Thereafter, the Issuer shall appoint a Subsequent Servicer which must be an entity that satisfies all the requirements provided by article 9.3.1 of the Servicing Agreement.

The appointment of the Subsequent Servicer shall be carried out by the Issuer upon the approval by the Representative of the Noteholders of the proposed entity.

Law and jurisdiction

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

4. **The Cash Allocation, Management and Payment Agreement**

The Issuer, the Principal Paying Agent, the Irish Paying Agent, the Computation Agent, the Cash Manager, the Custodian Bank and the Account Bank will enter into the Cash Allocation, Management and Payment Agreement on 12 December 2006.

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

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

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

Save that the then current rating of the Rated Notes will not be negatively affected if the Cash Accounts remain with the Account Bank, if the Account Bank ceases to be an Eligible Institution, the Account Bank shall promptly give notice of such event to the other Parties and

to the Rating Agencies and shall be required to procure, within 15 (fifteen) Business Days from such notice, the transfer of the Cash Accounts to another bank which is an Eligible Institution selected by the Issuer (subject to the prior written consent of the Representative of the Noteholders) and which shall assume the role of Account Bank upon the terms of the Cash Allocation, Management and Payment Agreement, shall agree to become a party to the Intercreditor Agreement and any other relevant Transaction Documents or, if not practicable, shall agree to act upon terms that shall not prejudice the interests of the Noteholders.

At the date of this document the combined annual fees, excluding expenses and costs and extraordinary fees of the Account Bank, the Custodian Bank, the Computation Agent, the Cash Manager, the Principal Paying Agent, the Irish Paying Agent and the Representative of Noteholders are approximately Euro 60,000 (plus VAT, if any). This fee estimate does not take account of any future fee reviews. The details of the above fees are set out in separate fee letters which will be available for inspection upon request at the offices of the Issuer or of the Representative of the Noteholders.

Law and jurisdiction

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

5. The Rated Notes Subscription Agreement

Introduction

Pursuant to the Rated Notes Subscription Agreement, the Joint Lead Managers and Joint Bookrunners agree to subscribe for the Rated Notes and pay the Issuer the relevant Issue Price on the Issue Date, subject to the conditions set out therein.

Terms of Appointment of the Representative of the Noteholders

Under the terms of the Rated Notes Subscription Agreement, the Joint Lead Managers and Joint Bookrunners appoint Securitisation Services S.p.A. as the Representative of the Noteholders for the period commencing on the Issue Date and ending (subject to early termination of its appointment as discussed below) on the date on which all of the Rated Notes have been cancelled or redeemed in accordance with the Rated Notes Conditions.

The Issuer agrees to indemnify the Representative of the Noteholders for costs, liabilities, charges, expenses and claims properly incurred by or made against the Representative of the Noteholders or its delegates, except insofar as the same are incurred because of the fraud, gross negligence or wilful misconduct of the Representative of the Noteholders.

In accordance with the Rules of the Organisation of the Noteholders, the terms on which the Representative of the Noteholders is appointed contain provisions which relieve the Representative of the Noteholders from certain responsibilities. In particular, the Representative is not required to supervise or monitor the performance of any of the parties to the Transaction Documents of their respective obligations thereunder, to investigate the validity or effectiveness of any of the Transaction Documents, to take any steps to investigate

whether a Trigger Event has occurred or to maintain the rating given by the Rating Agencies to the Rated Notes.

In accordance with the Rules of the Organisation of the Noteholders, the Representative of the Noteholders has certain powers and discretions. In particular, the Representative of the Noteholders, subject to being indemnified to its satisfaction, may make amendments to any of the Transaction Documents to correct a manifest error, or which are of a formal, minor or technical nature or which are not prejudicial to the interest of the Most Senior Class of Notes or to facilitate further securitisations and may certify whether or not a Trigger Event is in its opinion materially prejudicial to the interests of the Noteholders (which certificate will be conclusive and binding upon the Issuer, the Noteholders and the Other Issuer Creditors).

The Noteholders have the power, exercisable by Extraordinary Resolution of the holders of the Most Senior Class of Notes, to remove the Representative of the Noteholders for the time being, but any such removal will not be effective until the Noteholders have appointed a new representative of the Noteholders by Extraordinary Resolution.

The Representative of the Noteholders may retire by giving three calendar months' written notice to the Issuer and the Noteholders but any such retirement will not become effective until a new representative of the Noteholders has been appointed.

Law and jurisdiction

The Rated Notes Subscription Agreement will be governed by and construed in accordance with Italian law.

6. The Junior Notes Subscription Agreement

Pursuant to the Junior Notes Subscription Agreement, Locat agrees to subscribe for the Junior Notes and pay the Issuer the relevant Issue Price on the Issue Date, subject to the conditions set out therein.

Under the terms of the Junior Notes Subscription Agreement, Locat appoints Securitisation Services S.p.A. as the Representative of the Noteholders for the period commencing on the Issue Date and ending (subject to early termination of its appointment as discussed below) on the date on which all of the Junior Notes have been cancelled or redeemed in accordance with the Junior Notes Conditions.

Law and jurisdiction

The Junior Notes Subscription Agreement will be governed by and construed in accordance with Italian law.

7. The Intercreditor Agreement

Pursuant to the Intercreditor Agreement between, *inter alios*, the Issuer, Locat, the Representative of the Noteholders (on its own behalf and as agent for the Noteholders and in its capacity as trustee under the Deed of Charge), the Computation Agent, the Cash Manager,

the Account Bank, the Custodian Bank, the Principal Paying Agent, the Irish Paying Agent, the Hedging Counterparty and the Corporate Servicer, provision will be made as to the application of the proceeds from collections in respect of the Portfolio and as to the circumstances in which the Representative of the Noteholders will be entitled to exercise certain rights in relation to the Portfolio.

In the Intercreditor Agreement the Other Issuer Creditors agree, *inter alia*, to the order of Priority of Payments to be made out of the Issuer Available Funds. The obligations owed by the Issuer to the Noteholders and, in general to the Other Issuer Creditors 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 in each case subject to and as provided in the Intercreditor Agreement and the other Transaction Documents.

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

Law and jurisdiction

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

8. The Agreement for the Extension and Amendment to the Corporate Services Agreement

Under the Corporate Services Agreement entered into on 14 October 2005 between the Issuer and the Corporate Servicer, the Corporate Servicer has agreed to provide certain corporate administration and management services to the Issuer in relation to the Previous Securitisation. By the Agreement for the Extension and Amendment to the Corporate Services Agreement entered into on or about the Issue date between the Issuer and the Corporate Servicer, the provisions of the Corporate Services Agreement have been extended also in relation to the activities to be performed in relation to the Portfolio and the Corporate Servicer agreed that notwithstanding any termination in relation to the Previous Securitisation it will continue providing its services for the same amounts agreed as fees in the Agreement for the Extension and Amendment to the Corporate Services Agreement.

These services include the safekeeping of documentation pertaining to meetings of the Issuer's quotaholders, noteholders and directors, maintaining the quotaholder's register, preparing VAT and other tax and accounting records, preparing the Issuer's annual balance sheet, administering all matters relating to the taxation of the Issuer.

Termination and reappointment procedures

Under the Corporate Services Agreement as extended by the Agreement for the Extension and Amendment to the Corporate Services Agreement, if an order is made or an effective resolution is passed for the winding up, non-voluntary liquidation or dissolution in any form of the Corporate Servicer or upon the occurrence of certain bankruptcy events with respect to

the Corporate Servicer, the Issuer may terminate the appointment of the Corporate Servicer and, with the prior consent of the Representative of the Noteholders, may appoint a substitute Corporate Servicer.

Law and Jurisdiction

The Corporate Services Agreement will be governed by and construed in accordance with Italian law.

9. **The Hedging Agreement**

Under the terms of the Hedging Agreement, the Hedging Counterparty will provide protection to the Issuer by entering into interest rate swap agreements with the Issuer. The Hedging Agreement mitigates certain interest rate risks borne by the Issuer in respect of its obligations under the Notes.

The Hedging Agreement will terminate on the Final Maturity Date of the Notes unless terminated earlier in accordance with the its terms.

The Hedging Agreement contains the Hedging Agreement Termination Events, which entitle either or both parties, as the case may be, to terminate the Hedging Agreement.

If the rating of the Hedging Counterparty falls below certain ratings, the Hedging Counterparty will be required within a specified time limit to take certain remedying measures including one of the following: (a) to arrange for a replacement counterparty with an appropriate rating to enter into a substantially identical Hedging Agreement or (b) to arrange for an appropriately rated entity to guarantee the Hedging Counterparty's obligations under the Hedging Agreement or (c) to arrange for an appropriately rated entity to become jointly and severally liable for the obligations of the Hedging Counterparty under the Hedging Agreement or (d) to execute and deliver collateral to the Issuer to support its obligations under the Hedging Agreement or (e) to take such other action agreed with the Rating Agencies to maintain the then current rating of the Rated Notes.

Law and jurisdiction

The Hedging Agreement will be governed by and construed in accordance with English law.

10. **The Deed of Pledge**

On 12 December 2006, the Issuer will execute the Deed of Pledge under which, without prejudice and in addition to any security, guarantees and other rights provided by the Securitisation Law securing the discharge of the Issuer's obligations towards the Noteholders, the Issuer will irrevocably undertake to pledge in favour of the Noteholders and the Other Issuer Creditors by way of pledge under Italian law, all monetary claims and rights and all the amounts (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Issuer is or will be entitled to from time to time pursuant to the Transaction Documents, including the Hedging Agreement, with the exclusion of the

Receivables and conditional on the service of a Trigger Notice. The Issuer will also undertake to pledge any Eligible Investments.

Law and jurisdiction

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

11. **The Deed of Charge**

On 12 December 2006, the Issuer will execute the Deed of Charge under which, without prejudice and in addition to any security, guarantees and other rights provided by the Securitisation Law and the Deed of Pledge securing the discharge of the Issuer's obligations to the Noteholders and the Other Issuer Creditors, the Issuer will irrevocably assign in favour of the Representative of the Noteholders as trustee for the Noteholders and the Other Issuer Creditors all of its rights, benefits and interest under the Hedging Agreement.

Law and jurisdiction

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

12. **The Mandate Agreement**

On 12 December 2006, the Issuer and the Representative of the Noteholders will execute the Mandate Agreement under which, subject to, *inter alia*, a Trigger Notice being served upon the Issuer or upon failure by the Issuer to exercise its rights under the Transaction Documents, the Representative of the Noteholders, acting in such capacity, shall be authorised to exercise, in the name and on behalf of the Issuer, all the Issuer's non-monetary rights arising out of the Transaction Documents to which the Issuer is a party.

Law and jurisdiction

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

13. **The Agreement for the Extension and Amendment to the Letter of Undertaking**

Pursuant to the Letter of Undertaking entered into in the context of the Previous Securitisation on 15 November 2005 between the Issuer, the Originator and the Representative of the Noteholders, the Originator has undertaken to indemnify the Issuer from, or make available to the Issuer the monies required to pay, certain regulatory and tax costs and liabilities incurred by the Issuer. The content of such agreement has been extended also to the Portfolio by the Agreement for the Extension and Amendment to the Letter of Undertaking entered into on or about the Issue Date between the Issuer, the Originator and the Representative of the Noteholders. Such agreement has been amended in order to provide arrangements between the Issuer and the Originator in relation to the exercise of the optional redemption as provided under Condition 6.2.

Law and jurisdiction

The Letter of Undertaking will be governed by and construed in accordance with Italian law.

14. **The Agreement for the Extension and Amendment to the Quotaholder Agreement**

Pursuant to the Quotaholder Agreement entered into in the context of the Previous Securitisation on 15 November 2005 between the Issuer, Locat, the Quotaholder and the Representative of the Noteholders, the Quotaholder has given certain undertakings to the Representative of the Noteholders in relation to the management of the Issuer and the exercise of its rights as Quotaholder of the Issuer. The Quotaholder has also agreed not to dispose of, or charge or pledge, its quotas in the Issuer without the prior written consent of the Representative of the Noteholders. The content of such agreement has been extended also to the Portfolio by the Agreement for the Extension and Amendment to the Quotaholder Agreement entered into on or about the Issue Date between the Issuer, the Originator and the Representative of the Noteholders.

Law and jurisdiction

The Quotaholder Agreement will be governed by and shall be construed in accordance with Italian law.

ACCOUNTS

The Issuer shall at all times maintain the following deposit 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 amounts under the Receivables received or recovered by the Servicer from the Lessees during the preceding Collection Period and the 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);

together, the "**Cash Accounts**"; and

- (i) a Euro denominated account, the "**Expense Account**", which will be held at UniCredit Banca d'Impresa S.p.A. for the deposit of the Retention Amount on each Interest Payment Date in accordance with the Priority of Payments;
- (ii) a securities account, the "**Securities Account**", which will be held at the Custodian Bank for the deposit of the bonds, debentures or other notes and financial instruments purchased with the monies standing to the credit of the Cash Accounts;
- (iii) a Euro denominated account, the "**Quota Capital Account**", which is held at Banca Antoniana Popolare Veneta, for the deposit of the quota capital of the Issuer.

together with the Cash Accounts, the "**Accounts**".

Except for the Accounts, the accounts opened for the posting of collateral by the Hedging Counterparty under the Hedging Agreement and any other accounts opened in the context of the Previous Securitisation or 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.

EXPECTED WEIGHTED AVERAGE LIFE OF THE RATED NOTES

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

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

The table below sets out the weighted average life of the Rated Notes in the event that redemption pursuant to Condition 6.2 (*Optional Redemption*) occur and has been prepared based on the characteristics of the Receivables to be included in the Initial Portfolio and on the following additional assumptions (the "**Modelling Assumptions**"):

- (i) no Trigger Event occurs in respect to the Rated Notes;
- (ii) all Instalments are duly paid on their relevant Scheduled Instalment Date;
- (iii) no Receivables are fully prepaid before the relevant Scheduled Instalment Date;
- (iv) the Amortisation Period commences following the Interest Payment Date falling in September 2008;
- (v) interest rates related to the Receivables are stable in respect of their current levels;
- (vi) there is no breach of the relevant obligations by the parties of the Transaction Documents;
- (vii) during the Revolving Period, the Issuer apply the relevant Issuer Principal Available Funds to purchase Subsequent Portfolios in accordance to the Priority of Payments set out under Condition 4.1.2;
- (viii) repayments of principal under the Class A1 Series 2006 Notes, the Class A2 Series 2006 Notes, the Class B Series 2006 Notes and the Class C Series 2006 Notes occur sequentially in accordance with the Priority of Payments.

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

Class	Weighted average life
Class A1 Series 2006 Notes	1.99 years

Class A2 Series 2006 Notes
Class B Series 2006 Notes
Class C Series 2006 Notes

4.93 years
10.72 years
10.75 years

RATED NOTES CONDITIONS

The following is the text of the terms and conditions of the Rated Notes. In these Rated Notes Conditions, references to the "holder" of a Rated Note or to the " Rated Noteholders" are to the ultimate owners of the Rated Notes issued in dematerialised form and evidenced as, and transferable by means of, book entries with Monte Titoli in accordance with the provisions of (i) article 28 of Legislative Decree No. 213 and (ii) CONSOB Resolution No. 11768 of 23 December 1998, as subsequently amended and supplemented.

The Class A1 Series 2006 € 400,000,000 Asset Backed Floating Rate Notes due 2028, ISIN Code IT0004153661, the Class A2 Series 2006 € 1,348,000,000 Asset Backed Floating Rate Notes due 2028, ISIN Code IT0004153679, the Class B Series 2006 € 152,000,000 Asset Backed Floating Rate Notes due 2028, ISIN Code IT0004153687 and the Class C Series 2006 € 64,000,000 Asset Backed Floating Rate Notes due 2028, ISIN Code IT0004153695 and the Class D Series 2006 € 8,909,866 Asset Backed Variable Return Notes due 2028, ISIN Code IT0004153885 have been issued by Locat SV S.r.l. on the Issue Date pursuant to the Securitisation Law, to finance the purchase from time to time of lease receivables arising out of Lease Contracts between Locat, as lessor, and the Lessees.

References herein to any agreement, deed or document shall be deemed also to refer to such agreement, deed or document as amended, modified, supplemented, verified, restated or novated (in whole or in part) from time to time and to agreements, deeds or documents executed pursuant thereto.

Any person defined as an Other Issuer Creditor shall be construed so as to include its and any subsequent successors and permitted transferees in accordance with their respective interests. A "successor" of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction or incorporation or domicile of such party has assumed the rights and obligations of such party under any Transaction Document or to which, under such laws, such rights and obligations have been transferred.

The principal source of payment of interest and principal on the Notes will be collections and other amounts received in respect of the Initial Portfolio arising out of Lease Contracts purchased by the Issuer from Locat pursuant to the Master Receivables Purchase Agreement. During the Revolving Period the Issuer will use principal collections received from the Initial Portfolio and from any Subsequent Portfolio to purchase Subsequent Portfolios of Receivables from Locat.

The Receivables and any sum collected therefrom will be segregated from all other assets of the Issuer by operation of article 3 of the Securitisation Law and amounts deriving therefrom will, pursuant to the Intercreditor Agreement, be available, both prior to and following a winding-up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders, to pay costs, fees or expenses due to the Issuer's creditors under the Transaction Documents and to pay any other creditor of the Issuer in respect of costs, fees or expenses of the Issuer to such other creditor in relation to the

Securitisation. Amounts derived from the Receivables will not be available to any other creditor of the Issuer.

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

By the Junior Notes Subscription Agreement, Locat agrees to subscribe for the Junior Notes and pay to the Issuer the Issue Price for the Junior Notes on the Issue Date, subject to the conditions set out therein. Under the terms of the Junior Notes Subscription Agreement, Locat appoints Securitisation Services S.p.A. as Representative of the Noteholders to perform the activities described in the Junior Notes Subscription Agreement, in the Conditions, in the Intercreditor Agreement, in the Rules of the Organisation of the Noteholders and in the other Transaction Documents and Securitisation Services S.p.A. accepts such appointment for the period commencing on the Issue Date and ending (subject to early termination of its appointment) on the date on which all of the Notes have been cancelled or redeemed in accordance with the Conditions.

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

By the Warranty and Indemnity Agreement, Locat has made certain representations and warranties to the Issuer in relation to, *inter alia*, the Receivables and has agreed to indemnify it in respect of certain liabilities which the latter may incur as a result of the breach of such representations and warranties.

Pursuant to the Hedging Agreement, the Hedging Counterparty agrees to hedge the potential interest rate exposure of the Issuer in relation to its floating rate interest obligations under the Rated Notes.

By the Cash Allocation, Management and Payment Agreement, the Computation Agent, the Principal Paying Agent, the Custodian Bank, the Account Bank, the Cash Manager and the Irish Paying Agent agree to provide the Issuer with certain calculation, notification, reporting and agency services together with account handling and cash management services in relation to monies or securities from time to time standing to the credit of the Cash Accounts. The Cash Allocation, Management and Payment Agreement also contains provisions for, *inter alia*, the payment of principal and interest in respect of the Notes.

By the Corporate Services Agreement as extended and amended by the Agreement for the Extension and Amendment to the Corporate Services Agreement, the Corporate Servicer has agreed to provide the Issuer with certain corporate administrative services in relation to the Securitisation.

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

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

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

By the English law Deed of Charge, the Issuer charges, in favour of the Representative of the Noteholders as trustee for the Noteholders and the Other Issuer Creditors, all of the right, title, benefit and interest, present and future of the Issuer, pursuant or in relation to the Hedging Agreement.

By the Monte Titoli Mandate Agreement, Monte Titoli agrees to provide the Issuer with certain depository and administration services in relation to the Notes.

By the Quotaholder Agreement as extended and amended by the Agreement for the Extension and Amendment to the Quotaholder Agreement, certain rules will be set forth in relation to the corporate management of the Issuer in connection with the Securitisation.

By the Letter of Undertaking as extended and amended by the Agreement for the Extension and Amendment to the Letter of Undertaking, the Originator undertakes to indemnify the Issuer with respect to certain regulatory and tax costs and other costs and liabilities incurred by the Issuer.

By the Master Definitions Agreement, the definitions of certain terms used in the Transaction Documents are set forth.

These Conditions include summaries of, and are subject to, the detailed provisions of the Transaction Documents. Copies of the Transaction Documents will be available for inspection during normal business hours at the registered office of the Issuer, at the registered office of the Representative of the Noteholders, being as at the Issue Date, Via Vittorio Alfieri, 1, 31015 Conegliano (TV) - Italy, and at the specified office of the Irish Paying Agent, being as at the Issue Date, JP Morgan House, International Financial Services Centre, Dublin 1 - Republic of Ireland.

The rights and powers of the Noteholders may only be exercised in accordance with the Rules of the Organisation of the Noteholders, which are deemed to form part of these Conditions.

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 applicable to them.

Each Rated Noteholder, by reason of holding the Rated Notes:

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

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

Account Bank: means BNP Paribas - Italian Branch, and its permitted successors and assigns acting as Account Bank pursuant to the Cash Allocation, Management and Payments Agreement.

Accrued Interest: means as of any relevant date the accrued portion of the interest part of the next Instalment due (including any accrued portion of the relevant Adjustment) 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).

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.

Agreement for the Extension and Amendment to the Corporate Services Agreement: means the agreement executed on or about the Issue Date between the Issuer and the Corporate Servicer for the extension and amendment of the Corporate Services Agreement, 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.

Agreement for the Extension and Amendment to the Quotaholder's Agreement: means the agreement executed on or about the Issue Date between the Issuer, the Originator, the Quotaholder, and the Representative of the Noteholders for the extension and amendment of the Quotaholder' Agreement, 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.

Agreement for the Extension and Amendment to the Letter of Undertaking: means the agreement executed on or about the Issue Date between the Issuer, the Originator and the Representative of the Noteholders for the extension and amendment of the Letter of Undertaking, 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.

Amortisation Period: means the period (a) commencing on the Interest Payment Date falling in September 2008 (included) and (b) ending on the earlier of (i) the Final Maturity Date and (ii) the date on which the Notes are redeemed in full.

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

Available Redemption Funds: means in respect of any Interest Payment Date and Settlement Date or, after the service of a Trigger Notice following the occurrence of a Trigger Event, any date on which the Available Redemption Funds are calculated:

- (i) during the Amortisation Period, the Issuer Principal Available Funds; and
- (ii) after the service of a Trigger Notice, the aggregate of (a) the Issuer Principal Available Funds and (b) any remaining Issuer Interest Available Funds after all the payments described under items First to Fifth (inclusive) or under items First to Seventh (inclusive) or under items First to Ninth (inclusive) as the case may be, of the Priority of Payments under Condition 4.3.1 have been made in full;

together with, in the case of items (i) and (ii) above, proceeds from the redemption of Eligible Investments, to the extent that any Available Redemption Funds have been applied in investing in Eligible Investments other than interest accrued on the Eligible Investments which shall be a part of the Issuer Interest Available Funds.

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 on the preceding Interest Payment Date); and (ii) the Collateral Portfolio Outstanding Amount as at the end of such Quarterly Collection Period, divided by 2.

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

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

Billed Residual Amounts: means (i) any VAT amount relating to the Instalments, (ii) the insurance premiums payable by the Lessees under the Insurance Policies, (iii) any payments in relation to the additional services provided to the Lessees in accordance with the relevant Lease Contracts and (vi) other expenses relating to the Collections.

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

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

BNP PARIBAS Asset Management Società di Gestione del Risparmio S.p.A.: means a company so denominated with capital stock of Euro 4,000,000 organised under the laws of the Republic of Italy, whose registered office is at Via Ansperto, 5, 20123, Milan, Italy, registered under number 31356/99 with the Chamber of Commerce of Milan and, pursuant to article 35 of Legislative Decree no. 58 of 24 February 1998, enrolled under number 77 in the asset management companies register held at the Bank of Italy.

BNP Paribas Securities Services: means a company so denominated organised and incorporated under the laws of the Republic of France as a société anonyme, having its registered office at 3 Rue d'Antin, 75002 Paris, France, acting through its Milan Branch, with offices in Via Ansperto, 5, 20123 Milan, Italy, with capital stock of Euro 165.279.835, fiscal code, VAT number and enrolment with the company register of Milan No. 13449250151, registered with the roll of banks held by the Bank of Italy pursuant to article 13 of the Banking Act at No. 5483.

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

Calculation Date: means the third Business Day prior to each Interest Payment Date.

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

Cash Allocation, Management and Payments Agreement: means the Cash Allocation, Management and Payments Agreement to be entered into on 12 December 2006 between the Issuer, the Principal Paying Agent, the Irish Paying Agent, the Cash Manager, the Computation Agent, the Custodian Bank and the Account Bank 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.

Cash Manager: means BNP PARIBAS Asset Management Società di Gestione del Risparmio S.p.A. and its permitted successors and assigns acting as Cash Manager pursuant to the Cash Allocation, Management and Payments Agreement.

Class: shall be a reference to a class of Notes being the Class A Series 2006 Notes, the Class B Series 2006 Notes, the Class C Series 2006 Notes or the Class D Series 2006 Notes and "Classes" shall be construed accordingly.

Class A Series 2006 Notes: means collectively the Class A1 Series 2006 Notes and the Class A2 Series 2006 Notes.

Class A1 Series 2006 Noteholder: means the holder of a Class A1 Series 2006 Note and ***Class A1 Series 2006 Noteholders*** means all of them.

Class A1 Series 2006 Notes: means the € 400,000,000 Class A1 Series 2006 Asset-Backed Floating Rate Notes due 2028.

Class A2 Series 2006 Noteholder: means the holder of a Class A2 Series 2006 Note and ***Class A2 Series 2006 Noteholders*** means all of them.

Class A2 Series 2006 Notes: means the € 1,348,000,000 Class A2 Series 2006 Asset-Backed Floating Rate Notes due 2028.

Class B Series 2006 Noteholder: means the holder of a Class B Series 2006 Note and ***Class B Series 2006 Noteholders*** means all of them.

Class B Series 2006 Notes: means the € 152,000,000 Class Series 2006 B Asset-Backed Floating Rate Notes due 2028.

Class C Series 2006 Noteholder: means the holder of a Class C Series 2006 Note and ***Class C Series 2006 Noteholders*** means all of them.

Class C Series 2006 Notes: means the € 64,000,000 Class C Series 2006 Asset-Backed Floating Rate Notes due 2028.

Class D Series 2006 Additional Remuneration: means the aggregate amount accrued in respect of the preceding three calendar months (or in respect of the first Interest Payment Date, the period from the Valuation Date to the 28 February 2007 (included)), or the relevant period following the occurrence of a Trigger Event, payable on each Interest Payment Date, (which shall be calculated on each Settlement Date immediately preceding such Interest Payment Date) as the aggregate of:

- (i) the Portfolio Yield accrued as at the end of the immediately preceding Quarterly Collection Period; plus
- (ii) interest accrued and paid on the Collection Account, the Payments Account, the Debt Service Reserve Account and the Adjustment Reserve Account up to such Settlement Date and interest deriving from the Eligible Investments up to such Settlement Date; plus
- (iii) any and all amounts due to be received under the Warranty and Indemnity Agreement; plus
- (iv) any and all amounts due to be received from the Hedging Counterparty on such Interest Payment Date whether or not actually paid; minus
- (v) any and all amounts due to be paid to the Hedging Counterparty on such Interest Payment Date whether or not actually paid; minus
- (vi) as appropriate,

- (a) during the Revolving Period, any and all amounts under items "First", "Second", "Fifth", "Sixth", "Seventh", "Thirteenth", "Fourteenth" and "Fifteenth" of the Priority of Payments in respect of interest under Condition 4.1.1 (B);
- (b) during the Amortisation Period, any and all amounts under items "First", "Second", "Fifth", "Sixth", "Seventh", "Fourteenth" and "Fifteenth" of the Priority of Payments in respect of interest under Condition 4.2.1 (B);
- (c) following a Trigger Notice, any and all amounts under items "First", "Second", "Fifth", "Seventh", "Ninth", "Twelfth" and "Thirteenth" of the Priority of Payments in respect of interest under Condition 4.3.1 and item "Eighth" of the Priority of Payments in respect of principal under Condition 4.3.2; and

any and all amounts accrued under such items during the immediately preceding Quarterly Collection Period whether or not actually paid; minus

(vii) any and all provisions and losses on the Receivables; plus

(viii) any and all gains on the Receivables.

Class D Series 2006 Base Interest: means Euribor plus a margin of 2% per annum.

Class D Series 2006 Noteholder: means the holders of a Class D Series 2006 Note and "Class D Series 2006 Noteholders" means all of them.

Class D Series 2006 Notes: means the € 8,909,866 Class D Series 2006 Asset Backed Variable Return Notes due 2028.

Clearstream, Luxembourg: means Clearstream Banking, société anonyme.

Collateral Portfolio: means, on any given date, the aggregate of all Receivables which are not Defaulted Receivables or Defaulting 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 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 (and including) a Settlement Date and ending on (and excluding) the next succeeding Settlement Date and in the case of the first Collection Period, commencing on the Valuation Date for the Initial Portfolio and ending on (but excluding) the date falling on the second Business Day of January 2007.

Collection Policy: means Locat's collection policy in respect of the Receivables, attached as Schedule 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, including Recovery Amounts and Agreed Prepayments.

Computation Agent: means Securitisation Services S.p.A. and its permitted successors and assigns acting as Computation Agent pursuant to the Cash Allocation, Management and Payments Agreement.

Conditions: means the Rated Notes Conditions and any reference to a numbered Condition is to the corresponding numbered provision thereof.

CONSOB: means Commissione Nazionale per le Società e la Borsa.

Corporate Servicer: means UGC Banca S.p.A. whose registered office is at Piazzetta Monte, 1, 37121 Verona, Italy, and its permitted successors and assigns acting as Corporate Servicer pursuant to the Corporate Services Agreement.

Corporate Services Agreement: means the corporate services agreement entered into on 14 October 2005, in the context of the Previous Securitisation, 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 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 and Defaulting Receivables from the Valuation Date up to the last day of such Quarterly Collection Period minus (ii) the aggregate of the Recovery Amounts received from the Valuation Date up to the last day of such Quarterly Collection Period; by (B) the Outstanding Principal of the Initial Portfolio as at the relevant Valuation Date.

Cumulative Default Ratio Interest Deferral: 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 and Defaulting Receivables from the Valuation Date up to the last day of such Quarterly Collection Period minus (ii) the aggregate of the Recovery Amounts received from the Valuation Date up to the last day of such Quarterly Collection Period; by (B) the sum of (i) the Initial Portfolio Original Amount and (ii) the Subsequent Portfolio Original Amount in respect of each Subsequent Portfolio transferred to the Issuer from the Valuation Date up to the last day of such Quarterly Collection Period.

Cumulative Default Trigger Ratio: means, with reference to each Quarterly Collection Period, the respective percentages set out in the following table:

<i>Quarterly Collection Period after the Issue Date</i>	<i>Cumulative Default Trigger Ratio</i>
1st	1.25%

2nd	1.30%
3rd	1.50%
4th	1.60%
5th	2.00%
6th	2.25%
7th and thereafter	2.50%

Custodian Bank: means BNP Paribas Securities Services, Milan Branch and its permitted successors and assigns acting as Custodian Bank pursuant to the Cash Allocation, Management and Payments 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 an amount equal to 1.25% of the Principal Amount Outstanding of the Rated Notes, however, following the first Interest Payment Date, if on the previous Interest Payment Date the sum of the payments under items First to Seventh of the Priority of Payments set out in Conditions 4.1.1 (B) or 4.2.1(B), as the case may be, is higher than 1.25% of the Principal Amount Outstanding of the Rated Notes, the Debt Service Reserve Amount will be equal to the minimum between (X) Debt Service Reserve Amount on the previous Interest Payment Date and (Y) the sum of payments under items First to Seventh of the Priority of Payments set out in Conditions 4.1.1(B) or 4.2.1(B), as the case may be, on the previous Interest Payment Date.

Debt Service Reserve Released Amount: means in relation to the relevant Calculation Date, an amount equal to the difference between (X) the difference, if positive, between (i) 1.25% multiply by the Principal Amount Outstanding of the Rated Notes at the Issue Date and (ii) the Debt Service Reserve Amount as at such Calculation Date, and (Y) the aggregate of all payments made under item ninth of the Priority of Payments as set out in Condition 4.2.1 (B) on the preceding Interest Payment Dates.

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

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

Deed of Charge: means the English law deed of charge to be entered into on 12 December 2006 between the Issuer and the Representative of the Noteholders as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto, as from time to time modified.

Deed of Pledge: means the Italian law deed of pledge to be entered into on 12 December 2006 between the Issuer, the Custodian Bank and the Noteholders represented by the Representative of the Noteholders as from time to time modified in accordance with the provisions therein contained and

including any agreement or other document expressed to be supplemental thereto, as from time to time modified.

Defaulting Instalment: means any Instalment, which remains unpaid by the relevant Lessee for 240 (two hundred forty) days or more after the Scheduled Instalment Date.

Defaulting Party: has the meaning specified in the 2000 ISDA Definitions.

Defaulting Receivables: means any Receivable arising from the Lease Contracts, in respect of which, on the last day of a Quarterly Collection Period, there are one or more Defaulting Instalments and which is not a Defaulted Receivable.

Defaulted Receivables: means any Receivable arising from the Lease Contracts, which has been transferred to the Legal Unit (LU) in accordance with the Collection Policy, and which is not a Defaulting Receivable.

Delinquent Instalment: means any Instalment, which remains unpaid by the relevant Lessee for at least 30 (thirty) days but less than 240 (two hundred forty) days 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 and which has not been classified as Defaulted Receivables or Defaulting Receivables.

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 equal to A-1 from S&P, only if the aggregate amount available with such institutions (including amounts invested in Eligible Investments with such institutions) is lower than or equal to 20% (twenty per cent) of the aggregate Principal Amount Outstanding of the Rated Notes) 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 that (i) provides a fixed principal amount at maturity (such amount not being lower than the initially invested amount) and (ii) is issued, or fully and unconditionally guaranteed on an unsubordinated basis by, or held at an institution having at least the following ratings: "P-1" from Moody's and A-1+ from S&P, or if the aggregate amount deposited with any institutions (including amounts invested in Eligible Investments with such institutions) is lower than or equal to 20% (twenty per cent) of the aggregate Principal Amount Outstanding of the Rated Notes, A-1 from S&P (or such other rating acceptable to the Rating Agencies) in respect of its unsecured, unsubordinated and unguaranteed debt obligations, with a maturity not exceeding the Eligible Investment Maturity Date.

Eligible Investment Maturity Date: means the third Business Day immediately preceding the relevant Interest Payment Date or the Business Day immediately preceding the relevant Settlement Date, as the case may be, or following the occurrence of a Trigger Event, any such date as directed by the Representative of the Noteholders, provided that in the case of Eligible Investments issued by, or fully and unconditionally guaranteed on an unsubordinated basis by, or held at an institution

having a rating of A-1 from S&P, the maximum Eligible Investment Maturity Date will be the earlier of (i) the date falling not later than 30 days following the date on which the relevant investment is made and (ii) the immediately succeeding Interest Payment Date or Settlement Date, as the case may be.

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

Euribor: shall have the meaning ascribed to it in Condition 5.

Euro: 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 25 March 1957, as amended by, *inter alia*, the Single European Act 1986, the Treaty of European Union of 7 February 1992, establishing the European Union and the European Council of Madrid of 16 December 1995.

Euroclear: means Euroclear Bank S.A./N.V..

Expenses: means any documented fees, costs, expenses and taxes required to be paid to any third party (other than the Other Issuer Creditors) arising in connection with the Securitisation 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 account, which will be held at UniCredit Banca d'Impresa S.p.A., into which the Retention Amount will be credited and, from which any Expenses will be paid during each Quarterly Collection Period.

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

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

Hedging Agreement: means the two confirmations and the 1992 ISDA Master Agreement, together with the Schedule and Credit Support Annex thereto, to be entered into on 12 December 2006 between the Issuer and the Hedging Counterparty, each as from time to time modified in accordance with the respective provisions therein contained and any deed or other document expressed to be supplemented thereto.

Hedging Counterparty: means UniCredito and its permitted successors and assigns pursuant to the Hedging Agreement.

holder: in respect of a Note means the owner of the Note.

HSBC: means HSBC Bank plc, a company incorporated under the laws of England and Wales, having its registered office at 8 Canada Square, London E14 5HQ, United Kingdom.

HVB: means Bayerische Hypo- und Vereinsbank AG, a company organised and incorporated under the laws of the Republic of Germany, with registered offices at Kardinal-Faulhaber-Strasse 1, D-80333 Munich, Germany.

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

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

Initial Portfolio Original Amount: means the Outstanding Principal of the Initial Portfolio as at the relevant Valuation Date.

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

- (a) such company or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (including, without limitation, "*fallimento*", "*liquidazione coatta amministrativa*", "*concordato preventivo*", "*amministrazione straordinaria*" and "*amministrazione controllata*", each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, or similar proceedings or the whole or any substantial part of the undertaking or assets of such company or corporation are subject to a "pignoramento" or similar procedure having a similar effect (other than in the case of the Issuer, any portfolio of assets purchased by the Issuer for the purposes of further securitisation transactions), unless in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), such proceedings are being disputed in good faith with a reasonable prospect of success; or
- (b) an application for the commencement of any of the proceedings under (a) above is made in respect of or by such company or corporation or such proceedings are otherwise initiated against such company or corporation and, in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or
- (c) such company or corporation takes any action for a re-adjustment 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 (other than, in the case of the Issuer, the Other Issuer Creditors) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments; or
- (d) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company or corporation (except a winding-up for the purposes of or pursuant to a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders) or any of the events under article 2448 of the Italian civil code occurs with respect to such company or corporation; or
- (e) any proceedings equivalent or analogous to those described in paragraphs from (a) to (d) under the law of any jurisdiction in which such company or corporation is incorporated,

carrying on business or is deemed to carry on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration).

Instalment: means in respect of each Lease Contract, under which a Receivable arises, each monetary amount from time to time due by the Lessee.

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

Intercreditor Agreement: means the Intercreditor Agreement to be entered into on 12 December 2006 between the Issuer, Locat, the Servicer, the Representative of the Noteholders (on its own and behalf and as agent for the Noteholders and in its capacity as trustee under the Deed of Charge), the Corporate Servicer, the Computation Agent, the Cash Manager, the Account Bank, the Custodian Bank, the Principal Paying Agent, the Irish Paying Agent 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, as from time to time modified.

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 in respect of each Class of Notes 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 determined by the Principal Paying Agent pursuant to Condition 5.3.2.

Interest Payment Date: means (i) prior the service of a Trigger Notice, the 12th day of March 2007 and, thereafter, the 12th day of March, June, September and December of each year, or if such date is not a Business Day, the immediately following Business Day; and (ii) following the service of a Trigger Notice, the 12th day of each month, 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 include) the Issue Date and end on (but exclude) the first Interest Payment Date falling in March 2007.

Issue Date: means 14 December 2006.

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

Issuer: means Locat SV S.r.l., a limited liability company incorporated in the Republic of Italy under the Securitisation Law.

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

Issuer Available Funds: means in respect of any Settlement Date or any Interest Payment Date, as the case may be:

- (i) during the Revolving Period, the aggregate amount of the Issuer Interest Available Funds and the Issuer Principal Available Funds; and
- (ii) during the Amortisation Period or after the service of a Trigger Notice, the aggregate amount of the Issuer Interest Available Funds and the Available Redemption Funds.

Issuer Creditors: means (i) the Noteholders; (ii) the Other Issuer Creditors; and (iii) any other third party creditors in respect of any taxes, costs, fees and expenses incurred by the Issuer in relation to the Securitisation and to the corporate existence and good standing of the Issuer.

Issuer Interest Available Funds: means in respect of any Settlement Date or Interest Payment Date, as the case may be, the aggregate amounts of:

- (i) all interest amounts relating to the Receivables (excluding the Accrued Interest as at the relevant Valuation Date, which is part of the Purchase Price) paid into the Collection Account pursuant to the terms of the Servicing Agreement (and including for the avoidance of doubts any interest amounts deriving from the redemption, realisation or liquidation of the Eligible Investments in respect of interest Collections, but excluding any amount under item (vi) below);
- (ii) the Billed Residual Collected Amounts;
- (iii) all net amounts received from the Hedging Counterparty pursuant to the terms of the Hedging Agreement and credited to the Payments Account;
- (iv) 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;
- (v) all amounts standing to the credit of the Debt Service Reserve Account (net of the Debt Service Reserve Released Amount) and of the Adjustment Reserve Account;
- (vi) all amounts of interest accrued and available on each of the Cash Accounts and any interest amounts deriving from the redemption, realisation or liquidation of the Eligible Investments;
- (vii) any Issuer Principal Available Funds or Available Redemption Funds, as the case may be, standing to the credit of the Collection Account and the Payments Account which have been allocated as Issuer Interest Available Funds in accordance with the Priority of Payments;
- (viii) any Recovery Amount;
- (ix) any other amount received under the Transaction Documents except for amounts which relate to principal.

Issuer Principal Available Funds: means in respect of any Settlement Date or Interest Payment Date, as the case may be, the aggregate amount of:

- (i) all principal amounts (excluding any Recovery Amounts) relating to the Receivables paid into the Collection Account pursuant to the terms of the Servicing Agreement including the

Accrued Interest as at the relevant Valuation Date, which is part of the Purchase Price (and including for the avoidance of doubts any principal amounts deriving from the redemption, realisation or liquidation of the Eligible Investments in respect of principal Collections);

- (ii) the Principal Integration Amount;
- (iii) the Principal Deficiency Amount;
- (iv) the Debt Service Reserve Released Amount; and
- (v) any amounts paid to the Payments Account under item Third of the Priority of Payments set out under Condition 4.1.2(A) and item Fifth of the Priority of Payments set out under Condition 4.1.2(B).

Issuer Secured Creditors: means (i) the Noteholders; and (ii) the Other Issuer Creditors.

Joint Lead Manager and Joint Bookrunner: means any of HSBC, HVB, ML and UBM and "**Joint Lead Managers and Joint Bookrunners**" means all of them.

Junior Notes: means the Class D Series 2006 Notes.

Junior Noteholder: means the holder of a Junior Note and "**Junior Noteholders**" means all of them.

Junior Notes Conditions: means the terms and conditions at any time applicable to the Junior Notes.

Junior Notes Subscription Agreement: means the subscription agreement for the subscription of the Junior Notes to be entered into on 12 December 2006 between the Issuer, Locat and the Representative of the Noteholders.

Lease Contract: means each written agreement, made on Locat's standard form, between Locat and a Lessee pursuant to which Locat leases an Asset to a named entity 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 named entity which leases an Asset under the terms of a Lease Contract.

Letter of Undertaking: means the letter of undertaking entered into on 15 November 2005, in the context of the Previous Securitisation, between the Originator, the Issuer 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, as from time to time modified.

Limited Recourse Loan: means a limited recourse loan advanced in an amount equal to the receivable value by Locat to the Issuer pursuant to Clause 4.1 of the Warranty and Indemnity Agreement in the event of any misrepresentation or breach of any warranties or representations given by Locat pursuant to Clause 3.2 of the Warranty and Indemnity Agreement not being cured within a period of 10 days.

Locat: means Locat S.p.A., a joint stock company incorporated under the laws of the Republic of Italy, fiscal code number 03648050015 and registered under number 19319 in the register of financial intermediaries held by Bank of Italy pursuant to article 107 of the Banking Act, having its registered office at Piazza di Porta Santo Stefano No. 3, Bologna, Italy, a member of the UniCredito Italiano Banking Group registered under number 3135.1 in the register of the banking groups.

Mandate Agreement: means the mandate agreement entered into on 12 December 2006 between the Issuer 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, as from time to time modified.

Master Definitions Agreement: means the master definitions agreement entered into on 12 December 2006 between all the parties to each of the Transaction Documents, as from time to time modified and any deed or other document expressed to be supplemental thereto, as from time to time modified.

Master Receivables Purchase Agreement: means the master receivables purchase agreement entered into between the Issuer and Locat on 14 November 2006, as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time modified.

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

- (i) for Pool 1, 2.50%;
- (ii) for Pool 2, 2.50%;
- (iii) for Pool 3 Revolving, 1.50%.

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

- (i) for Pool 1, 16.0%;
- (ii) for Pool 2, 12.0%;
- (iii) for Pool 3 Revolving, 10.0%.

Mezzanine Notes: means the Class B Series 2006 Notes and the Class C Series 2006 Notes collectively.

ML: means Merrill Lynch International, a company incorporated under the laws the England and Wales, whose registered office is at Merrill Lynch Financial Centre, 2 King Edward Street, London EC1A 1HQ, United Kingdom.

Monte Titoli Mandate Agreement: means the agreement executed in the context of the Previous Securitisation between the Issuer and Monte Titoli for the deposit of the Previous Notes and the Notes on the Monte Titoli clearing system.

Monte Titoli: means Monte Titoli S.p.A., whose registered office is at Via Mantegna 6, 20154 Milan -Italy.

Monte Titoli Account Holder: means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli (as intermediari aderenti) in accordance with Article 30 of Italian Legislative Decree 213.

Moody's: means Moody's Investors Service.

Most Senior Class of Notes: means (i) the Class A Series 2006 Notes; (ii) following the full repayment of all the Class A Series 2006 Notes, the Class B Series 2006 Notes; (iii) following the full repayment of all the Class B Series 2006 Notes, the Class C Series 2006 Notes; (iv) following the full repayment of all the Class C Series 2006 Notes, the Class D Series 2006 Notes.

Motor Vehicles: means any cars, industrial light lorries, trucks, commercial vans or any other motor vehicles which are leased under any Lease Contract.

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 exceeds (ii) the sum of the Positive Adjustment accrued and unpaid as at such date in respect of all Receivables.

Noteholder: means each of the Rated Noteholders and the Junior Noteholders and "Noteholders" all of them.

Notes: means the Rated Notes and the Junior Notes collectively.

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

Organisation of the Noteholders: means the association of Noteholders created on the Issue Date pursuant to the Rules of the Organisation of the Noteholders.

Originator: means Locat S.p.A.

Other Issuer Creditors: means the Originator, the Servicer, the Representative of the Noteholders, the Computation Agent, the Corporate Servicer, the Custodian Bank, the Principal Paying Agent, the Cash Manager, the Irish Paying Agent, the Account Bank and the Hedging Counterparty and any other creditor of the Issuer under the Transaction Documents.

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.

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.

Pool: 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 Lease Contracts the underlying Assets of which are Motor Vehicles.

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

Pool No. 3: means, as the case may be, (a) Pool No. 3 Revolving, or (b) Pool No. 3 Non Revolving.

Pool No. 3 Revolving: means the aggregate of Receivables originating from Lease Contracts the underlying Assets of which are Real Estate Asset having, exclusively in relation to the transfer of the Initial Portfolio, a value lower than Euro 3,900,000.00 at the relevant Transfer Date.

Pool No. 3 Non Revolving: means the aggregate of Receivables originating from Lease Contracts the underlying Assets of which are Real Estate Assets, whose value at the Transfer Date of the Initial Portfolio is comprised between Euro 5,500,000.00 and Euro 20,000,000.00, and having a concentration of its debt exposure by single Lessee not in excess of 1% of the Initial Portfolio.

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 Locat 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) (i) the Outstanding Principal of the Receivables, with regards to Pool n°1, Pool n° 2 and Pool n°3 Revolving, which have become Defaulted Receivables and Defaulting Receivables during such Quarterly Collection Period, minus (ii) the aggregate of the Recovery Amounts, with regards to Pool n°1, Pool n° 2 and Pool n°3 Revolving, received during such Quarterly Collection Period; by (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 Delinquent Receivables, with regards to Pool n°1, Pool n° 2 and Pool n°3 Revolving, as at the last day of such period; by (B) the Collateral Portfolio Outstanding Amount as at the last day of such period.

Portfolio Yield: means, with respect to any period of time, the amount which is the aggregate of:

- (i) the interest accrued on the Collateral Portfolio Outstanding Amount during such period whether actually paid or not, plus the Adjustments accrued during such period whether actually paid or not;
- (ii) the defaulted interests accrued during such period on the Receivables in accordance with each Lease Contract minus the accounting adjustments calculated during such period of these defaulted interests;
- (iii) the amount of any and all penalties paid by the Lessee during such period; and
- (iv) any other revenues accrued in favour of the Issuer under the Lease Contracts in such 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 Index Rate.

Previous Notes: means the € 451,000,000 Class A1 Asset-Backed Floating Rate Notes due 2026 (ISIN: IT0003951197), € 1,349,000,000 Class A2 Asset-Backed Floating Rate Notes due 2026 (ISIN: IT0003951115), € 160,000,000 Class B Asset-Backed Floating Rate Notes due 2026 (ISIN IT0003951123), € 33,000,000 Class C Asset-Backed Floating Rate Notes due 2026 (ISIN IT0003951131) and € 7,000,136 Class D Asset Backed Variable Return Notes due 2026, issued by the Issuer in the context of the Previous Securitisation.

Previous Portfolio: means collectively the initial portfolio and the subsequent portfolios of monetary claims arising out of leasing receivables purchased by the Issuer in the context of the Previous Securitisation.

Previous Securitisation: means the securitisation carried out by the Issuer on 18 November 2005.

Principal Amount Outstanding: means, on any day:

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

Principal Deficiency: means on any given date an amount equal to the sum of the Outstanding Principal as at the relevant default date, relating to the Receivables which have become Defaulted Receivables during the preceding Quarterly Collection Period plus the Outstanding Principal of the Receivables which have become Defaulting Receivables at the end of the preceding Quarterly Collection Period.

Principal Deficiency Amount: means in relation to any Interest Payment Date, an amount equal to the aggregate of (i) the Principal Deficiency and (ii) an amount equal to the payment made under

item (B) First of the Priority of Payments set out in Conditions 4.1.2 and 4.2.2 on the preceding Interest Payment Date.

Principal Instalment: means the principal component of each Instalment.

Principal Integration Amount: means, during the Revolving Period and the Amortisation Period any Issuer Interest Available Funds after all the payments from First to Ninth of the Priority of Payments as set out in Condition 4.1.1, or as the case may be, from First to Tenth in the Priority of Payments set out in Condition 4.2.1 have been made in accordance with such Priority of Payments.

Principal Paying Agent: means BNP Paribas Securities Services - Milan Branch and its permitted successors and assigns acting as Principal Paying Agent pursuant to the Cash Allocation, Management and Payments Agreement.

Principal Payment Amount: means the principal amount payable in respect of each of the Notes on any Interest Payment Date in accordance with Condition 6.5.

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

Purchase Price: means the purchase price payable by the Issuer to Locat in respect of the Initial Portfolio and each Subsequent Portfolio and any purchase price not already paid by the Issuer on the preceding Settlement Dates or Interest Payment Dates, as the case may be.

Purchase Price Adjustment: means the adjustment to the Purchase Price payable under Clause 4 of the Master Receivables Purchase Agreement.

Purchase Termination Event: means any of the events referred to in Condition 10.

Purchase Termination Notice: shall have the meaning ascribed to it in Condition 10.

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 Valuation Date in relation to the Initial Portfolio and ending on (but excluding) the date falling on the second Business Day of March 2007.

Quotaholder: means SVM Securitisation Vehicle Management S.p.A..

Quotaholder Agreement: means the Quotaholder agreement entered into on 15 November 2005, in the context of the Previous Securitisation, between the Issuer, Locat, the Representative of the Noteholders and the Quotaholder, 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.

Quota Capital Account: means the euro denominated account, which will be held at Banca Antoniana Popolare Veneta or any other bank approved by the Issuer, into which the quota capital of the Issuer will be credited.

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

Rated Notes: means the Senior Notes and the Mezzanine Notes collectively.

Rated Noteholders: means the Class A1 Series 2006 Noteholders, the Class A2 Series 2006 Noteholders, the Class B Series 2006 Noteholders and the Class C Series 2006 Noteholders.

Rated Notes Conditions: means the terms and conditions at any time applicable to the Rated Notes.

Rated Notes Subscription Agreement: means the subscription agreement for the subscription of the Rated Notes to be entered into on 12 December 2006 between the Issuer, the Joint Lead Managers and Joint Bookrunners and the Representative of the Noteholders.

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

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

Receivables: means, gross of any VAT applicable thereon, (i) payments in respect of the Instalments, (ii) any interest, including default interest, and any reimbursement of costs and expenses; (iii) Agreed Prepayments, (iv) the Adjustment; (v) proceeds received by Locat under insurance policies or other payments under any security related to the Lease Contracts, (vi) penalty payments, (vii) any Recovery Amounts, and (viii) the Billed Residual Amounts; together with any other rights and accessories pertaining thereto, but excluding any Residual.

Recovery Amounts: means the proceeds from Defaulted Receivables and Defaulting Receivables, including proceeds from the sale of Assets, insurance proceeds and penalties.

Reference Banks: means collectively Banca Intesa S.p.A., UBM, BNP Paribas and its permitted successors and assigns pursuant to the Cash Allocation, Management and Payments Agreement.

Relevant Margin: means

- (a) in respect of the Class A1 Series 2006 Notes: a margin of 0.08% per annum;
- (b) in respect of the Class A2 Series 2006 Notes: a margin of 0.16% per annum;
- (c) in respect of the Class B Series 2006 Notes: a margin of 0.35% per annum; and
- (d) in respect of the Class C Series 2006 Notes: a margin of 0.60% per annum.

Representative of the Noteholders: means Securitisation Services S.p.A. 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 price payable by the relevant Lessee to purchase the Asset at the end of the contractual term under the relevant Lease Contract.

Retention Amount: means an amount equal to Euro 30,000.

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

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

Rules of the Organisation of the Noteholders: means the Rules of the Organisation of the Noteholders included in the Exhibit 1 to the Conditions.

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

Securities Account: means a securities account established by the Issuer with the Custodian Bank, for the deposit of the bonds, debentures or other kinds of notes or financial instruments purchased with monies standing to the credit of the Cash Accounts.

Securities Act: means the U.S. Securities Act of 1933, as amended.

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

Securitisation Law: means 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: means a company incorporated under the laws of the Republic of Italy, having its registered office at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy, fiscal code and VAT number and enrolment with the Treviso companies register number 03546510268, enrolled under number 31816 with the register held by *Ufficio Italiano dei Cambi* pursuant to article 106 of the Banking Act, enrolled with the register held by Bank of Italy pursuant to article 107 of the Banking Act.

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

Security Interest: means:

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

Selection Date: means, in relation to the Initial Portfolio, 4 November 2006, 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 Notes: means the Class A Series 2006 Notes.

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

Servicer: means Locat and its permitted successors and assigns pursuant to the Servicing Agreement.

Servicing Agreement: means the servicing agreement entered into on 14 November 2006 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, as from time to time modified.

Servicer's Termination Event: means any of the events following to which, in accordance with article 9 of the Servicing Agreement, the Issuer shall revoke the Servicer and appoint a Subsequent Servicer.

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

Sole Affected Party: has the meaning specified in the 2000 ISDA Definitions.

Stock Exchange: means the Irish Stock Exchange.

Subsequent Portfolio: means the Receivables arising from Lease Contracts included in Pool No.1, Pool No. 2 and Pool No. 3 Revolving, which are the subject matter of the subsequent transfers between Locat and the Issuer pursuant to terms of the Master Receivables Purchase Agreement.

Subsequent Portfolio Original Amount: means the Outstanding Principal of the Subsequent Portfolio as at the relevant Valuation Date.

Subscription Agreements: means the Rated Notes Subscription Agreement and the Junior Notes Subscription Agreement collectively.

Taxes: means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political subdivision thereof or any authority thereof or therein.

Transaction Documents: means the Intercreditor Agreement, the Master Receivables Purchase Agreement, the Servicing Agreement, the Hedging Agreement, the Agreement for the Extension and Amendment to the Corporate Services Agreement, the Agreement for the Extension and Amendment to the Quotaholder Agreement, the Agreement for the Extension and Amendment to the Letter of Undertaking, the Rated Notes Subscription Agreement, the Junior Notes Subscription Agreement, the Cash Allocation, Management and Payments Agreement, the Deed of Pledge, the Deed of Charge, the Warranty and Indemnity Agreement, the Mandate Agreement, the MonteTitoli Mandate Agreement and the Master Definitions Agreement.

Transfer Date: means, in relation to the Initial Portfolio, 14 November 2006 and in relation to any Subsequent Portfolio the date on which the Originator has received from the Issuer the acceptance of the relevant Bill of Sale, as provided from time to time in the notice sent in accordance with to article 6.2 of the Master Receivables Purchase 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 Event: mean any of the events referred to in Condition 11.

Trigger Notice: means a notice served by the Representative of the Noteholders on the Issuer pursuant to Condition 11 declaring the Notes to be due and repayable following the occurrence of a Trigger Event.

UBM: means UniCredit Banca Mobiliare S.p.A., a company incorporated under the laws of the Republic of Italy, having its registered office at Via Tommaso Grossi 10, 20121 Milan.

UniCredit Banca Mobiliare S.p.A. - London Branch: means a bank operating in Italy as a joint stock company, having its registered office at Via Tommaso Grossi, 10, 20121 Milan - Italy, fiscal code and enrolment with the companies register of Milan number 12874220150, enrolled in the register of banks held by the Bank of Italy pursuant to article 13 of the Banking Act with number 3130.0 acting through its London Branch having its offices in Queen Victoria Street, EC4V4HN London - United Kingdom.

UniCredito: means UniCredito Italiano S.p.A., a company incorporated under the laws of Italy, having its registered office at Via Dante, 1, Genova, Italy.

Valuation Date: means, in respect of the Initial Portfolio, 1 December 2006, and in respect of each Subsequent Portfolio, each Settlement Date.

VAT: means Imposta sul Valore Aggiunto (IVA) as defined in Decree No. 633 of 26 October 1972.

Warranty and Indemnity Agreement: means the Warranty and Indemnity Agreement entered into on 14 November 2006, between the Issuer and Locat 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.

1. FORM, DENOMINATION AND TITLE

1.1 The Rated Notes are issued in the denomination of Euro 100,000.

1.2 The Rated Notes are in dematerialised form and will be wholly and exclusively recorded with Monte Titoli in accordance with article 28 of Legislative Decree No. 213 of 24 June 1998, through the authorised institutions listed in article 30 of such Legislative Decree.

1.3 The Rated Notes will be held by Monte Titoli on behalf of the Rated Noteholders until redemption or cancellation thereof for the account of the relevant Monte Titoli Account

Holder. Title to the Rated Notes will be evidenced by, and be transferable by means of, one or more book entries in accordance with the provisions of (i) article 28 of Legislative Decree No. 213 of 24 June 1998 and (ii) CONSOB Resolution No. 11768 of 23 December 1998, as amended and supplemented. No physical documents of title will be issued in respect of the Rated Notes.

- 1.4 The Rules of the Organisation of the Noteholders, attached hereto as Exhibit 1, shall constitute an integral and essential part of these Conditions.
- 1.5 The rights arising from the Deed of Pledge are included in each Rated Note. The Rated Noteholders have the benefit of the security created in favour of the Representative of the Noteholders, as trustee for the Noteholders and the Other Issuer Creditors, pursuant to the Deed of Charge.

2. STATUS, PRIORITY AND SEGREGATION

- 2.1 The Rated Notes constitute limited recourse obligations of the Issuer and, accordingly, the extent of the obligation of the Issuer to make payments under the Rated Notes is limited to the amounts received or recovered by the Issuer in respect of the Receivables and the other Issuer's Rights. The Rated Noteholders acknowledge that the limited recourse nature of the Rated Notes produces the effects of a "*contratto aleatorio*" and are deemed to accept the consequences thereof, including but not limited to the provisions under article 1469 of the Italian civil code. By virtue of the Securitisation Law, the Issuer's right, title and interest in and to the Portfolio is segregated from all other assets of the Issuer and amounts deriving therefrom will only be available both prior to and following a winding-up of the Issuer to satisfy the obligations of the Issuer to the Noteholders and the Other Issuer Creditors according to 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.
- 2.2 Save as provided under Condition 2.3 below:
 - 2.2.1 in respect of the obligations of the Issuer to pay interest on the Notes, the Class A1 Series 2006 Notes and the Class A2 Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class B Series 2006 Notes, the Class C Series 2006 Notes and the Class D Series 2006 Notes; the Class B Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class C Series 2006 Notes and the Class D Series 2006 Notes and subordinated to the Class A Series 2006 Notes; the Class C Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class D Series 2006 Notes and subordinated to the Class A Series 2006 Notes and the Class B Series 2006 Notes; the Class D Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves but subordinated to the Rated Notes;

- 2.2.2 in respect of the obligations of the Issuer to pay principal on the Notes, the Class A1 Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves but in priority to the Class A2 Series 2006 Notes, the Class B Series 2006 Notes, the Class C Series 2006 Notes and the Class D Series 2006 Notes; the Class A2 Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class B Series 2006 Notes, the Class C Series 2006 Notes and the Class D Series 2006 Notes and subordinated to the Class A1 Series 2006 Notes; the Class B Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class C Series 2006 Notes and the Class D Series 2006 Notes and subordinated to the Class A Series 2006 Notes; the Class C Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class D Series 2006 Notes and subordinated to the Class A Series 2006 Notes and the Class B Series 2006 Notes; the Class D Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves but subordinated to the Rated Notes;
- 2.2.3 following the service of a Trigger Notice, the Class A1 Series 2006 Notes and the Class A2 Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority for all purposes to the Class B Series 2006 Notes, the Class C Series 2006 Notes and the Class D Series 2006 Notes; the Class B Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority for all purposes to the Class C Series 2006 Notes and the Class D Series 2006 Notes and subordinated to the Class A Series 2006 Notes; the Class C Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority for all purposes to the Class D Series 2006 Notes and subordinated to the Class A Series 2006 Notes and the Class B Series 2006 Notes, the Class D Series 2006 Notes rank *pari passu* and rateably without any preference or priority among themselves but subordinated to the Rated Notes.
- 2.3 If in the opinion of the Representative of the Noteholders, there is a conflict between the interests of the Class A Series 2006 Noteholders, the Class B Series 2006 Noteholders, the Class C Series 2006 Noteholders and the Junior Noteholders, the Representative of the Noteholders is required to have regard only to the interests of the Most Senior Class of Notes.

3. COVENANTS

For so long as any amount remains outstanding in respect of the Notes of any Class, the Issuer shall not, save with prior written consent of the Representative of the Noteholders or as provided in or envisaged by any of the Transaction Documents and/or in compliance with the provisions of the documentation under the Previous Securitisation:

3.1 *Negative pledge*

create or permit to subsist any Security Interest whatsoever over the Receivables or any part thereof or over any of its other assets (save for any Security Interest created in connection with the Previous Securitisation or any further securitisation under Condition 3.10 below) or sell, lend, part with or otherwise dispose of all or any part of the Receivables; or

3.2 *Restrictions on activities*

- (a) engage in any activity whatsoever which is not incidental to or necessary in connection with the Previous Securitisation or any further securitisation or with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage; or
- (b) have any subsidiary (società controllata o collegata, as defined in article 2359 of the Italian civil code) or any employees or premises; or
- (c) at any time approve or agree or consent to any act or thing whatsoever which may be materially prejudicial to the interests of the Noteholders under the Transaction Documents and not to do, or permit to be done, any act or thing in relation thereto which may be materially prejudicial to the interests of the Noteholders under the Transaction Documents; or

3.3 *Dividends or Distributions*

pay any dividend or make any other distribution or return or repay any equity capital to its Quotaholders, or to increase its capital save as required by the applicable law; or

3.4 *Borrowings*

incur any indebtedness in respect of borrowed money whatsoever (save for the indebtedness to be incurred in relation to the Previous Securitisation or any further securitisation pursuant to Condition 3.10 below) or give any guarantee in respect of indebtedness or of any obligation of any person, save as provided in the Transaction Documents; or

3.5 *Merger*

consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person; or

3.6 *No variation or waiver*

permit any of the Transaction Documents to which it is party to be amended, terminated or discharged, or exercise any powers of consent or waiver pursuant to the terms of any of the Transaction Documents to which it is a party, or permit any party to any of the Transaction Documents to which it is a party to be released from such obligations; or

3.7 *Bank Accounts*

open or have an interest in any bank account other than the accounts opened in the context of the Previous Securitisation, the Accounts, any bank account opened for the posting of collateral pursuant to the Hedging Agreement, or any other bank accounts opened in relation to any further securitisations pursuant to Condition 3.10 below, unless (i) the opening of such accounts appears necessary in the context of the Securitisation; (ii) the Rating Agencies confirm that the opening of such accounts will not affect the rating of any of the Rated Notes; and (iii) the Representative of the Noteholders has given its prior written consent to the opening of such accounts; or

3.8 *Statutory documents*

agree (in so far as is currently permitted) to amend, supplement or otherwise modify its corporate object or its statutory documents in any manner which is prejudicial to the interest of the Noteholders or the Other Issuer Creditors other than when so required by the applicable law or by the competent regulatory authorities; or

3.9 *De-registration*

Request the de-registration from the register held by the *Ufficio Italiano dei Cambi* pursuant to article 106 of Banking Act or from the register held pursuant to article 107 of Banking Act, during any period in which any applicable law or regulation requires the issuer to be registered on such registers;

3.10 *Further Securitisations*

carry out other securitisation transactions or, without limiting the generality of the foregoing, implement, enter into, make or execute any document, act, deed or agreement in connection with any other securitisation transaction without the prior written consent of the Representative of the Noteholders and subject to the Rating Agencies' prior confirmation that any such securitisation transaction will not affect the rating of the Previous Notes or the Rated Notes and provided further that the assets relating to any such securitisation will be segregated in accordance with the Securitisation Law.

4. **PRIORITY OF PAYMENTS**

4.1 *Priority of Payments during the Revolving Period*

4.1.1 *Issuer Interest Available Funds*

- (A) On each Settlement Date during the Revolving Period, the Issuer Interest Available Funds shall be applied to fund the payment to Locat of the Billed Residual Collected Amounts.
- (B) On each Interest Payment Date during the Revolving Period, the Issuer Interest Available Funds shall be applied in making the following payments in the following

order of priority (in each case, only if and to the extent that payments of a higher priority have been made in full):

First, (A) to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses not already paid out of the Expense Account (to the extent that amounts standing to the credit of the Expense Account are insufficient to pay such costs), and (B) to credit into the Expense Account such an amount as will bring the balance of such account up to (but not in excess of) the Retention Amount;

Second, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (A) the remuneration due to the Representative of the Noteholders and any 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; and (B) any amounts due and payable on such Interest Payment Date to the Custodian Bank, the Account Bank, the Computation Agent, the Principal Paying Agent, the Cash Manager, the Irish Paying Agent, the Corporate Servicer and the Servicer;

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

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

Fifth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Class A1 Series 2006 Notes and the Class A2 Series 2006 Notes on such Interest Payment Date;

Sixth, subject to as provided under (x) below, 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 Class B Series 2006 Notes on such Interest Payment Date;

Seventh, subject to as provided under (y) below, 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 Class C Series 2006 Notes on such Interest Payment Date;

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

Ninth, to allocate the Principal Deficiency Amount to the Issuer Principal Available Funds (including for avoidance of doubts, the Principal Deficiency Amount which has not been so allocated on the preceding Interest Payment Dates);

Tenth, to pay the Principal Integration Amount, to the extent that the Cumulative Default Ratio has been higher than the relevant Cumulative Default Trigger Ratio;

Eleventh, to pay to the Hedging Counterparty any hedging termination payments due under the Hedging Agreement other than any amounts payable under item *Third* above;

Twelfth, to pay to Locat the Billed Residual Uncollected Amount;

Thirteenth, to pay to Locat any other amounts due and payable as indemnity under the Transaction Documents;

Fourteenth, to pay all amounts then due and payable as Class D Series 2006 Base Interest on such Interest Payment Date; and

Fifteenth, to pay any amounts due and payable as Class D Series 2006 Additional Remuneration;

provided that,

(x) to the extent that during any preceding Quarterly Collection Period the Cumulative Default Ratio Interest Deferral has exceeded 11,5%, no amount under item *Sixth* above will be paid, but items ranking lower in this priority of payments may nevertheless be paid; and

(y) to the extent that during any preceding Quarterly Collection Period the Cumulative Default Ratio Interest Deferral has exceeded 6,5%, no amount under item *Seventh* above will be paid, but items ranking lower in this priority of payments may nevertheless be paid.

4.1.2 *Issuer Principal Available Funds*

(A) On each Settlement Date during the Revolving Period, save for the Settlement Date immediately preceding an Interest Payment Date, the Issuer Principal 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, only on the first two Settlement Dates, in crediting the Debt Service Reserve Account up to the Debt Service Reserve Amount;

Second, to pay to Locat, any amount due as Purchase Price for any Subsequent Portfolio purchased pursuant to the Master Receivables Purchase Agreement; and

Third, to pay the residual amount to the Payments Account.

(B) On each Interest Payment Date during the Revolving Period, the Issuer Principal 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, to pay any amount payable under items *First* through *Seventh* (inclusive) under Condition 4.1.1 above, to the extent that the Issuer Interest Available Funds are not sufficient on such Interest Payment Date to make such payments in full;

Second, only on the first Interest Payment Date, if not already credited on the immediately preceding Settlement Date to credit the Debt Service Reserve Account with such an amount as will bring the balance of such account up to (but not in excess of) the Debt Service Reserve Amount;

Third, to pay to Locat, any amount due as Purchase Price for any Subsequent Portfolio purchased pursuant to the Master Receivables Purchase Agreement to the extent not already paid on the previous Settlement Dates or Interest Payment Dates, as the case may be;

Fourth, to pay to Locat the Purchase Price Adjustment, if any; and

Fifth, to pay the residual amount to the Payments Account.

4.2 ***Priority of Payments during the Amortisation Period***

4.2.1 *Issuer Interest Available Funds*

(A) On each Settlement Date during the Amortisation Period, the Issuer Interest Available Funds shall be applied to fund the payment to Locat of the Billed Residual Collected Amounts.

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

First, (A) to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses not already paid out of the Expense Account (to the extent that amounts standing to the credit of the Expense Account are insufficient to pay such costs); and (B) to credit into the Expense Account such an amount to bring the balance of such account up to (but not in excess of) the Retention Amount;

Second, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (A) the remuneration due to the Representative of the Noteholders and any 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; and (B) any amounts due and payable on such Interest Payment Date to the Account Bank, the Custodian Bank, the Computation Agent, the Principal Paying Agent, the Cash Manager, the Irish Paying Agent, the Corporate Servicer and the Servicer;

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

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

Fifth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Class A1 Series 2006 Notes and the Class A2 Series 2006 Notes on such Interest Payment Date;

Sixth, subject to as provided under (x) below, 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 Class B Series 2006 Notes on such Interest Payment Date;

Seventh, subject to as provided under (y) below, 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 Class C Series 2006 Notes on such Interest Payment Date;

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

Ninth, to allocate the Debt Service Reserve Released Amount to the Issuer Principal Available Funds;

Tenth, to allocate the Principal Deficiency Amount to the Issuer Principal Available Funds (including for avoidance of doubts, the Principal Deficiency Amount which has not been so allocated on the preceding Interest Payment Dates);

Eleventh, to pay the Principal Integration Amount, to the extent that the Cumulative Default Ratio has been higher than the relevant Cumulative Default Trigger Ratio;

Twelfth, to pay the Hedging Counterparty any hedging termination payments due under the Hedging Agreement other than any amounts payable under item *Third* above;

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

Fourteenth, to pay to Locat any other amounts due and payable as indemnity under the Transaction Documents;

Fifteenth, to pay all amounts then due and payable as Class D Series 2006 Base Interest on such Interest Payment Date; and

Sixteenth, to pay any amounts due and payable as Class D Series 2006 Additional Remuneration;

provided that,

(x) to the extent that during any preceding Quarterly Collection Period the Cumulative Default Ratio Interest Deferral has exceeded 11,5%, no amount under item *Sixth* above will

be paid until after the full redemption of the Class A Series 2006 Notes, but items ranking lower in this priority of payments may nevertheless be paid; and

(y) to the extent that during any preceding Quarterly Collection Period the Cumulative Default Ratio Interest Deferral has exceeded 6,5%, no amount under item *Seventh* above will be paid until after the full redemption of the Class B Series 2006 Notes, but items ranking lower in this priority of payments may nevertheless be paid.

4.2.2 *Available Redemption Funds*

On each Interest Payment Date during the Amortisation Period, the Available Redemption 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, to pay any amount payable under items *First* to *Seventh* (inclusive) under 4.2.1 (B) above, to the extent that the Issuer Interest Available Funds are not sufficient on such Interest Payment Date to make such payments in full;

Second, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of principal due and payable, if any, in respect of the Class A1 Series 2006 Notes on such Interest Payment Date and if such Interest Payment Date falls prior to the expiration of eighteen months following the Issue Date, to invest such amounts in Eligible Investments;

Third, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of principal due and payable, if any, in respect of the Class A2 Series 2006 Notes on such Interest Payment Date and if such Interest Payment Date falls prior to the expiration of eighteen months following the Issue Date, to invest such amounts in Eligible Investments;

Fourth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of principal due and payable, if any, in respect of the Class B Series 2006 Notes on such Interest Payment Date and if such Interest Payment Date falls prior to the expiration of eighteen months following the Issue Date, to invest such amounts in Eligible Investments;

Fifth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of principal due and payable, if any, in respect of the Class C Series 2006 Notes on such Interest Payment Date and if such Interest Payment Date falls prior to the expiration of eighteen months following the Issue Date, invest such amounts in Eligible Investments;

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

Seventh, to pay, *pari passu* according to the respective amounts thereof, any Purchase Price (if any) due but not already paid on the preceding Settlement Dates or Interest Payment Dates, as the case may be;

Eighth, to pay to Locat any amount due and payable under the Limited Recourse Loan;

Ninth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, the amounts of principal due and payable, if any, in respect of the Class D Series 2006 Notes on such Interest Payment Date, in any case up to an amount equal to Euro 30,000 and, on the Final Maturity Date, all amounts of principal due and payable, if any, on the Class D Series 2006 Notes; and

Tenth, to pay the residual amount to the Issuer Interest Available Funds, except for the residual amounts due to the rounding of the principal payments on the Notes.

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

4.3.1 *Issuer Interest Available Funds*

Following the service of a Trigger Notice, the Issuer Interest Available Funds (which would exclude, if the Trigger Event is an Insolvency Event, any amounts to be paid to the persons who are not parties to the Intercreditor Agreement in accordance with Italian bankruptcy law) shall be applied in making the following payments in the following order of priority (in each case, only and to the extent that payments of a higher priority have been made in full) and on a monthly basis:

First, *pari passu* and *pro rata* according to the respective amounts thereof, (A) to pay to Locat the Billed Residual Collected Amounts; (B) to pay any Expenses (to the extent that amounts standing to the credit of the Expense Account are insufficient to pay such costs); and (C) to credit into the Expense Account such an amount as will bring the balance of such account up to (but not in excess of) the Retention Amount;

Second, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (A) the remuneration due to the Representative of the Noteholders and any 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; and (B) any amounts due and payable on such Interest Payment Date to the Account Bank, the Custodian Bank, the Computation Agent, the Principal Paying Agent, the Cash Manager, the Irish Paying Agent, the Corporate Servicer and the Servicer;

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

Fourth, to credit the Net Adjustment Reserve Amount 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 Class A1 Series 2006 Notes and the Class A2 Series 2006 Notes on such Interest Payment Date;

Sixth, to pay any amount payable under item *Second* under 4.3.2 below, to the extent that the Available Redemption Funds are not sufficient to make such payment in full;

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 Class B Series 2006 Notes;

Eighth, to pay any amount payable under item *Fourth* under 4.3.2 below, to the extent that the Available Redemption Funds are not sufficient to make such payment 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 Class C Series 2006 Notes;

Tenth, to pay any amount payable under item *Sixth* under 4.3.2 below, to the extent that the Available Redemption Funds are not sufficient to make such payment in full;

Eleventh, to pay the Hedging Counterparty any hedging termination payments due under the Hedging Agreement other than any amounts payable under item *Third* above;

Twelfth, to pay to Locat the Billed Residual Uncollected Amount; and

Thirteenth, to pay to Locat any amounts due and payable as indemnity under the Transaction Documents.

Following the service of a Trigger Notice, any remaining Issuer Interest Available Funds after all the above payments have been made in full, shall form part of the Available Redemption Funds.

4.3.2 *Available Redemption Funds*

Following the service of a Trigger Notice, the Available Redemption Funds shall be applied in making the following payments in the following order of priority (in each case, only and to the extent that payments of a higher priority have been made in full) and on a monthly basis:

First, to pay any amount payable under items *First* to *Fifth* (inclusive) under (1) above, to the extent that the Issuer Interest Available Funds are not sufficient to make such payments in full;

Second, 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 Class A1 Series 2006

Notes and the Class A2 Series 2006 Notes on such Interest Payment Date and if such Interest Payment Date falls prior to the expiration of eighteen months following the Issue Date, to invest such amounts in Eligible Investments;

Third, to pay any amount payable under item *Seventh* under 4.3.1 above, to the extent that the Issuer Interest Available Funds are not sufficient to make such payments in full;

Fourth, 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 Class B Series 2006 Notes on such Interest Payment Date and if such Interest Payment Date falls prior to the expiration of eighteen months following the Issue Date, to invest such amounts in Eligible Investments;

Fifth, to pay any amount payable under item *Ninth* under 4.3.1 above, to the extent that the Issuer Interest Available Funds are not sufficient to make such payments in full;

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 Class C Series 2006 Notes on such Interest Payment Date and if such Interest Payment Date falls prior to the expiration of eighteen months following the Issue Date, to invest such amounts in Eligible Investments;

Seventh, to pay any amount payable under items *Eleventh*, *Twelfth* and *Thirteenth* under 4.3.1 above, to the extent that the Issuer Interest Available Funds are not sufficient to make such payments in full;

Eighth, to pay to Locat the Purchase Price Adjustment, if any;

Ninth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Purchase Price (if any) due but not already paid on the preceding Settlement Dates or Interest Payment Dates, as the case may be;

Tenth, to pay to Locat any amount due and payable under the Limited Recourse Loan;

Eleventh, to pay all amounts then due and payable as Class D Series 2006 Base Interest on such Interest Payment Date;

Twelfth, to pay any amounts due and payable as Class D Series 2006 Additional Remuneration;

Thirteenth, 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 Class D Series 2006 Notes on such Interest Payment Date; and

Fourteenth, to pay any residual amounts to the Class D Series 2006 Noteholders.

5. **INTEREST**

5.1 *Interest Payment Dates and Interest Periods*

The Rated Notes bear interest on their Principal Amount Outstanding from (and including) the Issue Date. Interest in respect of the Rated Notes shall accrue on a daily basis and is payable on any Interest Payment Date. The first Interest Payment Date is March 2007 in respect of the Initial Interest Period.

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.

Interest shall cease to accrue on any part of the Principal Amount Outstanding of each of the Rated Notes from (and including) the date of redemption of such part unless payment of principal due and payable but unpaid is improperly withheld or refused, whereupon interest shall continue to accrue on such principal (as well after as before judgement) at the rate from time to time applicable to the Rated Notes until the monies in respect thereof have been received by the Representative of the Noteholders or the Principal Paying Agent on behalf of the relevant Noteholders.

5.2 *Rate of Interest*

The Rate of Interest payable from time to time in respect of the Rated Notes will be determined by the Principal Paying Agent on the Interest Determination Date in respect of the Interest Period commencing immediately after that date. In case of the Initial Interest Period, the Rate of Interest will be determined by the Principal Paying Agent two Business Days prior to the Issue Date.

The Rate of Interest applicable to each Class of the Rated Notes for each Interest Period from the Issue Date shall be the aggregate of:

5.2.1 The Relevant Margin; and

5.2.2

(a) prior to the delivery of a Trigger Notice, the Euro-Zone Interbank Offered Rate for three-month Euro deposits which appears on Bloomberg Page MCMV1 or

(i) such other page as may replace Bloomberg Page MCMV1 on that service for the purpose of displaying such information or

(ii) 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)

at or about 11.00 a.m. (Brussels time) on the Interest Determination Date (the "**Screen Rate**") (except in respect of the Initial Interest Period where the Rate of Interest shall be the aggregate of the Relevant Margin and the linear interpolation of

the rate for 2 and 3 month Euro deposits which appears on Bloomberg Page MMCV1) (the "**Additional Screen Rate**"); or

- (i) if the Screen Rate (or, in case of the Initial Interest Period, the Additional Screen Rate) is unavailable at such time for Euro deposits for the relevant period, then the rate for any relevant period shall be the arithmetic mean (or in case of the Initial Interest Period, the linear interpolation of the arithmetic mean) (rounded to four decimal places with the mid-point rounded up) of the rates notified to the Principal Paying Agent at its request by each of the Reference Banks as the rate at which the three-month Euro deposits (or, in respect of the Initial Interest Period, where the Rate of Interest shall be the aggregate of the Relevant Margin and the linear interpolation of the rate for 2 and 3 month Euro deposits which appears on Bloomberg Page MMCV1) in a representative amount are offered by that Reference Bank to leading banks in the Euro-Zone Interbank market at or about 11.00 a.m. (Brussels time) on that date;
 - (ii) if on any such Interest Determination Date, the Screen Rate (or in case of the Initial Interest Period, the Additional Screen Rate) is unavailable and only two of the Reference Banks provide such offered quotations to the Principal Paying Agent the relevant rate shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations;
 - (iii) if, on any Interest Determination Date, the Screen Rate (or in case of the Initial Interest Period, the Additional Screen Rate) is unavailable and only one of the Reference Banks provides the Principal Paying Agent 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 which one of sub-paragraph (a) or (b) above shall have been applied to;
- (b) following the delivery of a Trigger Notice, the Euro-Zone Interbank Offered Rate for Euro deposits applicable in respect of any period in respect of which interest on the Notes is required to be determined which appears on a Bloomberg screen nominated and notified by the Principal Paying Agent to the Representative of the Noteholders for such purpose or, if necessary, the relevant linear interpolation, as determined by the Principal Paying Agent in accordance with the Intercreditor Agreement, provided that if the screen rate notified by the Principal Paying Agent is unavailable, the provisions of paragraphs (b), (c) and (d) will apply, *mutatis mutandis*, for the determination of the relevant rate.

(The Euro-Zone Interbank Offered Rate shall be hereinafter referred to as "**Euribor**").

There shall be no maximum or minimum Rate of Interest.

5.3 *Determination of the Rates of Interest and Calculation of Interest Payments*

The Principal Paying Agent shall, on each Interest Determination Date, determine and notify to the Issuer and the Representative of the Noteholders:

- 5.3.1 the Rate of Interest applicable to the Interest Period beginning immediately after such Interest Determination Date (or in the case of the first Interest Period, beginning on and including the Issue Date) in respect of each Class of Rated Notes; and
- 5.3.2 the Interest Payment Amount payable on each Rated Note of each Class in respect of such Interest Period. The Interest Payment Amount payable in respect of any Interest Period in respect of the Rated Notes of each Class shall be calculated by applying the relevant Rate of Interest applicable to that Class of Rated Notes to the Principal Amount Outstanding of each Rated Note of that Class on the Interest Payment Date (or, in the case of the Initial Interest Period, the Issue Date), at the commencement of such Interest Period (after deducting therefrom any payment of principal due on that Interest Payment Date), multiplying the product of such calculation by the actual number of days in the Interest Period and dividing by 360, and rounding the resultant figure to the nearest cent (half a cent being rounded up).

5.4 *Publication of the Rate of Interest and the Interest Payment Amount*

The Principal Paying Agent will cause the Rate of Interest in respect of each Class of Rated Notes and the Interest Payment Amount applicable to each Class of Rated Notes for each Interest Period and the Interest Payment Date in respect of such Interest Payment Amount to be notified promptly after determination to the Issuer, the Representative of the Noteholders, the Stock Exchange, the Computation Agent and the Corporate Servicer and will cause the same to be published in accordance with Condition 14 on or as soon as possible after the relevant Interest Determination Date.

5.5 *Determination or calculation by the Representative of the Noteholders*

If the Principal Paying Agent does not at any time for any reason determine the Rate of Interest and/or calculate the Interest Payment Amount for the Senior Notes or the Mezzanine Notes in accordance with the foregoing provisions of this Condition 5, the Representative of the Noteholders shall, but without incurring any liability to any person as a result:

- 5.5.1 determine the Rate of Interest for the relevant Class of Rated Notes at such rate as (having regard to the procedure described above) it shall consider fair and reasonable in all the circumstances; and/or (as the case may be)
- 5.5.2 calculate the Interest Payment Amount for the relevant Class of Rated Notes in the manner specified in Condition 5.3.2 above,

and any such determination and/or calculation shall be deemed to have been made by the Principal Paying Agent.

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 Principal Paying Agent, the Issuer or the Representative of the Noteholders shall (in the absence of wilful default, bad faith or manifest error) be binding on the Reference Banks, the Principal Paying Agent, the Computation Agent, the Issuer, the Representative of the Noteholders and all Rated Noteholders and (in such absence as aforesaid) no liability to the Rated Noteholders shall attach to the Reference Banks, the Principal Paying Agent, the Issuer or the Representative of the Noteholders in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

5.7 *Reference Banks and Principal Paying Agent*

The Issuer shall ensure that, so long as any of the Rated Notes remains outstanding, there shall at all times be three Reference Banks and a Principal Paying Agent. In the event of any such banks being unable or unwilling to continue to act as a Reference Bank, the Issuer shall appoint such other bank as may have been previously approved in writing by the Representative of the Noteholders to act as such in its place. The Principal Paying Agent may not resign until a successor approved in writing by the Representative of the Noteholders has been appointed. If a new Principal Paying Agent is appointed, a notice will be published in accordance with Condition 14.

5.8 *Notice to be given when interest is not fully payable*

The Issuer shall arrange for notice to be given forthwith by the Principal Paying Agent to the Representative of the Noteholders and the Paying Agents and will cause notification to be given to Noteholders in accordance with Condition 14, no later than the second Business Day prior to each Interest Payment Date, of any Interest Payment Date on which, pursuant to this Condition 5, interest on the Notes of any Class will not be paid in full.

5.9 *Unpaid interest with respect to the Rated Notes*

Unpaid interest due on the Rated Notes shall accrue no interest.

6. **REDEMPTION, PURCHASE AND CANCELLATION**

6.1 *Final Redemption*

Unless previously redeemed in full as provided in this Condition 6, the Issuer shall redeem the Notes at their Principal Amount Outstanding on the Final Maturity Date.

The Issuer may not redeem the Notes in whole or in part prior to the Final Maturity Date except as provided below in Conditions 6.2, 6.3 or 6.4, but without prejudice to Condition 10 and Condition 11.

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 amounts is improperly withheld or refused) be finally and definitively cancelled.

6.2 *Optional Redemption*

The Issuer may on any Interest Payment Date redeem the Notes (in whole but not in part) at their Principal Amount Outstanding, together with interest accrued thereon up to the Interest Payment Date fixed for redemption, if on any such Interest Payment Date the aggregate of the Outstanding Principal of the Portfolio is equal or less than 10% of the Initial Portfolio Original Amount, subject the Issuer:

- 6.2.1 giving not less than 30 Business Days' prior written notice to the Representative of the Noteholders and to the Noteholders of its intention to redeem the Notes; and
- 6.2.2 delivering to the Representative of the Noteholders a certificate duly signed by the Issuer to the effect that it will have the necessary funds (free and clear of any security interest, lien, privilege, burden, encumbrance or other right of any third party) on such Interest Payment Date to discharge all of its outstanding liabilities in respect of the Notes and of any other payment ranking higher or *pari passu* therewith in accordance with the Priority of Payments.

Provided however that pursuant to the Agreement for the Extension and Amendment of the Letter of Undertaking, the consideration for the purchase of the Portfolio to be paid by the Originator to the Issuer (should the Originator purchase the Portfolio from the Issuer) shall be equal to (a) the Outstanding Principal of the Portfolio to be repurchased, (b) the total amount of any expenses incurred by the Issuer in relation to the Portfolio as of the repurchase date, and (c) an amount equal to the Interest Instalments due but not paid as at the repurchase date, provided that, if any Defaulted Receivables are included in the Portfolio, the relevant purchase price shall not exceed the market value of the Portfolio as at the repurchase date and shall be determined on market price by one third-party expert independent from the Originator (and its banking group) and the other entities involved in the Securitisation in accordance with the Agreement for the Extension and Amendment of the Letter of Undertaking.

No such redemption may occur prior to the expiry of eighteen months following the Issue Date.

6.3 *Redemption for taxation*

If the Issuer at any time satisfies the Representative of the Noteholders immediately prior to the giving of the notice referred to below that, on the next Interest Payment Date:

- 6.3.1 the Issuer would be required to deduct or withhold (other than in respect of a Decree 239 Deduction such as enacted at the date of this Prospectus) from any payment of principal or interest on the Notes, any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature

imposed, levied, collected, withheld or assessed by the Republic of Italy or any political sub-division thereof or any authority thereof or therein; or

- 6.3.2 taxes, duties, assessments or governmental charges of whatever nature would be imposed on the Portfolio (including on amounts payable to the Issuer in respect of the Receivables) by the Republic of Italy or any political sub-division thereof or any authority thereof or therein,

then the Issuer may on any Interest Payment Date at its option, having given not more than 60 nor less than 30 days' notice to the Representative of the Noteholders in writing and to the Noteholders in accordance with Condition 14 (Notices) and having, prior to giving such notice, certified to the Representative of the Noteholders and produced evidence acceptable to the Representative of the Noteholders that the Issuer will have the necessary funds not subject to the interests of any other person to discharge all its outstanding liabilities in respect of the Rated Notes and any amounts required under these Rated Notes Conditions and the Intercreditor Agreement to be paid in priority to or *pari passu* with the Rated Notes, redeem all, but not some only, of the Rated Notes at their Principal Amount Outstanding together with accrued but unpaid interest up to and including the relevant Interest Payment Date. No such redemption may occur prior to the expiration of eighteen months following the Issue Date.

6.4 *Mandatory Redemption*

The Notes will be subject to mandatory redemption in full or in part on every Interest Payment Date falling during the Amortisation Period, in each case if on the Calculation Date prior to such Interest Payment Date there are sufficient Issuer Principal Available Funds or Available Redemption Funds, as the case may be, which may be applied for this purpose in accordance with the Priority of Payments set out in Condition 4 hereof.

No such redemption may occur prior to the expiration of eighteen months following the Issue Date.

6.5 *Note principal payments, redemption amounts and Principal Amount Outstanding*

On each Calculation Date, the Issuer shall procure the determination of the following, in accordance with the Cash Allocation, Management and Payment Agreement:

- (i) the amount of the Available Redemption Funds (if any);
- (ii) the principal payment (if any) due on the next following Interest Payment Date in respect of each Rated Note of each Class; and
- (iii) the Principal Amount Outstanding of each Rated Note of each Class on the next following Interest Payment Date (after deducting any principal payment, if any, due to be made on that Interest Payment Date, pursuant to paragraph (ii) above).

The Principal Payment Amount on any Interest Payment Date shall be a *pro rata* share of the aggregate amount available for redemption, as the case may require, of the Class A1 Series

2006 Notes, the Class A2 Series 2006 Notes, the Class B Series 2006 Notes or the Class C Series 2006 Notes, in accordance with the relevant Priority of Payments, on such date. The Principal Payment Amount is calculated by multiplying the Available Redemption Funds, available to make the principal payment in respect of, as the case may be, the Class A1 Series 2006 Notes, the Class A2 Series 2006 Notes, the Class B Series 2006 Notes or the Class C Series 2006 Notes, in accordance with the relevant Priority of Payments, on such date by a fraction, the numerator of which is the then Principal Amount Outstanding of such Rated Note and the denominator of which is the then Principal Amount Outstanding of all the Rated Notes of the same class, and rounding down the resultant figures to the nearest cent, provided always that no such Principal Payment Amount may exceed the Principal Amount Outstanding of the relevant Rated Note.

Each determination by or on behalf of the Issuer of Issuer Principal Available Funds or Available Redemption Funds, any Principal Payment Amount and the Principal Amount Outstanding of a Rated Note shall in each case (in the absence of wilful default, bad faith or manifest error) be final and binding on all persons.

The Issuer will, on each Calculation Date, cause each determination of a Principal Payment Amount (if any) and Principal Amount Outstanding in respect of each Class of Rated Notes to be notified forthwith by the Principal Paying Agent, to the Representative of the Noteholders, the Irish Paying Agent, Monte Titoli and the Stock Exchange and will cause, if requested, notice of each determination of a Principal Payment Amount and Principal Amount Outstanding to be given in accordance with Condition 14 (*Notices*). If no principal payment is going to be made on the Rated Notes when payable on an Interest Payment Date, a notice to this effect will be given by the Issuer to the Noteholders in accordance with Condition 14 (*Notices*).

If no Principal Payment Amount or Principal Amount Outstanding is determined by or on behalf of the Issuer in accordance with the preceding provisions of this paragraph, such Principal Payment Amount and Principal Amount Outstanding shall be determined by the Representative of the Noteholders in accordance with this paragraph, but without the Representative of the Noteholders incurring any liability to any person as a result, and each such determination or calculation shall be deemed to have been made by the Issuer.

6.6 *No purchase by Issuer*

The Issuer is not permitted to purchase any of the Rated Notes.

6.7 *Cancellation*

All Rated Notes redeemed in full will be cancelled forthwith by the Issuer and may not be resold or reissued.

7. **PAYMENTS**

7.1 Payment of principal and interest in respect of the Rated 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 Notes 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 Rated Notes or through Euroclear Bank S.A./N.V. and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Senior Notes and Mezzanine Notes, in accordance with the rules and procedures of Monte Titoli, Euroclear or Clearstream, Luxembourg, as the case may be.

- 7.2 Payments of principal and interest in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto.
- 7.3 If the due date for any payment of principal and/or interest, or any later date on which payment under any Rated Note could otherwise be requested, is not a business day in the place where the Principal Paying Agent is located, the Noteholder will not be entitled to payment of the relevant amount until the immediately following business day in such place. Rated Noteholders will not be entitled to any interest or other payment in consequence of any delay after the due date in receiving the amount due as a result of the due date not being a business day in the place where the Principal Paying Agent is located.
- 7.4 The Issuer reserves the right, subject to the prior written approval of the Representative of the Noteholders, at any time to vary or terminate the appointment of any of the Principal Paying Agent and/or the Irish Paying Agent and to appoint additional or other paying agents provided that (so long as the Rated Notes are listed on the Stock Exchange and the rules of the Stock Exchange so require) the Issuer will at all times maintain a Paying Agent with a specified office in Ireland and so long as so required by Monte Titoli the Issuer will at all times maintain a principal paying agent with a specified office in Italy. The Issuer will cause at least 30 (thirty) days' notice of any change in or addition to the Principal Paying Agent and/or the Irish Paying Agent or their specified offices to be given in accordance with Condition 14.

8. **TAXATION**

- 8.1 All payments in respect of Rated Notes will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatsoever nature other than a Decree 239 Deduction or any other withholding or deduction required to be made by applicable law. The Issuer shall not be obliged to pay any additional amount to any holder of Rated Notes on account of such withholding or deduction.
- 8.2 Notwithstanding that the Representative of the Noteholders, the Issuer or the Principal Paying Agent are required to make any withholding or deduction on payments made in respect of the Notes, this shall not constitute a Trigger Event.

9. **PRESCRIPTION**

Claims against the Issuer for payments in respect of the Rated Notes shall be prescribed and shall become void unless made within ten years (in the case of principal) or five years (in the

case of interest) from the date on which a payment in respect thereof first becomes due and payable.

10. **PURCHASE TERMINATION EVENTS**

If any of the following Purchase Termination Events occurs:

(i) *Breach of obligations by Locat:*

Locat defaults in the performance or observance of any of its obligations under any of the Transaction Documents to which it is party, the Representative of the Noteholders certifies that such default is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Rated Noteholders 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 Locat; or

(ii) *Breach of Ratios:*

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

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

(c) the Cumulative Default Ratio during the immediately preceding Quarterly Collection Period exceeds, for two consecutive Interest Payment Dates, the applicable Cumulative Default Trigger Ratio; or

(iii) *Non payment:*

any of the amounts due as Principal Deficiency Amount is not paid on any Interest Payment Date; or

(iv) *Breach of representations and warranties by Locat:*

Any of the representations and warranties given by Locat 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

(v) *Insolvency of Locat:*

An Insolvency Event occurs in respect of Locat,

then the Representative of the Noteholders shall give Purchase Termination Notice to the Issuer and Locat. After the service of a Purchase Termination Notice by the Representative of

the Noteholders, 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 set out in Condition 4.2, provided that, save as provided in these Conditions, no redemption shall occur prior to the Interest Payment Date falling in September 2008.

11. **TRIGGER EVENTS**

11.1 If any of the following Trigger Events occurs:

(i) *Non-payment:*

Interest or principal due on the Most Senior Class of Rated Notes on an Interest Payment Date is not paid on the due date or within a period of 3 (three) Business Days;

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

The Issuer defaults in the performance or observance of any of its obligations under any of the Transaction Documents to which it is a party or any obligations under the Rated Notes (other than any obligation for the payment of principal or interest under the Rated Notes), the Representative of the Noteholders certifies that such default is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Rated Noteholders and, except where, in the sole and absolute opinion of the Representative of the Noteholders, such default is incapable of remedy or such default remains unremedied for 30 (thirty) days after the Representative of the Noteholders has given written notice thereof to the Issuer and Locat; or

(iii) *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

(iv) *Insolvency of the Issuer:*

An Insolvency Event occurs in respect of the Issuer; or

(v) *Unlawfulness:*

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

then the Representative of the Noteholders may, in its sole and absolute discretion (and, if so requested by an Extraordinary Resolution, shall), give a Trigger Notice to the Issuer declaring the Notes to be due and repayable, whereupon they shall become immediately due and repayable at an amount equal to the principal amount of the Notes upon issue less the

Principal Amount Outstanding, together with accrued interest, without any further action or formality, provided that (a) in the case of any of the events referred to in items (iv) and (v) above, the Representative of the Noteholders shall have such discretion or obligation only if it shall have certified in writing that such event is, in its opinion, materially prejudicial to the interests of the Rated Noteholders and (b) in the case of an event referred to in items (ii) and (iii) above, a Trigger Notice may and shall be given only if so provided by an Extraordinary Resolution of the holders of the Most Senior Class of Notes.

11.2 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 set out in Condition 4.3, provided that such accelerated payments will only become due and payable from the Interest Payment Date falling in September 2008.

11.3 In addition, in accordance with the provisions of the Intercreditor Agreement, after the service of a Trigger Notice, the Representative of the Noteholders shall instruct the Issuer to sell the purchased Receivables, if so requested by an Extraordinary Resolution of the holders of the Most Senior Class of Notes.

12. ENFORCEMENT

12.1 At any time after the Rated Notes have become due and repayable, the Representative of the Noteholders may, at its discretion and without further notice, take such steps and/or institute such proceedings against the Issuer as it may think fit to enforce repayment of the Rated Notes and payment of accrued interest thereon, and, in any such case, only if it shall have been indemnified and/or secured to its satisfaction against all fees, costs, expenses and liabilities (provided that supporting documents are delivered) to which it may thereby become liable or which it may incur by so doing, but it shall not be bound to take any such proceedings or steps unless requested or authorised by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding.

12.2 Following the service of a Trigger Notice, the Issuer may, or the Representative of the Noteholders may direct the Issuer to, dispose of the Receivables only if:

- (a) so requested by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding;
- (b) the Issuer or the Representative of the Noteholders has obtained a certificate, issued by a reputable bank or financial institution stating that the purchase price for the Receivables is sufficient to allow discharge in full of all amounts owing to the Noteholders and amounts ranking in priority thereto or *pari passu* therewith (based upon that bank or financial institution's evaluation of the Portfolio);
- (c) the relevant purchaser has obtained all the necessary approvals and authorisations for the purchase; and

(d) the relevant purchaser has produced evidence of its solvency satisfactory to the Representative of the Noteholders.

12.3 All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of Conditions 10, 11 or this Condition 12 by the Representative of the Noteholders shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer and all Noteholders and (in such absence as aforesaid) no liability to the Noteholders or the Issuer shall attach to the Representative of the Noteholders in connection with the exercise or non-exercise by either or any of them of their powers, duties and discretions hereunder.

13. **THE REPRESENTATIVE OF THE NOTEHOLDERS**

13.1 *The Organisation of the Noteholders*

The Organisation of the Noteholders shall be established upon and by virtue of the issuance of the Rated Notes and shall remain in force and in effect until repayment in full or cancellation of the Rated Notes.

The Rules of the Organisation of the Noteholders, as attached hereto, shall constitute an essential part of these Conditions.

13.2 *Appointment of the Representative of the Noteholders*

Pursuant to the Rules of the Organisation of the Noteholders (attached hereto as Exhibit 1), for as long as any Rated Note is outstanding, there shall at all times be a Representative of the Noteholders. The appointment of the Representative of the Noteholders, as legal representative of the Organisation of the Noteholders, is made by the Noteholders subject to and in accordance with the Rules of the Organisation of the Noteholders, except for the initial Representative of the Noteholders appointed at the time of issue of the Notes, who is appointed by the Joint Lead Managers and Joint Bookrunners in the Rated Notes Subscription Agreement and by Locat in the Junior Notes Subscription Agreement. Each Noteholder is deemed to accept such appointment.

14. **NOTICES**

So long as the Rated Notes are held on behalf of the beneficial owners thereof by Monte Titoli S.p.A., notices to the Noteholders may be given through the systems of Monte Titoli S.p.A. In addition, as long as the Rated Notes are listed on the Stock Exchange and the rules of the Stock Exchange so require, any notice regarding the Rated Notes of such Class shall be deemed to have been duly given if published in a leading newspaper having general circulation in Dublin or if this is not practicable, in the opinion of the Representative of the Noteholders, 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 one of the newspapers referred to above.

The Representative of the Noteholders shall be at liberty to sanction some other method of giving notice to Noteholders (or to the Noteholders of any Class) or if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the rules of the stock exchange on which the Rated Notes are then listed and provided that notice of such other method is given to the holders of the Notes in such manner as the Representative of the Noteholders shall require.

15. LIMITED RECOURSE AND NON PETITION

15.1 Noteholders are not entitled to proceed directly against Issuer

Only the Representative of the Noteholders may pursue the remedies available under the general law or under the Transaction Documents to obtain payment of the Obligations or enforce the Security and no Noteholder shall be entitled to proceed directly against the Issuer to obtain payment of the Obligations or to enforce the Security. In particular:

15.1.1 no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders, where appropriate) is entitled, otherwise than as permitted by the Transaction Documents, to direct the Representative of the Noteholders to enforce the Security or take any proceedings against the Issuer to enforce the Security;

15.1.2 no Noteholder (other than the Representative of the Noteholders) shall, save as expressly permitted by the Transaction Documents, have the right to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer;

15.1.3 until the date falling one year and one day after the later of (i) the earlier of (a) the Final Maturity Date and (b) the date on which the Notes have been redeemed in full and (ii) the date on which the Previous Notes or any other notes issued by the Issuer in the context of any further securitisations have been redeemed in full or cancelled in accordance with their terms and conditions, no Noteholder nor any person on its behalf shall initiate or join any person in initiating an Insolvency Event in relation to the Issuer; and

15.1.4 no Noteholder shall be entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step which would result in the Priority of Payments not being complied with.

15.2 Limited recourse obligations of Issuer

Notwithstanding any other provision of the Transaction Documents, all obligations of the Issuer to the Noteholders are limited in recourse as set out below:

15.2.1 each Noteholder will have a claim only in respect of the Issuer Available Funds and at all times only in accordance with the Priority of Payments and will not have any claim, by operation of law or otherwise, against, or recourse to, the Issuer's other assets or its contributed capital;

- 15.2.2 sums payable to each Noteholder in respect of the Issuer's obligations to such Noteholder shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such Noteholder; and (b) the Issuer Available Funds, net of any sums which are payable by the Issuer in accordance with the Priority of Payments in priority to or *pari passu* with sums payable to such Noteholder; and
- 15.2.3 upon the Representative of the Noteholders giving written notice to the Other Issuer Creditors, in accordance with Condition 14 (*Notices*), that it has determined on the basis of the Servicer having certified to the Representative of the Noteholders that there is no reasonable likelihood of there being any further realisations in respect of the Portfolio or the Security (whether arising from judicial enforcement proceedings, enforcement of the Security or otherwise) which would be available to pay amounts outstanding to the Noteholders, the Noteholders shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be discharged in full.

16. GOVERNING LAW

- 16.1 The Rated Notes are governed by Italian law.
- 16.2 All the Transaction Documents, save for the Deed of Charge and the Hedging Agreement, are governed by Italian law. The Deed of Charge and the Hedging Agreement are governed by English law.
- 16.3 The Courts of Milan are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with these Rated Notes.

**EXHIBIT TO THE TERMS AND CONDITIONS OF THE RATED NOTES
RULES OF THE ORGANISATION OF THE NOTEHOLDERS**

TITLE I

GENERAL PROVISIONS

1. GENERAL

1.1 The Organisation of the Noteholders is created concurrently with the issue of and subscription for the €400,000,000 Class A1 Series 2006 Asset Backed Floating Rate Notes due 2028, the €1,348,000,000 Class A2 Series 2006 Asset Backed Floating Rate Notes due 2028, the €152,000,000 Class B Series 2006 Asset Backed Floating Rate Notes due 2028, the €64,000,000 Class C Series 2006 Asset Backed Floating Rate Notes due 2028 and the €8,909,866 Class D Series 2006 Asset Backed Variable Return Notes due 2028, issued by the Issuer and is governed by these Rules of the Organisation of the Noteholders ("**Rules**").

1.2 These Rules shall remain in force and effect until full repayment or cancellation of all the Notes.

1.3 The contents of these Rules are deemed to be an integral part of each Note issued by the Issuer.

2. DEFINITIONS AND INTERPRETATION

2.1 Definitions

In these Rules, the terms set out below shall have the following meanings:

"**Basic Terms Modification**" means any proposed modification which results in:

- (a) a change in any date fixed for the payment of principal or interest in respect of the Notes of any Class (including, for the avoidance of doubt, the Final Maturity Date);
- (b) the reduction or cancellation of the amount of principal or interest due on any date in respect of the Notes of any Class or any alteration in the method of calculating the amount of any payment in respect of the Notes of any Class on redemption or maturity;
- (c) a change in the majority required to pass any resolution or the quorum required at any Meeting;
- (d) a change in the currency in which payments are due in respect of any Class of Notes;
- (e) an alteration of the priority of payments of interest or principal in respect of any of the Notes;
- (f) the exchange, conversion or substitution of the Notes of any Class for, or the conversion of such Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate, formed or to be formed; or
- (g) a change to this definition;

"**Blocked Notes**" means Notes which have been blocked in an account with a clearing system for the purpose of obtaining a Block Voting Instruction or a Voting Certificate on terms that they will not be released until after the conclusion of the Meeting in respect of which the Block Voting Instruction or Voting Certificate is required;

"**Block Voting Instruction**" means, in relation to a Meeting, a document issued by the Principal Paying Agent:

- (a) certifying that specified Notes have been blocked in an account with a Monte Titoli Account Holder and will not be released until a specified date which falls after the conclusion of the Meeting;

- (b) certifying that the Holder of the relevant Blocked Notes or a duly authorised person on its behalf has notified the Principal Paying Agent that the votes attributable to such Notes are to be cast in a particular way on each resolution to be put to the Meeting and that during the period of 48 hours before the time fixed for the Meeting such instructions may not be amended or revoked;
- (c) listing the total number of such specified Blocked Notes, distinguishing between those in respect of which instructions have been given to vote for, and against, each resolution; and
- (d) authorising a named individual to vote in accordance with such instructions;

"**Chairman**" means, in relation to any Meeting, the person who takes the chair in accordance with Article 8;

"**Class**" shall be a reference to a class of Notes being the Class A1 Series 2006 Notes and the Class A2 Series 2006 Notes (considered as a single Class for the purpose of these Rules), the Class B Series 2006 Notes, the Class C Series 2006 Notes or the Class D Series 2006 Notes and "Classes" shall be construed accordingly;

"**Extraordinary Resolution**" means a resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules by a majority of not less than three quarters of the votes cast;

"**Holder**" in respect of a Note means the owner of the Note;

"**Meeting**" means a meeting of Noteholders of any Class or Classes (whether originally convened or resumed following an adjournment);

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

"**Ordinary Resolution**" means any resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules by a majority of more than 50% of the votes cast;

"**Proxy**" means a person appointed to vote under a Block Voting Instruction other than:

- (a) any person whose appointment has been revoked and in relation to whom the Principal Paying Agent has been notified in writing of such revocation by the time which is 48 hours before the time fixed for the relevant Meeting; and
- (b) any person appointed to vote at a Meeting which has been adjourned for want of a quorum and who has not been reappointed to vote at the Meeting when it is resumed;

"**Resolutions**" means the Ordinary Resolutions and the Extraordinary Resolutions, collectively;

"**Specified Office**" means in relation to the Principal Paying Agent:

- (a) the office specified against its name in Clause 22.3 (*Addresses*) of the Cash Allocation, Management and Payment Agreement; or
- (b) such other office as the Principal Paying Agent may specify in accordance with Clause 17.10 (*Change In Specified Offices*) of the Cash Allocation, Management and Payment Agreement;

"**Voter**" means, in relation to a Meeting, the bearer of a Voting Certificate or a Proxy;

"**Voting Certificate**" means, in relation to any Meeting, a certificate issued by a Monte Titoli Account Holder stating that specified Notes have been blocked in an account with the Monte Titoli Account Holder and will not be released until a specified date which falls after the conclusion of the Meeting.

"**Written Resolution**" means a resolution in writing signed by or on behalf of all Noteholders of the relevant Class or Classes who at any relevant time are entitled to participate in a Meeting in accordance with the provisions

of these Rules, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more of such Noteholders;

"**24 hours**" means a period of 24 hours including all or part of a day on which banks are open for business both in the place where any relevant Meeting is to be held and in the place where the Principal Paying Agent has its specified office;

"**48 hours**" means 2 consecutive periods of 24 hours.

Unless otherwise provided in these Rules, or the context requires otherwise, words and expressions used in these Rules shall have the meanings and the constructions ascribed to them in the Rated Notes Conditions.

2.2 Interpretation

Any reference herein to an "**Article**" shall be a reference to an article of these Rules of the Organisation of the Noteholders.

A "**successor**" of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under any Transaction Document or to which, under such laws, such rights and obligations have been transferred.

Any reference to any party to any Transaction Document shall be construed so as to include its and any subsequent successors and transferees in accordance with their respective interests.

3. PURPOSE OF THE ORGANISATION

3.1 Each Noteholder is a member of the Organisation of the Noteholders.

3.2 The purpose of the Organisation of the Noteholders is to co-ordinate the exercise of the rights of the Noteholders and, more generally, to take any action necessary or desirable to protect the interest of the Noteholders.

TITLE II

MEETINGS OF THE NOTEHOLDERS

4. VOTING CERTIFICATES AND BLOCK VOTING INSTRUCTIONS

4.1 A Holder of Notes may obtain a Voting Certificate from a Monte Titoli Account Holder or require the Principal Paying Agent to issue a Block Voting Instruction by arranging for such Notes to be blocked in an account with a Monte Titoli Account Holder not later than 24 hours before the time fixed for the relevant Meeting. Noteholders may obtain such evidence by requesting their Monte Titoli Account Holders to release a certificate in accordance with CONSOB Resolution number 11768 of 23 December 1998, as amended and supplemented from time to time.

4.2 A Voting Certificate or Block Voting Instruction shall be valid until the release of the Blocked Notes to which it relates.

4.3 So long as a Voting Certificate or Block Voting Instruction is valid, the bearer thereof (in the case of a Voting Certificate) and any Proxy named therein (in the case of a Block Voting Instruction) shall be deemed to be the Holder of the Notes to which it relates for all purposes in connection with the Meeting to which such Voting Certificate or Block Voting Instruction relates.

4.4 A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Note.

5. VALIDITY OF BLOCK VOTING INSTRUCTIONS

A Block Voting Instruction shall be valid only if it is deposited at the specified office of the Principal Paying Agent, or at any other place approved by the Representative of the Noteholders, at least 24 hours before the time of the relevant Meeting. If a Block Voting Instruction is not deposited before such deadline, it shall not be valid unless the Chairman decides otherwise before the Meeting proceeds to business. If the Representative of the Noteholders so requires, a notarially certified copy of each Block Voting Instruction and satisfactory evidence of the identity of each Proxy named therein shall be produced at the Meeting but the Representative of the Noteholders shall not be obliged to investigate the validity of a Block Voting Instruction or the identity of any Proxy.

6. CONVENING A MEETING

6.1 Convening a Meeting

The Representative of the Noteholders or the Issuer may convene separate or combined Meetings of the Noteholders of any Class or Classes at any time and the Representative of the Noteholders shall be obliged to do so upon the request in writing by Noteholders representing at least one-tenth of the aggregate Principal Amount Outstanding of the outstanding Notes or of the outstanding Notes of the relevant Class.

6.2 Meetings convened by Issuer

Whenever the Issuer is about to convene a Meeting, it shall immediately give notice in writing to the Representative of the Noteholders specifying the proposed day, time and place of the Meeting, and the items to be included in the agenda.

6.3 Time and place of Meetings

Every Meeting will be held on a date and at a time and place selected or approved by the Representative of the Noteholders.

7. NOTICE

7.1 Notice of meeting

At least 21 days' notice (exclusive of the day notice is delivered and of the day on which the relevant Meeting is to be held), specifying the day, time and place of the Meeting, must be given to the relevant Noteholders and the Principal Paying Agent, with a copy to the Issuer, where the Meeting is convened by the Representative of the Noteholders, or with a copy to the Representative of the Noteholders, where the Meeting is convened by the Issuer.

7.2 Content of notice

The notice shall set out the full text of any resolution to be proposed at the Meeting unless the Representative of the Noteholders agrees that the notice shall instead specify the nature of the resolution without including the full text and shall state that for the purpose of obtaining Voting Certificates or appointing Proxies, Notes must (to the satisfaction of the Principal Paying Agent) be held to the order of or placed under the control of the Principal Paying Agent or blocked in an account with a clearing system not later than 48 hours before the relevant Meeting.

7.3 Validity notwithstanding lack of notice

A Meeting is valid notwithstanding that the formalities required by this Article 7 are not complied with if the Holders of the Notes constituting the Principal Amount Outstanding of all outstanding Notes, the Holders of which are entitled to attend and vote are represented at such Meeting and the Issuer and the Representative of the Noteholders are present.

8. CHAIRMAN OF THE MEETING

8.1 Appointment of Chairman

An individual (who may, but need not be, a Noteholder), nominated by the Representative of the Noteholders may take the chair at any Meeting, but if:

- (a) the Representative of the Noteholders fails to make a nomination; or
- (b) the individual nominated declines to act or is not present within 15 minutes after the time fixed for the Meeting,
- (c) the Meeting shall be chaired by the person elected by the majority of the Voters present, failing which, the Issuer shall appoint a Chairman. The Chairman of an adjourned Meeting need not be the same person as was Chairman at the original Meeting.

8.2 Duties of Chairman

The Chairman ascertains that the Meeting has been duly convened and validly constituted, manages the business of the Meeting, monitors the fairness of proceedings, leads and moderates the debate, and defines the terms for voting.

8.3 Assistance to Chairman

The Chairman may be assisted by outside experts or technical consultants, specifically invited to assist in any given matter, and may appoint one or more vote-counters, who are not required to be Noteholders.

9. QUORUM

9.1 The quorum at any Meeting convened to vote on:

- 9.1.1 an Ordinary Resolution, relating to a Meeting of a particular Class or Classes of Notes, will be two or more persons holding or representing at least 50 per cent of the Principal Amount Outstanding of the Notes then outstanding in that Class or those Classes, or at an adjourned Meeting, two or more persons being or representing Noteholders of that Class or those Classes whatever the Principal Amount Outstanding of the Notes then outstanding so held or represented in such Class or Classes;
- 9.1.2 an Extraordinary Resolution, other than regarding a Basic Terms Modification, relating to a meeting of a particular Class or Classes of Notes, will be two or more persons holding or representing at least 50 per cent of the Principal Amount Outstanding of the Notes then outstanding in that Class or those Classes, or at an adjourned Meeting, two or more persons being or representing Noteholders of that Class or those Classes whatever the Principal Amount Outstanding of the Notes then outstanding so held or represented in such Class or Classes;
- 9.1.3 an Extraordinary Resolution, relating to a Basic Terms Modification, relating to a Meeting of a particular Class or Classes of Notes, will be two or more persons holding or representing at least 75 per cent of the Principal Amount Outstanding of the Notes then outstanding in that Class or those Classes, or at an adjourned Meeting, two or more persons being or representing Noteholders of that Class or those Classes whatever the Principal Amount Outstanding of the Notes then outstanding so held or represented in such Class or Classes,

provided that if in respect of any Class of Notes the Principal Paying Agent has received evidence that all Notes of that Class are held by a single holder and the Voting Certificate or Block Voting Instruction so states then a single Voter appointed in relation thereto shall be deemed to be two Voters for the purpose of forming a quorum.

10. ADJOURNMENT FOR WANT OF QUORUM

If a quorum is not present within 15 minutes after the time fixed for any Meeting:

- 10.1 if such Meeting was requested by Noteholders, the Meeting shall be dissolved; and

10.2 in any other case, the Meeting (unless the Issuer and the Representative of the Noteholders otherwise agree) shall, subject to paragraphs 10.2.1 and 10.2.2 below, be adjourned to a new date no earlier than 14 days and no later than 42 days after the original date of such Meeting, and to such place as the Chairman determines with the approval of the Representative of the Noteholders provided that:

10.2.1 no Meeting may be adjourned more than once for want of a quorum; and

10.2.2 the Meeting shall be dissolved if the Issuer and the Representative of the Noteholders together so decide.

11. **ADJOURNED MEETING**

Except as provided in Article 10 (*Adjournment for want of a quorum*), the Chairman may, with the prior consent of any Meeting, and shall if so directed by any Meeting, adjourn such Meeting to another time and place. No business shall be transacted at any adjourned meeting except business which might have been transacted at the Meeting from which the adjournment took place.

12. **NOTICE FOLLOWING ADJOURNMENT**

12.1 **Notice required**

Article 7 (*Notice*) shall apply to any Meeting which is to be resumed after adjournment for lack of a quorum except that:

(a) 10-days' notice (exclusive of the day on which the notice is delivered and of the day on which the Meeting is to be resumed) shall be sufficient; and

(b) the notice shall specifically set out the quorum requirements which will apply when the Meeting resumes.

12.2 **Notice not required**

It shall not be necessary to give notice of resumption of any Meeting adjourned for reasons other than those described in Article 10 (*Adjournment for want of a quorum*).

13. **PARTICIPATION**

The following categories of persons may attend and speak at a Meeting:

13.1 Voters;

13.2 the directors and the auditors of the Issuer;

13.3 representatives of the Representative of the Noteholders;

13.4 financial advisers to the Issuer and the Representative of the Noteholders;

13.5 legal advisers to the Issuer and the Representative of the Noteholders;

13.6 any other person authorised by virtue of a resolution of such Meeting or by the Representative of the Noteholders.

14. **VOTING BY SHOW OF HANDS**

14.1 Every question submitted to a Meeting shall be decided in the first instance by a vote by a show of hands.

14.2 Unless a poll is validly demanded before or at the time that the result is declared, the Chairman's declaration that on a show of hands a resolution has been passed or passed by a particular majority or rejected, or rejected by a particular majority, shall be conclusive without proof of the number of votes cast for, or against, the resolution.

15. VOTING BY POLL

15.1 Demand for a poll

A demand for a poll shall be valid if it is made by the Chairman, the Issuer, the Representative of the Noteholders or one or more Voters representing or holding not less than one-fiftieth of the Principal Amount Outstanding of the outstanding Notes entitled to vote at the Meeting. A poll may be taken immediately or after such adjournment as is decided by the Chairman but any poll demanded on the election of a Chairman or on any question of adjournment shall be taken immediately. A valid demand for a poll shall not prevent the continuation of the relevant Meeting for any other business.

15.2 The Chairman and a poll

The Chairman sets the conditions for the voting, including for counting and calculating the votes, and may set a time limit by which all votes must be cast. Any vote which is not cast in compliance with the terms specified by the Chairman shall be null. After voting ends, the votes shall be counted and after the counting the Chairman shall announce to the Meeting the outcome of the vote.

16. VOTES

16.1 Voting

Each Voter shall have:

16.1.1 on a show of hands, one vote; and

16.1.2 on a poll, one vote for each €1,000 in respect of the Notes in aggregate face amount of outstanding Notes represented or held by the Voter.

16.2 Block Voting Instruction

Unless the terms of any Block Voting Instruction state otherwise, a Voter shall not be obliged to exercise all the votes to which such Voter is entitled or to cast all the votes he exercises the same way.

16.3 Voting tie

In the case of a voting tie, the Chairman shall have the casting vote.

17. VOTING BY PROXY

17.1 Validity

Any vote by a Proxy in accordance with the relevant Block Voting Instruction shall be valid even if such Block Voting Instruction or any instruction pursuant to which it has been given had been amended or revoked provided that the Principal Paying Agent, has not been notified in writing of such amendment or revocation at least 24 hours prior to the time set for the relevant Meeting.

17.2 Adjournment

Unless revoked, the appointment of a Proxy under a Block Voting Instruction in relation to a Meeting shall remain in force in relation to any resumption of such Meeting following an adjournment save that no such appointment of a Proxy in relation to a meeting originally convened which has been adjourned for want of a quorum shall remain

in force in relation to such meeting when it is resumed. Any person appointed to vote at such Meeting must be re-appointed under a Block Voting Instruction or Voting Certificate to vote at the Meeting when it is resumed.

18. ORDINARY RESOLUTIONS

18.1 Powers exercisable by Ordinary Resolution

Subject to Article 19, a Meeting shall have the following powers exercisable by Ordinary Resolution, to:

18.1.1 grant any authority, order or sanction which, under the provisions of these Rules or of the Conditions, is required to be the subject of an Ordinary Resolution or required to be the subject of a resolution or determined by a Meeting and not required to be the subject of an Extraordinary Resolution; and

18.1.2 to authorise the Representative of the Noteholders or any other person to execute all documents and do all things necessary to give effect to any Ordinary Resolution.

18.2 Ordinary Resolution of a Single Class

No Ordinary Resolution of any Class of Notes shall be effective unless it is sanctioned by an Ordinary Resolution of the Holders of each of the other Classes of Notes ranking *pari passu* with or senior to such Class (to the extent that there are Notes outstanding ranking senior to such Class), unless the Representative of the Noteholders considers that none of the Holders of each of the other Classes of Notes ranking *pari passu* with or senior to such Class would be materially prejudiced by the absence of such sanction.

19. EXTRAORDINARY RESOLUTIONS

19.1 A Meeting, in addition to any powers assigned to it in the Rated Notes Conditions or the Junior Notes Conditions, shall have power exercisable by Extraordinary Resolution to:

19.1.1 approve any Basic Terms Modification;

19.1.2 approve any proposal by the Issuer or the Representative of the Noteholders for any alteration or waiver of the rights of the Noteholders against the Issuer;

19.1.3 approve any scheme or proposal related to the mandatory exchange or substitution of any of the Class of Notes;

19.1.4 approve any amendments to the provisions of these Rules, of the Rated Notes Conditions, of the Junior Notes Conditions or of the provisions of the Intercreditor Agreement, the Cash Allocation, Management and Payment Agreement, or any other Transaction Document which shall be proposed by the Issuer, the Representative of the Noteholders and/or any other party thereto;

19.1.5 in accordance with Article 28, appoint and remove the Representative of the Noteholders;

19.1.6 authorise the Representative of the Noteholders to issue a Trigger Notice as a result of a Trigger Event pursuant to Condition 11 of the Rated Notes Conditions or Condition 11 of the Junior Notes Conditions;

19.1.7 discharge or exonerate, including retrospectively, the Representative of the Noteholders from any liability in relation to any act or omission for which the Representative of the Noteholders has or may become liable pursuant or in relation to these Rules, the Rated Notes Conditions, the Junior Notes Conditions or any other Transaction Document;

19.1.8 grant any authority, order or sanction which, under the provisions of these Rules or of the Conditions of any Class of Notes, must be granted by an Extraordinary Resolution;

19.1.9 authorise and ratify the actions of the Representative of the Noteholders in compliance with these Rules, the Intercreditor Agreement and any other Transaction Document;

19.1.10 authorise the Representative of the Noteholders or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution.

19.2 **Basic Terms Modification**

No Extraordinary Resolution involving a Basic Terms Modification that is passed by the Holders of one Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the Holders of each of the other Classes of Notes then outstanding. No Extraordinary Resolution involving a Basic Terms Modification under paragraph (e) of the definition contained in article 2.1 which involves items First, Second, Third and/or Fourth of the Interest Priority of Payments and/or items First, Second, Third and/or Fourth of the Trigger Event Priority of Payments shall be effective unless sanctioned by all Other Issuer Creditors.

19.3 **Extraordinary Resolution of a Single Class**

No Extraordinary Resolution to approve any matter other than Basic Terms Modification of any Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the Holders of each of the other Classes of Notes ranking *pari passu* with or senior to such Class (to the extent that there are Notes outstanding ranking senior to such Class), unless the Representative of the Noteholders considers that none of the Holders of each of the other Classes of Notes ranking *pari passu* with or senior to such Class would be materially prejudiced by the absence of such sanction.

20. **EFFECT OF RESOLUTIONS**

20.1 **Binding Nature**

Subject to Article 19.2 (*Basic Terms Modification*) and Article 19.3 (*Extraordinary Resolution of a Single Class*) which take priority over the following, any resolution passed at a Meeting of the Noteholders of one or more Classes of Notes duly convened and held in accordance with these Rules shall be binding upon all Noteholders of such Class or Classes, whether or not present at such Meeting and or not voting and:

- (a) any resolution passed at a Meeting of the Class A1 Series 2006 Noteholders and of the Class A2 Series 2006 Noteholders duly convened and held as aforesaid shall also be binding upon all the Class B Series 2006 Noteholders, the Class C Series 2006 Noteholders and the Class D Series 2006 Noteholders; and
- (b) any resolution passed at a Meeting of the Class B Series 2006 Noteholders duly convened and held as aforesaid shall also be binding upon all the Class C Series 2006 Noteholders and the Class D Series 2006 Noteholders;
- (c) any resolution passed at a meeting of the Class C Series 2006 Noteholders duly convened and held as aforesaid shall also be binding upon all the Class D Series 2006 Noteholders; and
- (d) in each case, all of the relevant Classes of Noteholders shall be bound to give effect to any such resolutions accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof.

20.2 **Notice of Voting Results**

Notice of the results of every vote on a resolution duly considered by Noteholders shall be published (at the cost of the Issuer) in accordance with the Conditions and given to the Paying Agents (with a copy to the Issuer and the Representative of the Noteholders within 14 days of the conclusion of each Meeting).

21. **CHALLENGE TO RESOLUTIONS**

Any absent or dissenting Noteholder has the right to challenge Resolutions which are not passed in compliance with the provisions of these Rules.

22. **MINUTES**

Minutes shall be made of all resolutions and proceedings of each Meeting. The Minutes shall be signed by the Chairman and shall be *prima facie* evidence of the proceedings therein recorded. Unless and until the contrary is proved, every Meeting in respect of which minutes have been signed by the Chairman shall be regarded as having been duly convened and held and all resolutions passed or proceedings transacted shall be regarded as having been duly passed and transacted.

23. **WRITTEN RESOLUTION**

A Written Resolution shall take effect as if it were an Extraordinary Resolution or in respect of matters required to be determined by Ordinary Resolution, as an Ordinary Resolution.

24. **JOINT MEETINGS**

Subject to the provisions of these Rules, the Rated Notes Conditions and the Junior Notes Conditions, joint meetings of the Class A1 Series 2006 Noteholders, the Class A2 Series 2006 Noteholders, the Class B Series 2006 Noteholders, the Class C Series 2006 Noteholders and the Class D Series 2006 Noteholders may be held to consider the same Ordinary Resolution and/or, as the case may be, the same Extraordinary Resolution and the provisions of these Rules shall apply *mutatis mutandis* thereto.

25. **SEPARATE AND COMBINED MEETINGS OF NOTEHOLDERS**

25.1 The following provisions shall apply in respect of Meetings where outstanding Notes belong to more than one Class:

25.1.1 business which, in the opinion of the Representative of the Noteholders, affects only one Class of Notes shall be transacted at a separate Meeting of the Noteholders of such Class;

25.1.2 business which, in the opinion of the Representative of the Noteholders, affects more than one Class of Notes but does not give rise to an actual or potential conflict of interest between the Noteholders of one Class of Notes and the Noteholders of any other Class of Notes shall be transacted either at separate Meetings of the Noteholders of each such Class of Notes or at a single Meeting of the Noteholders of all such Classes of Notes as the Representative of the Noteholders shall determine in its absolute discretion;

25.1.3 business which, in the opinion of the Representative of the Noteholders, affects the Noteholders of more than one Class of Notes and gives rise to an actual or potential conflict of interest between the Noteholders of one such Class of Notes and the Noteholders of any other Class of Notes shall be transacted at separate meetings of the Noteholders of each such Class; and

25.1.4 business which, in the opinion of the Representative of the Noteholders, affects the Class A1 Series 2006 Notes and the Class A2 Series 2006 Notes and give rise to an actual or potential conflict of interest between the Class A1 Series 2006 Noteholders and the Class A2 Series 2006 Noteholders shall be transacted at separate Meetings of respectively the Class A1 Series 2006 Noteholders and the Class A2 Series 2006 Noteholders and the decision of the Meeting of the Class A1 Series 2006 Noteholders shall be binding also upon the Class A2 Series 2006 Noteholders.

26. **INDIVIDUAL ACTIONS AND REMEDIES**

26.1 Each Noteholder has accepted and is bound by the provisions of Condition 15 (Limited Recourse and Non Petition) and, accordingly, if any Noteholder is considering bringing individual actions or using other individual

remedies to enforce his/her rights under the Notes, any such action or remedy shall be subject to a Meeting not passing a resolution objecting to such individual action or other remedy on the grounds that it is not consistent with such Condition. In this respect, the following provisions shall apply:

- 26.1.1 the Noteholder intending to enforce his/her rights under the Notes will notify the Representative of the Noteholders of his/her intention;
- 26.1.2 the Representative of the Noteholders will, without delay, call a Meeting in accordance with the Rules;
- 26.1.3 if the Meeting passes a resolution objecting to the enforcement of the individual action or remedy, the Noteholder will be prevented from taking such action or remedy (without prejudice to the fact that after a reasonable period of time, the same matter may be resubmitted for review of another Meeting); and
- 26.1.4 if the Meeting of Noteholders does not object to an individual action or remedy, the Noteholder will not be prohibited from taking such individual action or remedy.
- 26.1.5 No Noteholder will be allowed to take any individual action or remedy to enforce his/her rights under the Notes unless a Meeting of Noteholders has been held to resolve on such action or remedy in accordance with the provisions of this Article.

27. FURTHER REGULATIONS

Subject to all other provisions contained in these Rules, the Representative of the Noteholders may, without the consent of the Issuer, prescribe such further regulations regarding the holding of Meetings and attendance and voting at them and/or the provisions of a Written Resolution as the Representative of the Noteholders in its sole discretion may decide.

TITLE III

THE REPRESENTATIVE OF THE NOTEHOLDERS

28. APPOINTMENT, REMOVAL AND REMUNERATION

28.1 Appointment

The appointment of the Representative of the Noteholders takes place by Extraordinary Resolution of the Most Senior Class of Noteholders in accordance with the provisions of this Article 28, except for the appointment of the first Representative of the Noteholders which will be Securitisation Services S.p.A..

28.2 Identity of Representative of the Noteholders

The Representative of the Noteholders shall be:

- 28.2.1 a bank incorporated in any jurisdiction of the European Union, or a bank incorporated in any other jurisdiction acting through an Italian branch; or
- 28.2.2 a company or financial institution enrolled with the register held by the Bank of Italy pursuant to article 107 of Italian Legislative Decree No. 385 of 1993; or
- 28.2.3 any other entity which is not prohibited from acting in the capacity of Representative of the Noteholders pursuant to the law.

The Directors and auditors of the Issuer and those who fall within the conditions set out in article 2399 of the Italian civil code cannot be appointed as Representative of the Noteholders, and if appointed as such they shall be automatically removed.

28.3 Duration of appointment

Unless the Representative of the Noteholders is removed by Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes pursuant to Article 19 (*Extraordinary Resolutions*) or resigns pursuant to Article 29 (*Resignation of the Representative of the Noteholders*), it shall remain in office until full repayment or cancellation of all the Notes.

28.4 After termination

In the event of a termination of the appointment of the Representative of the Noteholders for any reason whatsoever, such representative shall remain in office until the substitute Representative of the Noteholders, which shall be an entity specified in Article 27.2 (*Identity of Representative of the Noteholders*), accepts its appointment, and the powers and authority of the Representative of the Noteholders whose appointment has been terminated shall, pending the acceptance of its appointment by the substitute, be limited to those necessary to perform the essential functions required in connection with the Notes.

28.5 Remuneration

The Issuer shall pay to the Representative of the Noteholders an annual fee for its services as Representative of the Noteholders from the Issue Date, as agreed either in the initial agreement(s) for the issue of and subscription for the Notes or in a separate fee letter. Such fees shall accrue from day to day and shall be payable in accordance with the Priority of Payments up to (and including) the date when the Notes shall have been repaid in full or cancelled in accordance with the Conditions.

29. RESIGNATION OF THE REPRESENTATIVE OF THE NOTEHOLDERS

The Representative of the Noteholders may resign at any time by giving at least three calendar months' written notice to the Issuer, without needing to provide any specific reason for the resignation and without being responsible for any costs incurred as a result of such resignation. The resignation of the Representative of the Noteholders shall not become effective until a new Representative of the Noteholders has been appointed in accordance with Article 28.1 (Appointment) and such new Representative of the Noteholders has accepted its appointment provided that if Noteholders fail to select a new Representative of the Noteholders within three months of written notice of resignation delivered by the Representative of the Noteholders, the Representative of the Noteholders may appoint a successor which is a qualifying entity pursuant to Rule 28 (Appointment, Removal and Remuneration).

30. DUTIES AND POWERS OF THE REPRESENTATIVE OF THE NOTEHOLDERS

30.1 Representative of the Noteholders is legal representative

The Representative of the Noteholders is the legal representative of the Organisation of the Noteholders and has the power to exercise the rights conferred on it by the Transaction Documents in order to protect the interests of the Noteholders.

30.2 Meetings and Resolutions

The Representative of the Noteholders is responsible for implementing all resolutions of the Noteholders. The Representative of the Noteholders has the right to convene and attend Meetings to propose any course of action which it considers from time to time necessary or desirable.

30.3 Delegation

The Representative of the Noteholders may in the exercise of the powers, discretions and authorities vested in it by these Rules and the Transaction Documents act by responsible officers or a responsible officer for the time being of the Representative of the Noteholders. The Representative of the Noteholders may also, whenever it considers it expedient and in the interest of the Noteholders, whether by power of attorney or otherwise, delegate to any person or persons or fluctuating body of persons some, but not all, of the powers, discretions or authorities vested in it as aforesaid. Any such delegation may be made upon such conditions and subject to such regulations

(including power to sub-delegate) as the Representative of the Noteholders may think fit in the interest of the Noteholders. The Representative of the Noteholders shall not, other than in the normal course of its business, be bound to supervise the acts or proceedings of such delegate or sub-delegate and shall not in any way or to any extent be responsible for any loss incurred by reason of any misconduct, omission or default on the part of such delegate or sub-delegate, provided that the Representative of the Noteholders shall use all reasonable care in the appointment of any such delegate and shall be responsible for the instructions given by it to such delegate. The Representative of the Noteholders shall, as soon as reasonably practicable, give notice to the Issuer of the appointment of any delegate and any renewal, extension and termination of such appointment, and shall procure that any delegate shall give notice to the Issuer of the appointment of any sub-delegate as soon as reasonably practicable.

30.4 Judicial Proceedings

The Representative of the Noteholders is authorised to represent the Organisation of the Noteholders in any judicial proceedings including administration under supervision, composition, bankruptcy and forced administrative liquidation of the Issuer.

30.5 Consents given by Representative of Noteholders

Any consent or approval given by the Representative of the Noteholders under these Rules and any other Transaction Document may be given on such terms and subject to such conditions (if any) as the Representative of the Noteholders deems appropriate and notwithstanding anything to the contrary contained in the Rules or in the Transaction Documents such consent or approval may be given retrospectively.

30.6 Discretions

Save as expressly otherwise provided herein, the Representative of the Noteholders shall have absolute discretion as to the exercise or non-exercise of any right, power and discretion vested in the Representative of the Noteholders by these Rules or by operation of law.

30.7 Obtaining instructions

In connection with matters in respect of which the Representative of the Noteholders is entitled to exercise its discretion hereunder, the Representative of the Noteholders has the right (but not the obligation) to convene a Meeting or Meetings in order to obtain the Noteholders' instructions as to how it should act. Prior to undertaking any action, the Representative of the Noteholders shall be entitled to request that the Noteholders indemnify it and/or provided it with security to its satisfaction against all actions, proceedings, claims and demands which may be brought against it and against all costs, charges, damages, expenses and liabilities which it may incur by taking such action.

30.8 Trigger Events

The Representative of the Noteholders may certify whether or not an event constituting a Trigger Event shall be deemed to be material and incapable of being remedied and any such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other party to the Transaction Documents.

30.9 Remedy

The Representative of the Noteholders may determine whether or not a default in the performance by the Issuer of any obligation under the provisions of these Rules, the Notes or any other Transaction Documents may be remedied, and if the Representative of the Noteholders certifies that any such default is, in its opinion, not capable of being remedied, such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other party to the Securitisation.

31. EXONERATION OF THE REPRESENTATIVE OF THE NOTEHOLDERS

31.1 Limited obligations

The Representative of the Noteholders shall not assume any obligations or responsibilities in addition to those expressly provided herein and in the Transaction Documents.

31.2 Specific limitations

Without limiting the generality of Article 31.1, the Representative of the Noteholders:

- 31.2.1 shall not be under any obligation to take any steps to ascertain whether a Trigger Event or any other event, condition or act, the occurrence of which would cause a right or remedy to become exercisable by the Representative of the Noteholders hereunder or under any other Transaction Document, has occurred and until the Representative of the Noteholders has actual knowledge or express notice to the contrary, it shall be entitled to assume that no Trigger Event or such other event, condition or act has occurred;
- 31.2.2 shall not be under any obligation to monitor or supervise the observance and performance by the Issuer or any other parties of their obligations contained in these Rules, the Transaction Documents or the Conditions and, until it shall have actual knowledge or express notice to the contrary, the Representative of the Noteholders shall be entitled to assume that the Issuer and each other party to the Transaction Documents are duly observing and performing all their respective obligations;
- 31.2.3 except as expressly required in these Rules or any Transaction Document, shall not be under any obligation to give notice to any person of its activities in performance of the provisions of these Rules or any other Transaction Document;
- 31.2.4 shall not be responsible for investigating the legality, validity, effectiveness, adequacy, suitability or genuineness of these Rules or of any Transaction Document, or of any other document or any obligation or rights created or purported to be created hereby or thereby or pursuant hereto or thereto, and (without prejudice to the generality of the foregoing) it shall not have any responsibility for or have any duty to make any investigation in respect of or in any way be liable whatsoever for:
 - (i) the nature, status, creditworthiness or solvency of the Issuer;
 - (ii) the existence, accuracy or sufficiency of any legal or other opinion, search, report, certificate, valuation or investigation delivered or obtained or required to be delivered or obtained at any time in connection herewith;
 - (iii) the suitability, adequacy or sufficiency of any collection procedure operated by the Servicer or compliance therewith;
 - (iv) the failure by the Issuer to obtain or comply with any licence, consent or other authority in connection with the purchase or administration of the Portfolio; and
 - (v) any accounts, books, records or files maintained by the Issuer, the Servicer and the Principal Paying Agent or any other person in respect of the Portfolio or the Notes;
- 31.2.5 shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Notes or the distribution of any of such proceeds to the persons entitled thereto;
- 31.2.6 shall have no responsibility for procuring or maintaining any rating of the Notes other by any credit or rating agency or any other person;
- 31.2.7 shall not be responsible for or for investigating any matter which is the subject of any recital, statement, warranty, representation or covenant by any party other than the Representative of the Noteholders

- contained herein or in any Transaction Document or any certificate, document or agreement relating thereto or for the execution, legality, validity, effectiveness, enforceability or admissibility in evidence thereof;
- 31.2.8 shall not be liable for any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting these Rules or any Transaction Document;
- 31.2.9 shall not be bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Issuer in relation to the Portfolio or any part thereof, whether such defect or failure was known to the Representative of the Noteholders or might have been discovered upon examination or enquiry or whether capable of being remedied or not;
- 31.2.10 shall not be under any obligation to guarantee or procure the repayment of the Portfolio or any part thereof;
- 31.2.11 shall not be responsible for reviewing or investigating any report relating to the Portfolio provided by any person;
- 31.2.12 shall not be responsible for or have any liability with respect to any loss or damage arising from the realisation of the Portfolio or any part thereof;
- 31.2.13 shall not be responsible (except as expressly provided in the Conditions) for making or verifying any determination or calculation in respect of the Notes, the Portfolio or any Transaction Document;
- 31.2.14 shall not be under any obligation to insure the Portfolio or any part thereof;
- 31.2.15 when in these Rules or any Transaction Document the Representative of the Noteholders is required in connection with the exercise of its powers, trusts, authorities or discretions to have regard to the interests of the Noteholders, it shall have regard to the interests of the Noteholders as a Class and shall not be obliged to have regard to the consequences of such exercise for any individual Noteholder resulting from his/her or its being for any purpose domiciled, resident in or otherwise connected with or subject to the jurisdiction of any particular territory or taxing authority;
- 31.2.16 shall, as regards at the powers, trusts, authorities and discretions vested in it by the Transaction Documents, except where expressly provided therein, have regard to the interests of both the Noteholders and the Other Issuer Creditors but if, in the opinion of the Representative of the Noteholders, there is a conflict between their interests the Representative of the Noteholders will have regard solely to the interest of the Noteholders;
- 31.2.17 where the Representative of the Noteholders is required to consider the interests of the Noteholders and, in its opinion, there is a conflict between the interests of the Holders of different Classes of Notes, it will consider only the interests of the Holders of the Most Senior Class of Notes;
- 31.2.18 shall not be deemed responsible for having acted pursuant to any resolution purporting to be a Written Resolution or to have been passed at a Meeting in respect of which minutes were made, even if it is later discovered that the Meeting had not been validly convened or constituted, and that such resolution had not been duly approved or was not otherwise valid or binding for the Noteholders; and
- 31.2.19 may refrain from taking any action or exercising any right, power, authority or discretion vested in it under these Rules or any Transaction Document or any other agreement relating to the transactions herein or therein contemplated until it has been indemnified and/or secured to its satisfaction against any and all liabilities which might be brought or made against or suffered, incurred or sustained by it as a result. Nothing contained in these Rules or any of the other Transaction Documents shall require the Representative of the Noteholders to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion

hereunder if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

31.3 Notes held by Issuer

The Representative of the Noteholders may assume without enquiry that no Notes are, at any given time, held by or for the benefit of the Issuer.

31.4 Illegality

No provision of these Rules shall require the Representative of the Noteholders to do anything which may be illegal or contrary to applicable law or regulations or to expend moneys or otherwise take risks in the performance of any of its duties, or in the exercise of any of its powers or discretion. The Representative of the Noteholders may refrain from taking any action which would or might, in its opinion, be contrary to any law of any jurisdiction or any regulation or directive of any agency of any state, or if it has reasonable grounds to believe that it will not be reimbursed for any funds it expends, or that it will not be indemnified against any loss or liability which it may incur as a consequence of such action. The Representative of the Noteholders may do anything which, in its opinion, is necessary to comply with any such law, regulation or directive as aforesaid.

32. RELIANCE ON INFORMATION

32.1 Advice

The Representative of the Noteholders may act on the advice of, a certificate or opinion of or any written information obtained from any lawyer, accountant, banker, broker, credit or rating agency or other expert whether obtained by the Issuer, the Representative of the Noteholders or otherwise, and whether obtained by letter, telex, email or facsimile transmission.

32.2 Certificates of Issuer

The Representative of the Noteholders may call for, and shall be at liberty to accept (a) as sufficient evidence of any fact or matter *prima facie* within the Issuer's knowledge, a certificate duly signed by the Issuer, and (b) as sufficient evidence that such is the case, a certificate of the Issuer to the effect that any particular dealing transaction, step or thing is expedient or necessary and the Representative of the Noteholders shall not be bound in any such case to call for further evidence or be responsible for any loss that may be incurred as a result of acting on such certificate unless any of its officers in charge of the administration of these Rules shall have actual knowledge or express notice of the untruthfulness of the matters contained in the certificate.

32.3 Certificates of Authorised Institutions

The Representative of the Noteholders, in order to ascertain ownership of the Notes, may fully rely on the certificates issued by any authorised institution listed in article 30 of Legislative Decree number 213 of 24 June 1998, which certificates are to be conclusive proof of the matters certified therein.

32.4 Clearing Systems

The Representative of the Noteholders shall be at liberty to call for and to rely on as sufficient evidence of the facts stated therein, a certificate, letter or confirmation certified as true and accurate and signed on behalf of any clearing system as the Representative of the Noteholders considers appropriate, or any form of record made by any clearing system, to the effect that at any particular time or throughout any particular period any particular person is, or was, or will be, shown its records as entitled to a particular number of Notes.

32.5 Certificates of Parties to Transaction Document

The Representative of the Noteholders shall have the right to call for or require the Issuer to call for and to rely on written certificates issued by one of the parties to the Intercreditor Agreement, or by any Other Issuer Creditor, as to any matter or fact *prima facie* within the knowledge of such party or as to such party's opinion with respect to

any matter and the Representative of the Noteholders shall not be required to seek additional evidence in respect of the relevant fact, matter or issue and shall not be held responsible for any loss, liability, cost, damage, expense, or charge incurred as a result of having failed to do so.

32.6 Rating Agencies

The Representative of the Noteholder shall be entitled to assume, for the purposes of exercising any power, authority, duty or discretion under or in relation to these Rules that such exercise will not be materially prejudicial to the interests of the Noteholders if the Rating Agencies have confirmed that the then current rating of the Notes would not be adversely affected by such exercise, or have otherwise given their consent. If the Representative of the Noteholders, in order properly to exercise its rights or fulfil its obligations, deems it necessary to obtain the views of the Rating Agencies as to how a specific act would affect any outstanding rating of the Notes or any Class thereof, the Representative of the Noteholders may inform the Issuer, which will then obtain such views at its expense on behalf of the Representative of the Noteholders or the Representative of the Noteholders may seek and obtain such views itself at the cost of the Issuer.

32.7 Auditors

The Representative of the Noteholders shall not be responsible for reviewing or investigating any Auditors' report or certificate and may rely on the contents of any such report or certificate.

33. AMENDMENTS AND MODIFICATIONS

33.1 The Representative of the Noteholders may from time to time and without the consent or sanction of the Noteholders concur with the Issuer and any other relevant parties in making:

33.1.1 any amendment or modification to these Rules or to any of the Transaction Documents (other than in respect of a Basic Terms Modification or any provision of these Rules or any of the Transaction Documents referred to in the definition of a Basic Terms Modification) which in the opinion of the Representative of the Noteholders, it is expedient to make in order to correct a manifest error or if such modification is of a formal, minor, administrative or technical nature;

33.1.2 any amendment or modification to these Rules or any of the Transaction Documents (other than in respect of a Basic Terms Modification or any provision of these Rules or any of the Transaction Documents referred to in the definition of Basic Terms Modification) which, in the opinion the Representative of the Noteholders, is or will not be materially prejudicial to the interests of the Most Senior Class of Notes then outstanding; and

33.1.3 any amendment or modification to these Rules or the Transaction Documents (other than in respect of a Basic Terms Modification or any provision of these Rules or any of the Transaction Documents referred to in the definition of a Basic Terms Modification) which the Issuer has requested the Representative of the Noteholders to approve in the context of any further securitisation referred to in Condition 3.10 of the Rated Notes Conditions and Condition 3.10 of the Junior Notes Conditions and which, in the opinion of the Representative of the Noteholders, will not be materially prejudicial to the interests of the Most Senior Class of Noteholders and the fact that the execution of the relevant amendment or modification would not adversely affect the current ratings of the Rated Notes shall be conclusive evidence that the requested amendment or modification is not materially prejudicial to the interests of the Holders of the Most Senior Class of Notes.

33.2 Any such modification shall be binding on the Noteholders and, unless the Representative of the Noteholders otherwise agrees, the Issuer shall procure that such modification be notified to the Noteholders as soon as practicable thereafter.

34. SECURITY DOCUMENTS

34.1 The Deed of Pledge

The Representative of the Noteholders shall have the right to exercise all the rights granted by the Issuer to the Noteholders pursuant to the Deed of Pledge. The beneficiaries of the Deed of Pledge are referred to as the "Secured Noteholders".

34.2 Rights of Representative of the Noteholders

The Representative of the Noteholders, acting on behalf of the Secured Noteholders, shall be entitled to:

- (a) appoint and entrust the Issuer to collect, on the Secured Noteholders' interest and behalf, any amounts deriving from the claims and from the pledged claims and rights, and shall be entitled to give instructions, jointly with the Issuer, to the respective debtors of the pledged claims to make the payments related to such claims to the Payments Account or to any other account opened in the name of the Issuer;
- (b) attest that the account(s) to which payments have been made in respect of the pledged claims shall be deposit accounts for the purpose of article 2803 of the Italian civil code, and procure that such account(s) is(are) operated in compliance with the provisions of the Cash Allocation, Management and Payment Agreement and the Intercreditor Agreement. For such purpose and until a Trigger Notice is served, the Representative of the Noteholders, acting in the name and on behalf of the Secured Noteholders, shall appoint the Issuer to manage the Accounts in compliance with the Cash Allocation, Management and Payment Agreement;
- (c) procure that all funds credited to the relevant Accounts from time to time are applied in accordance with the Cash Allocation, Management and Payment Agreement and the Intercreditor Agreement; and
- (d) procure that the funds from time to time deriving from the pledged claims and the amounts credited to the relevant Accounts are applied towards satisfaction not only of the amounts due to the Secured Noteholders, but also of amounts due and payable to any other parties that rank prior to the Secured Noteholders according to the applicable Priority of Payments set forth in the Conditions, and to the extent that all amounts due and payable to the Secured Noteholders have been paid in full, that any remaining amount be used towards satisfaction of any amounts due to any other parties that rank below the Secured Noteholders. The Secured Noteholders irrevocably waive any right they may have in relation to any amount deriving from time to time from the pledged claims or credited to the Accounts which is not in accordance with the provisions of this Article 34. The Representative of the Noteholders shall not be entitled to collect, withdraw or apply, or issue instructions for the collection, withdrawal or application of, cash deriving from time to time from the pledged claims under the Deed of Pledge except in accordance with the provisions of this Article 34 and the Intercreditor Agreement.

35. INDEMNITY

Pursuant to the Rated Notes Subscription Agreement, the Issuer has covenanted and undertaken to reimburse, pay or discharge (on a full indemnity basis) upon demand, to the extent not already reimbursed, paid or discharged by the Noteholders, all costs, liabilities, losses, charges, expenses, damages, actions, proceedings, claims and demands properly incurred by or made against the Representative of the Noteholders or any entity to which the Representative of the Noteholders has delegated any power, authority or discretion in relation to the exercise or purported exercise of its powers, authorities and discretions and the performance of its duties under and otherwise in relation to these Rules and the Transaction Documents, including but not limited to legal and travelling expenses, and any stamp, issue, registration, documentary and other taxes or duties paid by the Representative of the Noteholders in connection with any action and/or legal proceedings brought or contemplated by the Representative of the Noteholders pursuant to the Transaction Documents against the Issuer, or any other person to enforce any obligation under these Rules, the Notes or the Transaction Documents.

36. **LIABILITY**

Notwithstanding any other provision of these Rules, the Representative of the Noteholders shall not be liable for any act, matter or thing done or omitted in any way in connection with the Transaction Documents, the Notes or the Rules except in relation to its own fraud (frode), gross negligence (colpa grave) or wilful default (dolo).

TITLE IV

THE ORGANISATION OF THE NOTEHOLDERS AFTER SERVICE OF AN ENFORCEMENT NOTICE

37. **POWERS**

It is hereby acknowledged that, upon service of a Trigger Notice or, prior to the service of a Trigger Notice, following the failure of the Issuer to exercise any right to which it is entitled, pursuant to the Mandate Agreement, the Representative of the Noteholders, in its capacity as legal representative of the Organisation of the Noteholders, shall be entitled (also in the interests of the Other Issuer Creditors) pursuant to articles 1411 and 1723 of the Italian civil code, to exercise certain rights in relation to the Portfolio. Therefore, the Representative of the Noteholders, in its capacity as legal representative of the Organisation of the Noteholders, will be authorised, pursuant to the terms of the Mandate Agreement, to exercise, in the name and on behalf of the Issuer and as *mandatario in rem propriam* of the Issuer, any and all of the Issuer's Rights under certain Transaction Documents, including the right to give directions and instructions to the relevant parties to the relevant Transaction Documents.

TITLE V

GOVERNING LAW AND JURISDICTION

38. **GOVERNING LAW**

These Rules are governed by, and will be construed in accordance with, the laws of the Republic of Italy.

39. **JURISDICTION**

The Courts of Milan will have jurisdiction to law and determine any suit, action or proceedings and to settle any disputes which may arise out of or in connection with these Rules.

SELECTED ASPECTS OF ITALIAN LAW

The Securitisation Law

The Securitisation Law was enacted on 30 April 1999 and was conceived to simplify the securitisation process and to facilitate the increased use of securitisation as a financing technique in the Republic of Italy.

It applies to securitisation transactions involving the "true" sale (by way of non-gratuitous assignment) of receivables, where the sale is to a company created in accordance with article 3 of the Securitisation Law and all amounts paid by the assigned debtors are to be used by the relevant company exclusively to meet its obligations under notes issued to fund the purchase of such receivables and all costs and expenses associated with the securitisation transaction.

Ring-fencing of the assets

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

However, under Italian law, any creditor of the Issuer would be able to commence insolvency or winding-up proceedings against the Issuer in respect of any unpaid debt.

The assignment

The assignment of the Receivables under the Securitisation Law will be governed by article 58 paragraphs 2, 3 and 4 of the Banking Act. The prevailing interpretation of this provision, which view has been strengthened by article 4 of the Securitisation Law, is that the assignment can be perfected against the Originator, debtors in respect of the assigned debts and third party creditors by way of publication of the relevant notice in the Official Gazette of the Republic of Italy and, in the case of the debtors, registration in the Companies' Registrar, so avoiding the need for notification to be served on each debtor.

As of date of the publication of the notice in the Official Gazette of the Republic of Italy, the assignment becomes enforceable against:

- (a) creditors of the Originator who have not prior to the date of publication of the notice commenced enforcement proceedings in respect of the relevant debts;
- (b) the liquidator or other bankruptcy official of the Originator; and

- (c) other permitted assignees of the Originator who have not perfected their assignment prior to the date of publication.

As of the later of (i) the date of the publication of the notice in the Official Gazette of the Republic of Italy or (ii) the date of registration of the notice in the Companies' Registrar, the assignment becomes enforceable against:

- (a) the debtors; and
- (b) the liquidator or other bankruptcy official of the such debtors (so that any payments made by an debtor to the purchasing company may not be subject to any claw-back action pursuant to article 67 of the Bankruptcy Law).

The benefit of any privilege, guarantee or security interest guaranteeing or securing repayment of the assigned debts will automatically be transferred to and perfected with the same priority in favour of the Issuer, without the need for any formality or annotation.

As from the date of publication of the notice of the assignment in the Official Gazette of the Republic of Italy, no legal action may be brought in respect of the debts or the sums derived therefrom other than for the purposes of enforcing the rights of the Noteholders and of meeting the costs of the transaction.

Notice of the assignment of the Initial Portfolio pursuant to the Master Receivables Purchase Agreement was published in the Official Gazette of the Republic of Italy No. 270 on 20 November 2006 and registered in the Companies' Registrar on 21 November 2006.

Assignments executed under the Securitisation Law are subject to revocation on bankruptcy under article 67 of the Bankruptcy Law but only in the event that the adjudication of bankruptcy of the relevant party is made within three months of the securitisation transaction or, in cases where paragraph 1 of article 67 applies, within six months of the securitisation transaction.

The Issuer

Under the regime normally prescribed for Italian companies under the Italian civil code, it is unlawful for any company (other than banks) to issue securities for an amount exceeding two times the company's share capital. Under the provisions of the Securitisation Law, the standard provisions described above are inapplicable to the Issuer.

The Issuer is subject to the provisions contained in Chapter V of the Banking Act which requires that companies intending to carry out financial activity in the Republic of Italy must be registered on the register of financial companies held, pursuant to article 106 of the Banking Act, by the *Ufficio Italiano dei Cambi*. Additionally, pursuant to article 107 of the Banking Act, financial companies carrying out securitisation activities must also be registered on a special register held by the Bank of Italy. Companies registered under article 107 of the Banking Act are subject to the supervision of the Bank of Italy.

Italian Law on Leasing

The contract of financial leasing (*locazione finanziaria*) ("**Financial Leasing**") is a type of contract not expressly addressed by the Italian civil code that may be validly entered into pursuant to the general provisions of article 1322 of the Italian civil code. According to this article, the parties to a contract can enter into any contract not belonging to a type subject to a specific legal discipline provided that such contract aims to fulfil interests that deserve to be protected by the legal system. The Italian courts have established that Financial Leasing agreements falls within the scope of this provision.

Under Financial Leasing agreements, the lessor leases to the lessee certain assets (for the purpose of this section, the "**Leased Property**") which have been purchased by the lessor from, or have been constructed for the lessor by, a third party supplier, with the consideration to be paid by the lessee to the lessor determined by reference to the duration of the lease, the cost of the assets and remuneration of the financing provided by the lessor, and upon the expiry of the financial Lease Contract the lessee has the option to either return the Leased Property to the lessor, or purchase upon payment of the agreed price (*riscatto*), or alternatively, enter into a new lease contract. Accordingly, three parties are generally involved in the transaction (i.e., lessor, lessee and supplier) which is completed through the stipulation of two contracts: the Financial Leasing agreement between lessor and lessee and the transfer agreement between the supplier and the lessor. The Italian Supreme Court has established that although these contracts are separate, there is a contractual link between them arising from the fact that the assets acquired by the lessor from the supplier are selected and chosen by the lessee, who is responsible for their maintenance and is subject to the risk of their loss.

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

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

The Italian Supreme Court deems that the provisions of article 1526 of the Italian civil code are to be applied by analogy to contractual relationships between lessors and lessees under the *leasing finanziario traslativo*. Article 1526 of the Italian civil code establishes that in relation to a sale by instalments with retention of title, if the contract is terminated as a result of the non-performance by the purchaser of its obligations, the vendor must repay the instalments received, save for its right to an equitable compensation for the use of the good and damages. Such provisions of article 1526 do not apply to *leasing finanziario di godimento* in respect of which the general provisions of the Italian civil code shall apply; according to article 1458, paragraph 1, of the Italian civil code, termination of a lease contract for breach of contract has, as between the parties thereto, a retroactive effect unless the lease contract provides for continuing performance, in which case the termination does not affect those acts already performed by the parties.

Therefore, according to the above interpretation of the Italian Supreme Court, in the event of termination of a lease contract for breach by the lessee, under *leasing finanziario di godimento*, the lessor is entitled to have the Leased Property returned to him, to retain the amounts received in respect of the rental payments matured prior to termination and, in case of bankruptcy or insolvency of the lessee, to prove for the unpaid rental payments matured before the declaration of bankruptcy. On the contrary, in the event of termination of a *leasing finanziario traslativo*, the lessee (or the receiver in case of bankruptcy or insolvency of the lessee) has the right to receive from the lessor any amounts paid in respect of rental payments before termination but the lessee must return the Leased Property to the lessor and pay to the lessor an equitable compensation for use of the Leased Property and where appropriate, damages.

Forced Sale of Debtor's Goods and Real Estate Assets

A lender may resort to a forced sale of the debtor's (or guarantor's) goods (*pignoramento mobiliare*) or real estate assets (*pignoramento immobiliare*), having previously been granted a "judicial" mortgage following a court order or injunction to pay amounts in respect of any outstanding debt or unperformed obligation.

Forced sale proceedings are directed against the debtor's properties following notification of an *atto di precetto* to the borrower together with a *titolo esecutivo* obtained from a court.

The attachment of the debtor's movable properties is carried out at the debtor's premises or on third party's premises by a bailiff who removes the attached property or forbids the debtor from in any way transferring or disposing of the attached goods, and appoints a custodian thereof (in practice usually the debtor himself).

Not earlier than ten days but not later than ninety days from the attachment:

- (a) in case of a *pignoramento mobiliare*, the creditor may ask the court to deliver to himself all monies found at the debtor's premises, to transfer properties consisting of listed or marketed equities and to sell with or without auction the remaining attached goods; and
- (b) in case of a *pignoramento immobiliare*, the mortgage lender may request the court to sell the mortgaged property.

The average length of a *pignoramento mobiliare*, from the court order or injunction of payment to the final sharing-out, is about three years.

The average length of a *pignoramento immobiliare*, from the court order or injunction of payment to the final sharing-out, is between six and seven years. In the medium-sized central and northern Italian cities it can be significantly less whereas in major cities or in southern Italy the duration of the procedure can significantly exceed the average.

Attachment of Debtor's Credits

Attachment proceedings may be commenced also on due and payable credits of a borrower (such as bank accounts, salary etc.) or on borrower's movable property which is located on third party premises.

Accounting treatment of the Receivables

Pursuant to Bank of Italy Regulations, the Accounting Information relating to the securitisation of the Receivables will be contained in the Issuer's *Nota Integrativa* which, together with the Balance Sheet and the Profit and Loss statements form part of the financial statements of Italian companies.

TAXATION

The following is a general description of current Italian law and practice relating to certain Italian tax considerations concerning the purchase, ownership and disposition of the Notes. It does not purport to be a complete analysis of all tax considerations that may be relevant to the noteholders' decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of prospective beneficial owners of Notes, some of which may be subject to special rules. The following summary does not discuss the treatment of Notes that are held in connection with a permanent establishment or fixed base through which a non-Italian resident beneficial owner carries on business or performs professional services in Italy.

This summary is based upon tax laws and practice of Italy in effect on the date of this Prospectus which are subject to change, potentially retroactively. In this respect, a bill of law has been presented by the Government to the Italian Parliament, for a delegation to be granted to the same Government to issue, within six months of the entering into force of the bill of law, one or more legislative decrees introducing a general reform of the Italian tax treatment of financial income and capital gains of a financial nature. The guidelines provided by the bill of law for this purpose include the adoption of a common rate of tax not to exceed a maximum of twenty per cent for all the relevant withholding and substitutive tax regimes. This legislative decree would have to be issued by the Government within six months from the entry in force of the delegation law.

Prospective purchasers of Notes should consult their tax advisers as to the consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws.

Prospective Noteholders who may be unsure as to their tax position should seek their own professional advice.

Income tax

Under current legislation, pursuant to the provision of article 6, paragraph 1, of the Securitisation Law and of Decree No. 239, payments of interest and other proceeds in respect of the Notes:

- (a) will be subject to final *imposta sostitutiva* at the rate of 12.5 per cent in Italy if made to beneficial owners who are: (i) individuals resident in Italy for tax purposes (unless they have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the *risparmio gestito* regime according to article 7 of Legislative Decree No. 461 of 21 November 1997 - the "**Asset Management Option**"); (ii) Italian resident partnerships (other than *società in nome collettivo*, *società in accomandita semplice* or similar partnerships), *de facto* partnerships not carrying out commercial activities and professional associations; (iii) Italian resident public and private entities, other than companies, not carrying out commercial activities; (iv) Italian resident entities exempt from corporate income tax and (v) non-Italian resident entities or persons without a permanent establishment in Italy to which the Notes are effectively connected, which are not eligible for

the exemption from the *imposta sostitutiva* and/or do not timely comply with the requirements set forth in Decree No. 239 and the relevant application rules in order to benefit from the exemption from *imposta sostitutiva*. As to non-Italian resident beneficial owners, *imposta sostitutiva* may apply at lower or nil rate under double taxation treaties entered into by Italy, where applicable.

The 12.5 per cent (or, in certain cases, for treaty covered non-Italian resident beneficial owners, the lower rate provided for by the relevant applicable double tax treaty) final *imposta sostitutiva* will be generally applied by the Italian resident qualified financial intermediaries (or permanent establishments in Italy of foreign intermediaries) that will intervene, in any way, in the collection of interest and other proceeds on the Notes or in the transfer of the Notes;

- (b) will not be subject to the *imposta sostitutiva* at the rate of 12.5 per cent if made to beneficial owners who are: (i) Italian resident corporations or permanent establishments in Italy of non-resident corporations to which the Notes are effectively connected; (ii) Italian resident collective investment funds, Italian resident pension funds referred to in Legislative Decree No. 124 of 21 April 1993 and Italian resident real estate investment funds; (iii) Italian resident individuals who have entrusted the management of their financial assets, including the Notes, to an Italian authorised financial intermediary and have opted for the Asset Management Option; and (iv) according to Decree No. 239, non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected, provided that:
 - (1) such beneficial owners are resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information, and
 - (2) all the requirements and procedures set forth in Decree No. 239 and in the relevant application rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are timely met or complied with.

To ensure payment of interest and other proceeds in respect of the Notes without the application of *imposta sostitutiva*, investors indicated above sub-paragraph (b) must (i) be the beneficial owners of payments of interest and other proceeds on the Notes; (ii) timely deposit the Notes directly or indirectly with an Italian authorised financial intermediary (or permanent establishment in Italy of foreign intermediary); and (iii) in the event of non-Italian resident beneficial owners being holders of the Notes, according to Decree No. 239, timely file with the relevant depository a self-declaration stating themselves to be resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information. Such self-declaration is valid until withdrawn or revoked and must not be submitted if a certificate, declaration or other similar document meant for equivalent uses was previously submitted to the same depository.

Decree No. 239 also provides for additional exemptions from the *imposta sostitutiva* for payments of interest and other proceeds in respect of the Notes made to (i) international bodies and organisations established in accordance with international agreements ratified in Italy; (ii) foreign institutional

investors not subject to income tax or to other similar taxes, which are established in countries which allow an adequate exchange of information with Italy and (iii) Central Banks or entities, managing also official State reserves.

Italian resident individuals holding Notes not in connection with entrepreneurial activity who have opted for the Asset Management Option are subject to a 12.5 per cent annual substitutive tax (the "**Asset Management Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include any interest and other proceeds accrued on the Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised intermediary.

Interest and other proceeds accrued on the Notes would be included in the corporate taxable income (and in certain circumstances, depending on the "status" of the Noteholders, also in the net value of production for the purposes of regional tax on productive activities - IRAP) of beneficial owners who are Italian resident corporations and permanent establishments in Italy of foreign corporation to which the Notes are effectively connected, subject to tax in Italy in accordance with ordinary tax rules.

Italian resident collective investment funds are subject to a 12.5 per cent or in certain cases, pursuant to article 12 of Decree No. 269, to a 5 per cent annual substitutive tax (the "**Collective Investment Fund Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include any interest and other proceeds accrued on the Notes).

Italian resident pension funds subject to the regime provided by articles 14, 14-*ter* and 14-*quater*, paragraph 1 of Legislative Decree No. 124 of 21 April 1993, are subject to a 11 per cent annual substitutive tax (the "**Pension Fund Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include interest and other proceeds accrued on the Notes).

As clarified by Circular of the Revenue Agency 8 August 2003, No. 47/E, the 12.5 per cent *imposta sostitutiva* provided for by Decree No. 239 in general should not apply with respect to interest and other proceeds on the Notes derived by all Italian resident real estate investment funds, including also any real estate investment funds not subject to the tax treatment provided for by Decree No. 351, always provided that the Notes are timely deposited directly or indirectly with an Italian authorised financial intermediary (or permanent establishment in Italy of foreign intermediary).

Any positive difference between the nominal amount of the Notes and their issue price is deemed to be interest for tax purposes.

Without prejudice to the above provisions, in the event that the Notes are redeemed in full or in part prior to eighteen months from the Issue Date, the Issuer of the Notes will be required to pay an additional amount equal to 20 per cent of interest and other proceeds accrued on the early redeemed Notes up to the time of the early redemption. In accordance with one interpretation of Italian fiscal law, also in the event of purchase of Notes by the Issuer with subsequent cancellation thereof prior to eighteen months from the Issue Date, the Issuer may be required to pay the above 20 per cent additional amount.

Capital Gains

Any capital gain realised upon the sale for consideration or redemption of the Notes would be treated as part of the taxable business income (and, in certain cases, may also be included in the taxable net value of production for IRAP purposes), subject to tax in Italy according to the relevant tax provisions, if derived by Noteholders who are:

- (a) Italian resident corporations;
- (b) permanent establishments in Italy of foreign corporations to which the Notes are effectively connected; or
- (c) Italian resident individuals carrying out a commercial activity, as to any capital gains realised within the scope of the commercial activity carried out.

Pursuant to Legislative Decree No. 461 of 21 November 1997, any capital gain realised by Italian resident individuals holding Notes not in connection with entrepreneurial activity and certain other persons upon sale for consideration or redemption of the Notes would be subject to an *imposta sostitutiva* at the current rate of 12.5 per cent. Under the tax declaration regime, which is the standard regime for taxation of capital gains realised by Italian resident individuals not engaged in entrepreneurial activity, *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any relevant incurred capital loss, realised by Italian resident individual noteholders holding Notes not in connection with entrepreneurial activity pursuant to all disposals of Notes carried out during any given fiscal year. Italian resident individuals holding Notes not in connection with entrepreneurial activity must report overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax declaration to be filed with the Italian tax authorities for such year and pay *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains of the same kind realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident individual noteholders holding the Notes not in connection with entrepreneurial activity may elect to pay 12.5 per cent *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the "*Risparmio Amministrato*" regime). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with Italian banks, *società di intermediazione mobiliare* (SIM) or certain authorised financial intermediaries and (ii) an express election for the *Risparmio Amministrato* regime being timely made in writing by the relevant Noteholder. Under the *Risparmio Amministrato* regime, the financial intermediary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised at revocation of its mandate), net of any relevant incurred capital loss, and is required to pay the relevant amount to the Italian fiscal authorities on behalf of the taxpayer, deducting a corresponding amount from proceeds to be credited to the Noteholder. Under the *Risparmio Amministrato* regime, where a sale or redemption of the Notes results in capital loss, such loss may be deducted from capital gains of the same kind subsequently realised within the same relationship of deposit in the same tax year or in the following tax years up to the fourth. Under the *Risparmio*

Amministrato regime, the Noteholder is not required to declare capital gains in its annual tax declaration and remains anonymous.

Any capital gains accrued to Italian resident individuals holding Notes not in connection with entrepreneurial activity who have elected for the Asset Management Option will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to the Asset Management Tax to be applied on behalf of the taxpayer by the managing authorised intermediary. Under the Asset Management Option, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the Asset Management Option, the Noteholder is not required to report capital gains realised in its annual tax declaration and remains anonymous.

Any capital gains accrued to Noteholders who are Italian resident collective investment funds will be included in the computation of the taxable basis of the Collective Investment Fund Tax.

Any capital gains accrued to Noteholders who are Italian resident pension funds subject to the regime provided by articles 14, 14-*ter* and 14-*quater*, paragraph 1, of Legislative Decree No. 124 of 21 April 1993, will be included in the computation of the taxable basis of Pension Fund Tax.

The 12.5 per cent final *imposta sostitutiva* on capital gains may in certain circumstances be payable on capital gains realised upon sale for consideration or redemption of the Notes by non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, pursuant to article 23 of Presidential Decree No. 917 of 22 December 1986, as amended, any capital gains realised by non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected through the sale for consideration or redemption of the Notes are exempt from taxation in Italy to the extent that the Notes are listed on a regulated market in Italy or abroad (including the Stock Exchange) and in certain cases subject to timely filing of required documentation (in particular, a self-declaration not to be resident in Italy for tax purposes), even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

In case the Notes are not listed on a regulated market in Italy or abroad:

- (i) pursuant to the provisions of article 5 of legislative decree No. 461 of 21 November 1997, non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from the *imposta sostitutiva* in Italy on any capital gains realised, upon sale for consideration or redemption of the Notes if they are resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information.

In such case, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the *Risparmio Amministrato* regime or the Asset Management Option, exemption from Italian taxation on capital gains will apply upon condition that they timely file with the authorised financial intermediary an appropriate self-

declaration stating they are resident for tax purposes in a country which allows an adequate exchange of information with Italy.

Exemption from Italian substitute tax on capital gains also applies to Non-Italian residents who are (a) international bodies and organizations established in accordance with international agreements ratified in Italy; (b) foreign institutional investors not subject to income tax or to other similar taxes, established in countries which allow an adequate exchange of information with Italy and (c) Central Banks or other entities, managing also official State reserves.

- (ii) in any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with Italy, providing that capital gains realised upon sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon sale for consideration or redemption of Notes.

In such case, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the *Risparmio Amministrato* regime or the Asset Management Option, exemption from Italian taxation on capital gains will apply upon condition that they file in time with the authorised financial intermediary appropriate documents which include *inter alia* a statement from the competent tax authorities of the country of residence of the non-Italian residents.

The *Risparmio Amministrato* Regime is the ordinary regime automatically applicable to non resident persons and entities relating to the Notes deposited for safekeeping or administration at Italian banks, SIMs and other eligible entities, but non-resident note-holders retain the right to waive this regime. Such waiver may also be exercised by non-resident intermediaries in respect of safekeeping, administration and deposit accounts held in their names in which third parties' financial assets are held.

Inheritance and gift tax

Further to the enactment of Law Decree No. 262 of 3 October 2006 (converted into law No. 286 of 24 November 2006 and published in the Official Gazette No. 277 of 28 November 2006) the transfer by death or gifts of the Notes is subject to death and gift duty tax at rates between 4 and 8 per cent, varying depending on the relationship between the transferor and the transferee. Transfers by death or gift in favour of the spouse, direct descendants or ancestors of the transferor are not subject to tax up to an amount of Euro 100,000,000. The new provisions apply to successions opened as from 3 October 2006 and to gifts registered as from 29 November 2006.

Moreover, an anti-avoidance rule is provided by Law No. 383 for any gift of assets (such as the Notes) which, if sold for consideration, would give rise to capital gains subject to the *imposta sostitutiva* provided for by Decree No. 461. In particular, if the donee sells the Notes for consideration within 5 year from the receipt thereof as gift, the donee is required to pay the relevant *imposta sostitutiva* on capital gains as if the gift had never taken place.

Transfer tax

General

Pursuant to Legislative Decree No. 435 of 21 November 1997 ("**Decree No. 435**"), which amended the regime laid down by Royal Decree No. 3278 of 30 December 1923, the transfer of the Notes may be subject to Italian transfer tax (*tassa sui contratti di borsa*) in the following cases and at the following rates:

- (i) contracts entered into directly between private parties or between the parties through entities other than authorised intermediaries (banks, SIMs or other professional intermediaries authorised to perform investment services, pursuant to the Legislative Decree No. 415 of 23 July 1996, as superseded by Legislative Decree No. 58 of 24 February 1998, or stockbrokers) are subject to a transfer tax of €0.0083 for every €51.65, or part of €51.65, of the price of the Notes;
- (iii) 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;
- (iv) 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:

- (i) contracts relating to listed securities entered into on regulated markets (e.g. the Stock Exchange);
- (ii) contracts relating to securities which are admitted to listing on regulated markets and finalised outside such markets and entered into:
 - (a) between banks or SIMs or other professional intermediaries authorised to perform investment services, pursuant to Legislative Decree No. 415 of 23 July 1996, as superseded by Legislative Decree No. 58 of 24 February 1998, or stockbrokers among themselves;
 - (b) between authorised intermediaries as referred to in paragraph (a) above and non-Italian residents;
 - (c) between authorised intermediaries as referred to in paragraph (a) above, also non-Italian resident, and undertakings for collective investment of saving income;

- (iii) contracts relating to public sale offers for the admission to listing on regulated markets or relating to financial instruments already admitted to listing on said markets;
- (iv) contracts for a consideration of less than €206.58;
- (v) contracts regarding securities not listed on a regulated market entered into between authorised intermediaries as referred to in (ii)(a) above, on the one hand, and non-Italian residents, on the other hand; and
- (vi) securities lending transactions and any other contracts having the same economic purposes.

European Withholding Tax Directive

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

Italy has implemented the Directive through Legislative Decree No. 84 of 18 April 2005 ("**Decree 84/2005**"). Under Decree 84/2005, subject to a number of important conditions being met, in the case of interest paid starting from 1 July 2005 (including the case of interest accrued on the Notes at the time of their disposal) to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian paying agents i.e. banks, SIMs, fiduciary companies, SGRs resident for tax purposes in Italy, permanent establishments in Italy of non-resident persons and any other economic operator resident for tax purposes in Italy paying interest for professional or commercial reasons shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner. In certain circumstances, the same reporting requirements must be complied with also in respect of interest paid to an entity established in another Member State, other than legal persons (with the exception of certain Finnish and Swedish entities), whose profits are taxed under general arrangements for business taxation and, in certain circumstance, UCITS recognised in accordance with Directive 85/611/EEC.

SUBSCRIPTION, SALE AND SELLING RESTRICTIONS

The Rated Notes Subscription Agreement

Pursuant to the Rated Notes Subscription Agreement entered into on or about the Issue Date, the Joint Lead Managers and Joint Bookrunners, have severally agreed to subscribe and pay the Issuer for the Rated Notes: (i) the Class A1 Series 2006 Notes, at the issue price of 100 per cent of their principal amount, (ii) the Class A2 Series 2006 Notes at the issue price of 100 per cent of their principal amount, (iii) the Class B Series 2006 Notes at the issue price of 100 per cent of their principal amount, and (iv) the Class C Series 2006 Notes at the issue price of 100 per cent of their principal amount.

The Issuer has agreed to pay to the Joint Lead Managers and Joint Bookrunners combined management and underwriting commissions and selling concessions on the principal amount of the Rated Notes as agreed in the Rated Notes Subscription Agreement.

The Rated Notes Subscription Agreement is subject to a number of conditions and may be terminated by the Joint Lead Managers and Joint Bookrunners in certain circumstances prior to payment for the relevant Class of Notes. The Issuer has agreed to indemnify the Joint Lead Managers and Joint Bookrunners against certain liabilities in connection with the issue of the Rated Notes.

The Junior Notes Subscription Agreement

Locat has, pursuant to the Junior Notes Subscription Agreement entered into on or about the Issue Date between Locat, the Representative of the Noteholders and the Issuer, agreed to subscribe and pay the Issuer for the Junior Notes at the Issue Price of 100 per cent of their principal amounts upon issue of the Junior Notes.

Save for the Conditions 1 (*Form, denomination and title*), 5 (*Interest*) and 6.8 (*Early Redemption through the disposal of the Portfolio*), the Junior Notes Conditions are substantially the same as the Rated Notes Conditions.

Under the Rated Notes Conditions and the Junior Notes Conditions the obligations of the Issuer to make payments in respect of the Junior Notes are subordinated to the obligations of the Issuer to make payments in respect of the Rated Notes, the Other Issuer Creditors and the other creditors of the Issuer in accordance with the applicable Priority of Payments. Therefore, in case of losses by the Issuer, if the Issuer is not able to fulfil in full its obligations in respect of all its creditors, the Junior Noteholders will be the first creditors to bear any shortfall.

Selling Restrictions

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in

certain transactions not subject to the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

The Joint Lead Managers and Joint Bookrunners have agreed that, except as permitted by the Rated Notes Subscription Agreement, they will not offer, sell or deliver the Rated Notes (i) as part of their distribution at any time, or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date (the "**restricted period**"), within the United States or to, or for the account or benefit of, U.S. persons. The Joint Lead Managers and Joint Bookrunners have agreed that, at or prior to confirmation of sales of any Rated Notes, they will have sent to each distributor, dealer or other person to which they sell the Rated Notes during the restricted period a confirmation or other notice setting forth the restrictions on offers and sales of Rated Notes within the United States or to, or for the account or benefit, of U.S. persons.

In addition, until 40 days after the Issue Date, an offer or sale of the Notes within the United States by any dealer (whether or not participating in this offering) may violate the requirements of the Securities Act.

Under the Rated Notes Subscription Agreement, the Joint Lead Managers and Joint Bookrunners have also agreed that neither they, their affiliates, nor any persons acting on its or their behalf have engaged or will engage in any form of general solicitation or general advertising (as those terms are used in Rule 502(c) under the Securities Act) in connection with the offer and sale of the Rated Notes in the United States.

Republic of Italy

Under the Rated Notes Subscription Agreement, the Joint Lead Managers and Joint Bookrunners have acknowledged that no action has or will be taken by them which would allow an offering (nor a "*sollecitazione all'investimento*") of the Rated Notes to the public in Italy unless in compliance with the relevant Italian securities, tax and other applicable laws and regulations. Accordingly, the Joint Lead Managers and Joint Bookrunners have agreed that the Rated Notes may not be offered, sold or delivered by them and neither this Prospectus nor any other offering material relating to the Rated Notes will be distributed or made available by them to the public in Italy. Individual sales of the Rated Notes to any persons in the Republic of Italy may only be made in accordance with Italian securities, tax and other applicable laws and regulations.

Under the Rated Notes Subscription Agreement, the Joint Lead Managers and Joint Bookrunners have acknowledged that no application has been made by them to obtain an authorisation from CONSOB for the public offering of the Rated Notes in Italy.

Accordingly, the Joint Lead Managers and Joint Bookrunners have represented and agreed that they have not offered, sold or delivered, and will not offer, sell or deliver, and have not distributed and will not distribute, and have not made and will not make available in Italy the Rated Notes, this

Prospectus nor any other offering material relating to Rated Notes other than to professional investors ("*operatori qualificati*") as defined in article 31, paragraph 2, of CONSOB Regulation number 11522 of 1 July 1998 pursuant to article 100, paragraph 1, letter a) and article 30, paragraph 2, of Italian Legislative Decree number 58 of 24 February 1998 (the "**Financial Laws Consolidated Act**") and in accordance with applicable Italian laws and regulations. Any offer of the Rated Notes to professional investors in Italy shall be made only by banks, investment firms or financial companies enrolled in the special register provided for in article 107 of the Consolidated Banking Act, to the extent that they are duly authorised to engage in the placement and/or underwriting of financial instruments in Italy in accordance with the relevant provisions of the Financial Laws Consolidated Act and in compliance with article 129 of the Consolidated Banking Act.

United Kingdom

Under the Rated Notes Subscription Agreement, the Joint Lead Managers and Joint Bookrunners have represented, warranted and undertaken that:

- (a) they have only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received by them in connection with the issue or sale of any Rated Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) they have complied and will comply with all applicable provisions of the FSMA with respect to anything done by them in relation to the Rated Notes in, from or otherwise involving the United Kingdom.

General

No action has been or will be taken in any jurisdiction by the Issuer or the Joint Lead Managers and Joint Bookrunners that would, or is intended to, permit a public offering of the Rated Notes, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus comes are required by the Issuer and the Joint Lead Managers and Joint Bookrunners to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver the Rated Notes or have in their possession, distribute or publish this Prospectus or any other offering material relating to the Rated Notes, in all cases at their own expense.

GENERAL INFORMATION

1. Application has been made to the Irish Stock Exchange for the Rated Notes to be admitted to the Official List of the Irish Stock Exchange and to trading on its regulated market. Application has been made to the Irish Financial Services Regulatory Authority, as competent authority under the Prospectus Directive, for the Prospectus to be approved.
2. The Issuer is not involved in any legal or arbitration or governmental or regulatory proceedings which may have, or have had, since the date of its incorporation, a significant effect on its financial position nor is the Issuer, to the best of its knowledge aware that any such proceedings are pending or threatened.
3. Save as disclosed in this document, 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 23 November 2004 (being the date of incorporation of the Issuer) that is material in the context of the issue of the Notes.
4. The issue of the Notes has been authorised by resolution of the Quotaholder's meeting of the Issuer on 10 November 2006.
5. Save as disclosed in this document, the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor has the Issuer created any mortgages, charges or given any guarantees.
6. The Issuer will produce proper accounts (*ordinata contabilità interna*) and audited (to the extent required) financial statements in respect of each financial year and will not produce interim financial statements. Copies of these documents will be deposited 15 Business Days after their approval at the specified offices of the Issuer, of the Irish Paying Agent and of the Representative of the Noteholders where such documents will be physically available for inspection and where copies of such documents may be obtained upon request during usual business hours.
7. The Rated Notes have been accepted for clearance by Monte Titoli as follows:

ISIN	Common Code
Class A1 Series 2006 IT0004153661	027903835
Class A2 Series 2006 IT0004153679	027890563
Class B Series 2006 IT0004153687	027890717
Class C Series 2006 IT0004153695	027903860

8. Copies of the following documents are physically available and may be inspected and obtained during usual business hours at the specified offices of the Irish Paying Agent, at the registered office of the Representative of the Noteholders and at the registered office of the Issuer at any time after the date of this document:
- (a) the by-laws (*statuto*) and the deed of incorporation (*atto costitutivo*) of the Issuer;
 - (b) the resolution of the Quotaholder's meeting authorizing the issue of the securities;
 - (c) the Securitisation Law;
 - (d) the following documents:
 - (i) the Master Receivables Purchase Agreement;
 - (ii) the Warranty and Indemnity Agreement;
 - (iii) the Servicing Agreement;
 - (iv) the Agreement for the Extension and Amendment to the Corporate Services Agreement;
 - (v) the Hedging Agreement;
 - (vi) the Intercreditor Agreement;
 - (vii) the Agreement for the Extension and Amendment to the Quotaholder Agreement;
 - (viii) the Agreement for the Extension and Amendment to the Letter of Undertaking;
 - (ix) the Cash Allocation, Management and Payment Agreement;
 - (x) the Mandate Agreement;
 - (xi) the Deed of Pledge;
 - (xii) the Rated Notes Subscription Agreement;
 - (xiii) the Junior Notes Subscription Agreement;
 - (xiv) the Rated Notes Conditions and the Junior Notes Conditions (including the Rules of the Organisation of the Noteholders, attached thereto as Exhibit 1);
 - (xv) the Deed of Charge; and
 - (xvi) the Master Definitions Agreement;
 - (e) the consent of Mr. Lino De Luca to the inclusion of his report herein.

9. The independent auditor of the Issuer is Mr. Lino De Luca (*Certified Public Accountant*) and his permitted successors and assigns.
10. The Issuer has undertaken to maintain a paying agent in Ireland so long as the Rated Notes are listed on the Stock Exchange.
11. As long as any of the Rated Notes remains outstanding, copies of each of the Quarterly Settlement Report, the Quarterly Payments Report and the Investor's Reports shall be made physically available for collection and inspection at the registered offices of the Issuer, of the Irish Paying Agent and of the Representative of the Noteholders.
12. The estimated annual fees and expenses payable by the Issuer in connection with the Securitisation amount to approximately €180,000 (excluding servicing fees and any VAT, if any).

The estimated total expenses payable by the Issuer in connection with the admission of the Rated Notes to trading on the regulated market of the Stock Exchange amount to approximately €12,000 (excluding servicing fees and any VAT, if any).

GLOSSARY

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 Collection Account, the Payments Account, the Debt Service Reserve Account, the Securities Account, the Expense Account, the Quota Capital Account and the Adjustment Reserve Account and *Accounts* means all of them.

Account Bank: means BNP Paribas - Italian Branch, and its permitted successors and assigns acting as Account Bank pursuant to the Cash Allocation, Management and Payments Agreement.

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

Additional Criteria: means the further objective criteria which may supplement the Specific Criteria and the Common Criteria from time to time pursuant to the terms and subject to the conditions provided in the Master Receivables Purchase Agreement.

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

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.

Agreement for the Extension and Amendment to the Corporate Services Agreement: means the agreement executed on or about the Issue Date between the Issuer and the Corporate Servicer for the extension and amendment of the Corporate Services Agreement, 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.

Agreement for the Extension and Amendment to the Quotaholder's Agreement: means the agreement executed on or about the Issue Date between the Issuer, the Originator, the Quotaholder, and the Representative of the Noteholders for the extension and amendment of the Quotaholder's Agreement, 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.

Agreement for the Extension and Amendment to the Letter of Undertaking: means the agreement executed on or about the Issue Date between the Issuer, the Originator and the Representative of the Noteholders for the extension and amendment of the Letter of Undertaking, 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.

Amortisation Period: means the period (a) commencing on the Interest Payment Date falling in September 2008 (included) and (b) ending on the earlier of (i) the Final Maturity Date and (ii) the date on which the Notes are redeemed in full.

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

Available Redemption Funds: means in respect of any Interest Payment Date and Settlement Date or, after the service of a Trigger Notice following the occurrence of a Trigger Event, any date on which the Available Redemption Funds are calculated:

- (i) during the Amortisation Period, the Issuer Principal Available Funds; and
- (ii) after the service of a Trigger Notice, the aggregate of (a) the Issuer Principal Available Funds and (b) any remaining Issuer Interest Available Funds after all the payments described under items First to Fifth (inclusive) or under items First to Seventh (inclusive) or under items First to Ninth (inclusive) as the case may be, of the Priority of Payments under Condition 4.3.1 have been made in full;

together with, in the case of items (i) and (ii) above, proceeds from the redemption of Eligible Investments, to the extent that any Available Redemption Funds have been applied in investing in Eligible Investments other than interest accrued on the Eligible Investments which shall be a part of the Issuer Interest Available Funds.

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 on the preceding Interest Payment Date); and (ii) the Collateral Portfolio Outstanding Amount as at the end of such Quarterly Collection Period, divided by 2.

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

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

Bankruptcy Law: means Royal Decree No. 267 of 16 March 1942, as the same may be amended, modified or supplemented from time to time.

Billed Residual Amounts: means (i) any VAT amount relating to the Instalments, (ii) the insurance premiums payable by the Lessees under the Insurance Policies, (iii) any payments in relation to the

additional services provided to the Lessees in accordance with the relevant Lease Contracts and (vi) other expenses relating to the Collections.

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

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

BNP PARIBAS Asset Management Società di Gestione del Risparmio S.p.A.: means a company so denominated with capital stock of Euro 4,000,000 organised under the laws of the Republic of Italy, whose registered office is at Via Ansperto, 5, 20123, Milan, Italy, registered under number 31356/99 with the Chamber of Commerce of Milan and, pursuant to article 35 of Legislative Decree no. 58 of 24 February 1998, enrolled under number 77 in the asset management companies register held at the Bank of Italy.

BNP Paribas Securities Services: means a company so denominated organised and incorporated under the laws of the Republic of France as a société anonyme, having its registered office at 3 Rue d'Antin, 75002 Paris, France, acting through its Milan Branch, with offices in Via Ansperto, 5, 20123 Milan, Italy, with capital stock of Euro 165.279.835, fiscal code, VAT number and enrolment with the company register of Milan No. 13449250151, registered with the roll of banks held by the Bank of Italy pursuant to article 13 of the Banking Act at No. 5483.

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

Calculation Date: means the third Business Day prior to each Interest Payment Date.

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

Cash Allocation, Management and Payments Agreement: means the Cash Allocation, Management and Payments Agreement to be entered into on 12 December 2006 between the Issuer, the Principal Paying Agent, the Irish Paying Agent, the Cash Manager, the Computation Agent, the Custodian Bank and the Account Bank 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.

Cash Manager: means BNP PARIBAS Asset Management Società di Gestione del Risparmio S.p.A. and its permitted successors and assigns acting as Cash Manager pursuant to the Cash Allocation, Management and Payments Agreement.

Class: shall be a reference to a class of Notes being the Class A Series 2006 Notes, the Class B Series 2006 Notes, the Class C Series 2006 Notes or the Class D Series 2006 Notes and "**Classes**" shall be construed accordingly.

Class A Series 2006 Notes: means collectively the Class A1 Series 2006 Notes and the Class A2 Series 2006 Notes.

Class A1 Series 2006 Noteholder: means the holder of a Class A1 Series 2006 Note and **Class A1 Series 2006 Noteholders** means all of them.

Class A1 Series 2006 Notes: means the € 400,000,000 Class A1 Series 2006 Asset-Backed Floating Rate Notes due 2028.

Class A2 Series 2006 Noteholder: means the holder of a Class A2 Series 2006 Note and **Class A2 Series 2006 Noteholders** means all of them.

Class A2 Series 2006 Notes: means the € 1,348,000,000 Class A2 Series 2006 Asset-Backed Floating Rate Notes due 2028.

Class B Series 2006 Noteholder: means the holder of a Class B Series 2006 Note and **Class B Series 2006 Noteholders** means all of them.

Class B Series 2006 Notes: means the € 152,000,000 Class Series 2006 B Asset-Backed Floating Rate Notes due 2028.

Class C Series 2006 Noteholder: means the holder of a Class C Series 2006 Note and **Class C Series 2006 Noteholders** means all of them.

Class C Series 2006 Notes: means the € 64,000,000 Class C Series 2006 Asset-Backed Floating Rate Notes due 2028.

Class D Series 2006 Additional Remuneration: means the aggregate amount accrued in respect of the preceding three calendar months (or in respect of the first Interest Payment Date, the period from the Valuation Date to the 28 February 2007 (included)), or the relevant period following the occurrence of a Trigger Event, payable on each Interest Payment Date, (which shall be calculated on each Settlement Date immediately preceding such Interest Payment Date) as the aggregate of:

- (i) the Portfolio Yield accrued as at the end of the immediately preceding Quarterly Collection Period; plus
- (ii) interest accrued and paid on the Collection Account, the Payments Account, the Debt Service Reserve Account and the Adjustment Reserve Account up to such Settlement Date and interest deriving from the Eligible Investments up to such Settlement Date; plus
- (iii) any and all amounts due to be received under the Warranty and Indemnity Agreement; plus
- (iv) any and all amounts due to be received from the Hedging Counterparty on such Interest Payment Date whether or not actually paid; minus
- (v) any and all amounts due to be paid to the Hedging Counterparty on such Interest Payment Date whether or not actually paid; minus
- (v) as appropriate,

- (a) during the Revolving Period, any and all amounts under items "First", "Second", "Fifth", "Sixth", "Seventh", "Thirteenth", "Fourteenth" and "Fifteenth" of the Priority of Payments in respect of interest under Condition 4.1.1 (B);
- (b) during the Amortisation Period, any and all amounts under items "First", "Second", "Fifth", "Sixth", "Seventh", "Fourteenth" and "Fifteenth" of the Priority of Payments in respect of interest under Condition 4.2.1 (B);
- (c) following a Trigger Notice, any and all amounts under items "First", "Second", "Fifth", "Seventh", "Ninth", "Twelfth" and "Thirteenth" of the Priority of Payments in respect of interest under Condition 4.3.1 and item "Eighth" of the Priority of Payments in respect of principal under Condition 4.3.2; and

any and all amounts accrued under such items during the immediately preceding Quarterly Collection Period whether or not actually paid; minus

- (vi) any and all provisions and losses on the Receivables; plus
- (vii) any and all gains on the Receivables.

Class D Series 2006 Base Interest: means Euribor plus a margin of 2% per annum.

Class D Series 2006 Noteholder: means the holders of a Class D Series 2006 Note and "Class D Series 2006 Noteholders" means all of them.

Class D Series 2006 Notes: means the € 8,909,866 Class D Series 2006 Asset Backed Variable Return Notes due 2028.

Clearstream, Luxembourg: means Clearstream Banking, société anonyme.

Collateral Portfolio: means, on any given date, the aggregate of all Receivables which are not Defaulted Receivables or Defaulting 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 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 (and including) a Settlement Date and ending on (and excluding) the next succeeding Settlement Date and in the case of the first Collection Period, commencing on the Valuation Date for the Initial Portfolio and ending on (but excluding) the date falling on the second Business Day of January 2007.

Collection Policy: means Locat's collection policy in respect of the Receivables, attached as Schedule 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, including Recovery Amounts and Agreed Prepayments.

Common Criteria: means the objective criteria for the identification of the Receivables specified in Annex 1 to the Master Receivables Purchase Agreement and which shall apply to select each of the Receivables for any Portfolio.

Computation Agent: means Securitisation Services S.p.A. and its permitted successors and assigns acting as Computation Agent pursuant to the Cash Allocation, Management and Payments Agreement.

Conditions: means the Rated Notes Conditions and any reference to a numbered Condition is to the corresponding numbered provision thereof.

CONSOB: means Commissione Nazionale per le Società e la Borsa.

Corporate Servicer: means UGC Banca S.p.A. whose registered office is at Piazzetta Monte, 1, 37121 Verona, Italy, and its permitted successors and assigns acting as Corporate Servicer pursuant to the Corporate Services Agreement.

Corporate Services Agreement: means the corporate services agreement entered into on 14 October 2005, in the context of the Previous Securitisation, 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 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 and Defaulting Receivables from the Valuation Date up to the last day of such Quarterly Collection Period minus (ii) the aggregate of the Recovery Amounts received from the Valuation Date up to the last day of such Quarterly Collection Period; by (B) the Outstanding Principal of the Initial Portfolio as at the relevant Valuation Date.

Cumulative Default Ratio Interest Deferral: 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 and Defaulting Receivables from the Valuation Date up to the last day of such Quarterly Collection Period minus (ii) the aggregate of the Recovery Amounts received from the Valuation Date up to the last day of such Quarterly Collection Period; by (B) the sum of (i) the Initial Portfolio Original Amount and (ii) the Subsequent Portfolio Original Amount in respect of each Subsequent Portfolio transferred to the Issuer from the Valuation Date up to the last day of such Quarterly Collection Period.

Cumulative Default Trigger Ratio: means, with reference to each Quarterly Collection Period, the respective percentages set out in the following table:

<i>Quarterly Collection Period after the Issue Date</i>	<i>Cumulative Default Trigger Ratio</i>
1 st	1.25%
2 nd	1.30%
3 rd	1.50%
4 th	1.60%
5 th	2.00%
6 th	2.25%
7 th and thereafter	2.50%

Custodian Bank: means BNP Paribas Securities Services, Milan Branch and its permitted successors and assigns acting as Custodian Bank pursuant to the Cash Allocation, Management and Payments 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 an amount equal to 1.25% of the Principal Amount Outstanding of the Rated Notes, however, following the first Interest Payment Date, if on the previous Interest Payment Date the sum of the payments under items First to Seventh of the Priority of Payments set out in Conditions 4.1.1 (B) or 4.2.1(B), as the case may be, is higher than 1.25% of the Principal Amount Outstanding of the Rated Notes, the Debt Service Reserve Amount will be equal to the minimum between (X) Debt Service Reserve Amount on the previous Interest Payment Date and (Y) the sum of payments under items First to Seventh of the Priority of Payments set out in Conditions 4.1.1(B) or 4.2.1(B), as the case may be, on the previous Interest Payment Date.

Debt Service Reserve Released Amount: means in relation to the relevant Calculation Date, an amount equal to the difference between (X) the difference, if positive, between (i) 1.25% multiply by the Principal Amount Outstanding of the Rated Notes at the Issue Date and (ii) the Debt Service Reserve Amount as at such Calculation Date, and (Y) the aggregate of all payments made under item ninth of the Priority of Payments as set out in Condition 4.2.1 (B) on the preceding Interest Payment Dates.

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

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

Deed of Charge: means the English law deed of charge to be entered into on 12 December 2006 between the Issuer and the Representative of the Noteholders as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto, as from time to time modified.

Deed of Pledge: means the Italian law deed of pledge to be entered into on 12 December 2006 between the Issuer, the Custodian Bank and the Noteholders represented by the Representative of the Noteholders as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto, as from time to time modified.

Defaulting Instalment: means any Instalment, which remains unpaid by the relevant Lessee for 240 (two hundred forty) days or more after the Scheduled Instalment Date.

Defaulting Party: has the meaning specified in the 2000 ISDA Definitions.

Defaulting Receivables: means any Receivable arising from the Lease Contracts, in respect of which, on the last day of a Quarterly Collection Period, there are one or more Defaulting Instalments and which is not a Defaulted Receivable.

Defaulted Receivables: means any Receivable arising from the Lease Contracts, which has been transferred to the Legal Unit (LU) in accordance with the Collection Policy, and which is not a Defaulting Receivable.

Delinquent Instalment: means any Instalment, which remains unpaid by the relevant Lessee for at least 30 (thirty) days but less than 240 (two hundred forty) days 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 and which has not been classified as Defaulted Receivables or Defaulting Receivables.

Downgrading: means Locat's rating falling below the Minimum Rating.

Eligibility Criteria: means the Common Criteria, the Specific Criteria and in relation to any Subsequent Portfolio also the Additional Criteria, collectively.

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 equal to A-1 from S&P, only if the aggregate amount available with such institutions (including amounts invested in Eligible Investments with such institutions) is lower than or equal to 20% (twenty per cent) of the aggregate Principal Amount Outstanding of the Rated Notes) 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 that (i) provides a fixed principal amount at maturity (such amount not being lower than the initially invested amount) and (ii) is issued, or fully and unconditionally guaranteed on an unsubordinated basis by, or held at an institution having at least the following ratings: "P-1" from Moody's and A-1+ from S&P, or if the aggregate amount deposited with any institutions (including amounts invested in Eligible Investments with such institutions) is lower than or equal to 20% (twenty per cent) of the aggregate Principal Amount Outstanding of the Rated Notes, A-1 from S&P (or such other rating acceptable to the Rating

Agencies) in respect of its unsecured, unsubordinated and unguaranteed debt obligations, with a maturity not exceeding the Eligible Investment Maturity Date.

Eligible Investment Maturity Date: means the third Business Day immediately preceding the relevant Interest Payment Date or the Business Day immediately preceding the relevant Settlement Date, as the case may be, or following the occurrence of a Trigger Event, any such date as directed by the Representative of the Noteholders, provided that in the case of Eligible Investments issued by, or fully and unconditionally guaranteed on an unsubordinated basis by, or held at an institution having a rating of A-1 from S&P, the maximum Eligible Investment Maturity Date will be the earlier of (i) the date falling not later than 30 days following the date on which the relevant investment is made and (ii) the immediately succeeding Interest Payment Date or Settlement Date, as the case may be.

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

Euribor: shall have the meaning ascribed to it in Condition 5.

Euro: 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 25 March 1957, as amended by, *inter alia*, the Single European Act 1986, the Treaty of European Union of 7 February 1992, establishing the European Union and the European Council of Madrid of 16 December 1995.

Euroclear: means Euroclear Bank S.A./N.V..

Expenses: means any documented fees, costs, expenses and taxes required to be paid to any third party (other than the Other Issuer Creditors) arising in connection with the Securitisation 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 account, which will be held at UniCredit Banca d'Impresa S.p.A., into which the Retention Amount will be credited and, from which any Expenses will be paid during each Quarterly Collection Period.

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

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

Hedging Agreement: means the two confirmations and the 1992 ISDA Master Agreement, together with the Schedule and Credit Support Annex thereto, to be entered into on 12 December 2006 between the Issuer and the Hedging Counterparty, each as from time to time modified in accordance with the respective provisions therein contained and any deed or other document expressed to be supplemented thereto.

Hedging Agreement Termination Event: means any termination event pursuant to the Hedging Agreement.

Hedging Counterparty: means UniCredito and its permitted successors and assigns pursuant to the Hedging Agreement.

holder: in respect of a Note means the owner of the Note.

HSBC: means HSBC Bank plc, a company incorporated under the laws of England and Wales, having its registered office at 8 Canada Square, London E14 5HQ, United Kingdom.

HVB: means Bayerische Hypo- und Vereinsbank AG, a company organised and incorporated under the laws of the Republic of Germany, with registered offices at Kardinal-Faulhaber-Strasse 1, D-80333 Munich, Germany.

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

Individual Purchase Price: means the Outstanding Principal at the relevant Valuation Date.

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

Initial Portfolio Original Amount: means the Outstanding Principal of the Initial Portfolio as at the relevant Valuation Date.

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

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

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

- (d) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company or corporation (except a winding-up for the purposes of or pursuant to a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders) or any of the events under article 2448 of the Italian civil code occurs with respect to such company or corporation; or
- (e) any proceedings equivalent or analogous to those described in paragraphs from (a) to (d) under the law of any jurisdiction in which such company or corporation is incorporated, carrying on business or is deemed to carry on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration).

Instalment: means in respect of each Lease Contract, under which a Receivable arises, each monetary amount from time to time due by the Lessee.

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

Intercreditor Agreement: means the Intercreditor Agreement to be entered into on 12 December 2006 between the Issuer, Locat, the Servicer, the Representative of the Noteholders (on its own and behalf and as agent for the Noteholders and in its capacity as trustee under the Deed of Charge), the Corporate Servicer, the Computation Agent, the Cash Manager, the Account Bank, the Custodian Bank, the Principal Paying Agent, the Irish Paying Agent 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, as from time to time modified.

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 in respect of each Class of Notes 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 determined by the Principal Paying Agent pursuant to Condition 5.3.2.

Interest Payment Date: means (i) prior the service of a Trigger Notice, the 12th day of March 2007 and, thereafter, the 12th day of March, June, September and December of each year, or if such date is not a Business Day, the immediately following Business Day; and (ii) following the service of a Trigger Notice, the 12th day of each month, 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 include) the Issue Date and end on (but exclude) the first Interest Payment Date falling in March 2007.

Investor's Report: means the report issued by the Computation Agent on the Investor's Report Date, setting out certain information with respect to the Rated Notes, which will be generally available to the Noteholders and prospective investors at the offices of the Irish Paying Agent and on the Computation Agent's web site on www.securitisation-services.com.

Investor's Report Date: means the third Business Day following each Interest Payment Date.

Irish Paying Agent: means JP Morgan Bank (Ireland) plc, whose registered office is at JP Morgan House, International Financial Services Centre, Dublin 1 - Republic of Ireland, and its permitted successor and assigns acting as Irish Paying Agent pursuant to the Cash Allocation, Management and Payments Agreement.

Issue Date: means 14 December 2006.

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

Issuer: means Locat SV S.r.l., a limited liability company incorporated in the Republic of Italy under the Securitisation Law.

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

Issuer Available Funds: means in respect of any Settlement Date or any Interest Payment Date, as the case may be,:

- (i) during the Revolving Period, the aggregate amount of the Issuer Interest Available Funds and the Issuer Principal Available Funds; and
- (ii) during the Amortisation Period or after the service of a Trigger Notice, the aggregate amount of the Issuer Interest Available Funds and the Available Redemption Funds.

Issuer Creditors: means (i) the Noteholders; (ii) the Other Issuer Creditors; and (iii) any other third party creditors in respect of any taxes, costs, fees and expenses incurred by the Issuer in relation to the Securitisation and to the corporate existence and good standing of the Issuer.

Issuer Interest Available Funds: means in respect of any Settlement Date or Interest Payment Date, as the case may be, the aggregate amounts of:

- (i) all interest amounts relating to the Receivables (excluding the Accrued Interest as at the relevant Valuation Date, which is part of the Purchase Price) paid into the Collection Account pursuant to the terms of the Servicing Agreement (and including for the avoidance of doubts any interest amounts deriving from the redemption, realisation or liquidation of the Eligible Investments in respect of interest Collections, but excluding any amount under item (vi) below);
- (ii) the Billed Residual Collected Amounts;
- (iii) all net amounts received from the Hedging Counterparty pursuant to the terms of the Hedging Agreement and credited to the Payments Account;

- (iv) 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;
- (v) all amounts standing to the credit of the Debt Service Reserve Account (net of the Debt Service Reserve Released Amount) and of the Adjustment Reserve Account;
- (vi) all amounts of interest accrued and available on each of the Cash Accounts and any interest amounts deriving from the redemption, realisation or liquidation of the Eligible Investments;
- (vii) any Issuer Principal Available Funds or Available Redemption Funds, as the case may be, standing to the credit of the Collection Account and the Payments Account which have been allocated as Issuer Interest Available Funds in accordance with the Priority of Payments;
- (viii) any Recovery Amount;
- (ix) any other amount received under the Transaction Documents except for amounts which relate to principal.

Issuer Principal Available Funds: means in respect of any Settlement Date or Interest Payment Date, as the case may be, the aggregate amount of:

- (i) all principal amounts (excluding any Recovery Amounts) relating to the Receivables paid into the Collection Account pursuant to the terms of the Servicing Agreement including the Accrued Interest as at the relevant Valuation Date, which is part of the Purchase Price (and including for the avoidance of doubts any principal amounts deriving from the redemption, realisation or liquidation of the Eligible Investments in respect of principal Collections);
- (ii) the Principal Integration Amount;
- (iii) the Principal Deficiency Amount;
- (iv) the Debt Service Reserve Released Amount; and
- (v) any amounts paid to the Payments Account under item Third of the Priority of Payments set out under Condition 4.1.2(A) and item Fifth of the Priority of Payments set out under Condition 4.1.2(B).

Issuer Secured Creditors: means (i) the Noteholders; and (ii) the Other Issuer Creditors.

Joint Lead Manager and Joint Bookrunner: means any of HSBC, HVB, ML and UBM and "**Joint Lead Managers and Joint Bookrunners**" means all of them.

Junior Notes: means the Class D Series 2006 Notes.

Junior Noteholder: means the holder of a Junior Note and "**Junior Noteholders**" means all of them.

Junior Notes Conditions: means the terms and conditions at any time applicable to the Junior Notes.

Junior Notes Subscription Agreement: means the subscription agreement for the subscription of the Junior Notes to be entered into on 12 December 2006 between the Issuer, Locat and the Representative of the Noteholders.

Lease Contract: means each written agreement, made on Locat's standard form, between Locat and a Lessee pursuant to which Locat leases an Asset to a named entity 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 named entity which leases an Asset under the terms of a Lease Contract.

Letter of Undertaking: means the letter of undertaking entered into on 15 November 2005, in the context of the Previous Securitisation, between the Originator, the Issuer 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, as from time to time modified.

Limited Recourse Loan: means a limited recourse loan advanced in an amount equal to the receivable value by Locat to the Issuer pursuant to Clause 4.1 of the Warranty and Indemnity Agreement in the event of any misrepresentation or breach of any warranties or representations given by Locat pursuant to Clause 3.2 of the Warranty and Indemnity Agreement not being cured within a period of 10 days.

Locat: means Locat S.p.A., a joint stock company incorporated under the laws of the Republic of Italy, fiscal code number 03648050015 and registered under number 19319 in the register of financial intermediaries held by Bank of Italy pursuant to article 107 of the Banking Act, having its registered office at Piazza di Porta Santo Stefano No. 3, Bologna, Italy, a member of the UniCredito Italiano Banking Group registered under number 3135.1 in the register of the banking groups.

Mandate Agreement: means the mandate agreement entered into on 12 December 2006 between the Issuer 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, as from time to time modified.

Master Definitions Agreement: means the master definitions agreement entered into on 12 December 2006 between all the parties to each of the Transaction Documents, as from time to time modified and any deed or other document expressed to be supplemental thereto, as from time to time modified.

Master Receivables Purchase Agreement: means the master receivables purchase agreement entered into between the Issuer and Locat on 14 November 2006, as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time modified.

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

- (i) for Pool 1, 2.50%;

- (ii) for Pool 2, 2.50%;
- (iii) for Pool 3 Revolving, 1.50%.

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

- (i) for Pool 1, 16.0%;
- (ii) for Pool 2, 12.0%;
- (iii) for Pool 3 Revolving, 10.0%.

Mezzanine Notes: means the Class B Series 2006 Notes and the Class C Series 2006 Notes collectively.

Minimum Rating: means an unguaranteed, unsecured and unsubordinated short term debt rating of P-1 from Moody's and of A-1 from S&P.

ML: means Merrill Lynch International, a company incorporated under the laws of England and Wales, whose registered office is at Merrill Lynch Financial Centre, 2 King Edward Street, London EC1A 1HQ, United Kingdom.

Monte Titoli Mandate Agreement: means the agreement executed in the context of the Previous Securitisation between the Issuer and Monte Titoli for the deposit of the Previous Notes and the Notes on the Monte Titoli clearing system.

Monthly Calculation Date: means the second Business Day following each Monthly Settlement Report Date.

Monthly Payments Report: means the report setting out all the payments to be made on the following Settlement Date under the Priority of Payments which shall be delivered by the Computation Agent to the Issuer, the Representative of the Noteholders, the Servicer and the Account Bank on each Monthly Calculation Date.

Monthly Settlement Report: means the 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 Account Bank on each Monthly Settlement Report Date pursuant to the Servicing Agreement.

Monthly Settlement Report Date: means, except for the Monthly Settlement Report Date immediately preceding an Interest Payment Date, the 20th day of each month, or if such date is not a Business Day the immediately following Business Day.

Monte Titoli: means Monte Titoli S.p.A., whose registered office is at Via Mantegna 6, 20154 Milan -Italy.

Monte Titoli Account Holder: means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli (as intermediari aderenti) in accordance with Article 30 of Italian Legislative Decree 213.

Moody's: means Moody's Investors Service.

Most Senior Class of Notes: means (i) the Class A Series 2006 Notes; (ii) following the full repayment of all the Class A Series 2006 Notes, the Class B Series 2006 Notes; (iii) following the full repayment of all the Class B Series 2006 Notes, the Class C Series 2006 Notes; (iv) following the full repayment of all the Class C Series 2006 Notes, the Class D Series 2006 Notes.

Motor Vehicles: means any cars, industrial light lorries, trucks, commercial vans or any other motor vehicles which are leased under any Lease Contract.

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, in respect of any Receivable, the Outstanding Principal net of any writedown (passaggi a perdita).

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 exceeds (ii) the sum of the Positive Adjustment accrued and unpaid as at such date in respect of all Receivables.

Noteholder: means each of the Rated Noteholders and the Junior Noteholders and "Noteholders" all of them.

Notes: means the Rated Notes and the Junior Notes collectively.

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

Organisation of the Noteholders: means the association of Noteholders created on the Issue Date pursuant to the Rules of the Organisation of the Noteholders.

Originator: means Locat S.p.A.

Other Issuer Creditors: means the Originator, the Servicer, the Representative of the Noteholders, the Computation Agent, the Corporate Servicer, the Custodian Bank, the Principal Paying Agent, the Cash Manager, the Irish Paying Agent, the Account Bank and the Hedging Counterparty and any other creditor of the Issuer under the Transaction Documents.

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.

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.

Pool Default Ratio: means in respect of any Pool, the percentage equal to a fraction obtained by dividing: (A) (i) the Outstanding Principal of the Receivables in such Pool relating to the Receivables which have become Defaulted Receivables and Defaulting Receivables during each Collection Period or each Quarterly Collection Period, minus (ii) the aggregate of the Recovery Amounts received during such Collection Period or Quarterly Collection Period; by (B) the Average Pool Outstanding Amount for such Collection Period or Quarterly Collection Period.

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

Pool: 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 Lease Contracts the underlying Assets of which are Motor Vehicles.

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

Pool No. 3: means, as the case may be, (a) Pool No. 3 Revolving, or (b) Pool No. 3 Non Revolving.

Pool No. 3 Revolving: means the aggregate of Receivables originating from Lease Contracts the underlying Assets of which are Real Estate Asset having, exclusively in relation to the transfer of the Initial Portfolio, a value lower than Euro 3,900,000.00 at the relevant Transfer Date.

Pool No. 3 Non Revolving: means the aggregate of Receivables originating from Lease Contracts the underlying Assets of which are Real Estate Assets, whose value at the Transfer Date of the Initial Portfolio is comprised between Euro 5,500,000.00 and Euro 20,000,000.00, and having a concentration of its debt exposure by single Lessee not in excess of 1% of the Initial Portfolio.

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 Locat 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) (i) the Outstanding Principal of the Receivables, with regards to Pool n°1, Pool n° 2 and Pool n°3 Revolving, which have become Defaulted Receivables and Defaulting Receivables during such Quarterly Collection Period, minus (ii) the aggregate of the

Recovery Amounts, with regards to Pool n°1, Pool n° 2 and Pool n°3 Revolving, received during such Quarterly Collection Period; by (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 Delinquent Receivables, with regards to Pool n°1, Pool n° 2 and Pool n°3 Revolving, as at the last day of such period; by (B) the Collateral Portfolio Outstanding Amount as at the last day of such period.

Portfolio Yield: means, with respect to any period of time, the amount which is the aggregate of:

- (i) the interest accrued on the Collateral Portfolio Outstanding Amount during such period whether actually paid or not, plus the Adjustments accrued during such period whether actually paid or not;
- (ii) the defaulted interests accrued during such period on the Receivables in accordance with each Lease Contract minus the accounting adjustments calculated during such period of these defaulted interests;
- (iii) the amount of any and all penalties paid by the Lessee during such period; and
- (iv) any other revenues accrued in favour of the Issuer under the Lease Contracts in such 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 Index Rate.

Previous Notes: means the € 451,000,000 Class A1 Asset-Backed Floating Rate Notes due 2026 (ISIN: IT0003951197), € 1,349,000,000 Class A2 Asset-Backed Floating Rate Notes due 2026 (ISIN: IT0003951115), € 160,000,000 Class B Asset-Backed Floating Rate Notes due 2026 (ISIN IT0003951123), € 33,000,000 Class C Asset-Backed Floating Rate Notes due 2026 (ISIN IT0003951131) and € 7,000,136 Class D Asset Backed Variable Return Notes due 2026, issued by the Issuer in the context of the Previous Securitisation.

Previous Portfolio: means collectively the initial portfolio and the subsequent portfolios of monetary claims arising out of leasing receivables purchased by the Issuer in the context of the Previous Securitisation.

Previous Securitisation: means the securitisation carried out by the Issuer on 18 November 2005.

Principal Amount Outstanding: means, on any day:

- (a) in relation to a Note, the nominal principal amount of such Note upon issue less the aggregate amount of all principal payments in respect of that Note that have been paid up to that day; and
- (b) in relation to a class, the aggregate of the amount in (a) in respect of all Notes outstanding in such class; and

(c) in relation to the Notes outstanding at any time, the aggregate of the amount in (a) in respect of all Notes outstanding, regardless of class.

Principal Deficiency: means on any given date an amount equal to the sum of the Outstanding Principal as at the relevant default date, relating to the Receivables which have become Defaulted Receivables during the preceding Quarterly Collection Period plus the Outstanding Principal of the Receivables which have become Defaulting Receivables at the end of the preceding Quarterly Collection Period.

Principal Deficiency Amount: means in relation to any Interest Payment Date, an amount equal to the aggregate of (i) the Principal Deficiency and (ii) an amount equal to the payment made under item (B) First of the Priority of Payments set out in Conditions 4.1.2 and 4.2.2 on the preceding Interest Payment Date.

Principal Instalment: means the principal component of each Instalment.

Principal Integration Amount: means, during the Revolving Period and the Amortisation Period any Issuer Interest Available Funds after all the payments from First to Ninth of the Priority of Payments as set out in Condition 4.1.1, or as the case may be, from First to Tenth in the Priority of Payments set out in Condition 4.2.1 have been made in accordance with such Priority of Payments.

Principal Paying Agent: means BNP Paribas Securities Services - Milan Branch and its permitted successors and assigns acting as Principal Paying Agent pursuant to the Cash Allocation, Management and Payments Agreement.

Principal Payment Amount: means the principal amount payable in respect of each of the Notes on any Interest Payment Date in accordance with Condition 6.5.

Privacy Law: means the Legislative Decree number 196 of 30 June 2003, published on the Official Gazette number 174 of 29 July 2003, Ordinary Supplement number 123/L (the "Personal Data Protection Code") together with any relevant implementing regulations as integrated from time to time by the Autorità Garante per la Protezione dei Dati Personali.

Prospectus: means this Prospectus

Prospectus Directive: means Directive 2003/71/EC.

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

Purchase Price: means the purchase price payable by the Issuer to Locat in respect of the Initial Portfolio and each Subsequent Portfolio and any purchase price not already paid by the Issuer on the preceding Settlement Dates or Interest Payment Dates, as the case may be.

Purchase Price Adjustment: means the adjustment to the Purchase Price payable under Clause 4 of the Master Receivables Purchase Agreement.

Purchase Termination Event: means any of the events referred to in Condition 10.

Purchase Termination Notice: shall have the meaning ascribed to it in Condition 10.

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 Valuation Date in relation to the Initial Portfolio and ending on (but excluding) the date falling on the second Business Day of March 2007.

Quarterly Payments Report: means the 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 Account Bank and the Rating Agencies on each Calculation Date, pursuant to the Cash Allocation, Management and Payments Agreement.

Quarterly Settlement Report: means the 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 Computation Agent and the Account Bank on each Quarterly Settlement Report Date, pursuant to the Servicing Agreement.

Quarterly Settlement Report Date: means the sixth day of March 2007 and, thereafter, the sixth day of March, June, September and December in each year or, if such day is not a Business Day, the immediately following Business Day.

Quotaholder: means SVM Securitisation Vehicle Management S.p.A..

Quotaholder Agreement: means the Quotaholder agreement entered into on 15 November 2005, in the context of the Previous Securitisation, between the Issuer, Locat, the Representative of the Noteholders and the Quotaholder, 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.

Quota Capital Account: means the euro denominated account, which will be held at Banca Antoniana Popolare Veneta or any other bank approved by the Issuer, into which the quota capital of the Issuer will be credited.

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

Rated Notes: means the Senior Notes and the Mezzanine Notes collectively.

Rated Noteholders: means the Class A1 Series 2006 Noteholders, the Class A2 Series 2006 Noteholders, the Class B Series 2006 Noteholders and the Class C Series 2006 Noteholders.

Rated Notes Conditions: means the terms and conditions at any time applicable to the Rated Notes.

Rated Notes Subscription Agreement: means the subscription agreement for the subscription of the Rated Notes to be entered into on 12 December 2006 between the Issuer, the Joint Lead Managers and Joint Bookrunners and the Representative of the Noteholders.

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

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

Receivables: means, gross of any VAT applicable thereon, (i) payments in respect of the Instalments, (ii) any interest, including default interest, and any reimbursement of costs and expenses; (iii) Agreed Prepayments, (iv) the Adjustment; (v) proceeds received by Locat under insurance policies or other payments under any security related to the Lease Contracts, (vi) penalty payments, (vii) any Recovery Amounts, and (viii) the Billed Residual Amounts; together with any other rights and accessories pertaining thereto, but excluding any Residual.

Recovery Amounts: means the proceeds from Defaulted Receivables and Defaulting Receivables, including proceeds from the sale of Assets, insurance proceeds and penalties.

Reference Banks: means collectively Banca Intesa S.p.A., UBM, BNP Paribas and its permitted successors and assigns pursuant to the Cash Allocation, Management and Payments Agreement.

Relevant Margin: means

- (a) in respect of the Class A1 Series 2006 Notes: a margin of 0.08% per annum;
- (b) in respect of the Class A2 Series 2006 Notes: a margin of 0.16% per annum;
- (c) in respect of the Class B Series 2006 Notes: a margin of 0.35% per annum; and
- (d) in respect of the Class C Series 2006 Notes: a margin of 0.60% per annum.

Representative of the Noteholders: means Securitisation Services S.p.A. 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 price payable by the relevant Lessee to purchase the Asset at the end of the contractual term under the relevant Lease Contract.

Retention Amount: means an amount equal to Euro 30,000.

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

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

Rules of the Organisation of the Noteholders: means the Rules of the Organisation of the Noteholders included in the Exhibit 1 to the Conditions.

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

Securities Account: means a securities account established by the Issuer with the Custodian Bank, for the deposit of the bonds, debentures or other kinds of notes or financial instruments purchased with monies standing to the credit of the Cash Accounts.

Securities Act: means the U.S. Securities Act of 1933, as amended.

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

Securitisation Law: means 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: means a company incorporated under the laws of the Republic of Italy, having its registered office at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy, fiscal code and VAT number and enrolment with the Treviso companies register number 03546510268, enrolled under number 31816 with the register held by *Ufficio Italiano dei Cambi* pursuant to article 106 of the Banking Act, enrolled with the register held by Bank of Italy pursuant to article 107 of the Banking Act.

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

Security Interest: means:

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

Selection Date: means, in relation to the Initial Portfolio, 4 November 2006, 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 Notes: means the Class A Series 2006 Notes.

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

Servicer: means Locat and its permitted successors and assigns pursuant to the Servicing Agreement.

Servicing Agreement: means the servicing agreement entered into on 14 November 2006 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, as from time to time modified.

Servicer's Termination Event: means any of the events following to which, in accordance with article 9 of the Servicing Agreement, the Issuer shall revoke the Servicer and appoint a Subsequent Servicer.

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

Settlement Report Date: means the Monthly Settlement Report Date or the Quarterly Settlement Report Date, as the case may be.

Sole Affected Party: has the meaning specified in the 2000 ISDA Definitions.

Sole Arranger: means UniCredit Banca Mobiliare S.p.A. - London Branch.

Specific Criteria (Criteri Specifici): means the objective criteria for the identification of the Receivables specified in Annex 2 to the Master Receivables Purchase Agreement, which may supplement the Common Criteria.

Stock Exchange: means the Irish Stock Exchange.

Subsequent Portfolio: means the Receivables arising from Lease Contracts included in Pool No.1, Pool No. 2 and Pool No. 3 Revolving, which are the subject matter of the subsequent transfers between Locat and the Issuer pursuant to terms of the Master Receivables Purchase Agreement.

Subsequent Portfolio Original Amount: means the Outstanding Principal of the Subsequent Portfolio as at the relevant Valuation Date.

Subscription Agreements: means the Rated Notes Subscription Agreement and the Junior Notes Subscription Agreement collectively.

Subsequent Servicer: means the entity to be appointed under article 9 of the Servicing Agreement.

Taxes: means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political subdivision thereof or any authority thereof or therein.

Transaction Documents: means the Intercreditor Agreement, the Master Receivables Purchase Agreement, the Servicing Agreement, the Hedging Agreement, the Agreement for the Extension and Amendment to the Corporate Services Agreement, the Agreement for the Extension and Amendment to the Quotaholder Agreement, the Agreement for the Extension and Amendment to the Letter of Undertaking, the Rated Notes Subscription Agreement, the Junior Notes Subscription Agreement, the Cash Allocation, Management and Payments Agreement, the Deed of Pledge, the Deed of Charge, the Warranty and Indemnity Agreement, the Mandate Agreement, the MonteTitoli Mandate Agreement and the Master Definitions Agreement.

Transfer Date: means, in relation to the Initial Portfolio, 14 November 2006 and in relation to any Subsequent Portfolio the date on which the Originator has received from the Issuer the acceptance of the relevant Bill of Sale, as provided from time to time in the notice sent in accordance with to article 6.2 of the Master Receivables Purchase 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 Event: mean any of the events referred to in Condition 11.

Trigger Notice: means a notice served by the Representative of the Noteholders on the Issuer pursuant to Condition 11 declaring the Notes to be due and repayable following the occurrence of a Trigger Event.

UBM: means UniCredit Banca Mobiliare S.p.A., a company incorporated under the laws of the Republic of Italy, having its registered office at Via Tommaso Grossi 10, 20121 Milan.

UniCredit Banca Mobiliare S.p.A. - London Branch: means a bank operating in Italy as a joint stock company, having its registered office at Via Tommaso Grossi, 10, 20121 Milan - Italy, fiscal code and enrolment with the companies register of Milan number 12874220150, enrolled in the register of banks held by the Bank of Italy pursuant to article 13 of the Banking Act with number 3130.0 acting through its London Branch having its offices in Queen Victoria Street, EC4V4HN London - United Kingdom.

UniCredito: means UniCredito Italiano S.p.A., a company incorporated under the laws of Italy, having its registered office at Via Dante, 1, Genova, Italy.

Valuation Date: means, in respect of the Initial Portfolio, 1 December 2006, and in respect of each Subsequent Portfolio, each Settlement Date.

VAT: means Imposta sul Valore Aggiunto (IVA) as defined in Decree No. 633 of 26 October 1972.

Warranty and Indemnity Agreement: means the Warranty and Indemnity Agreement entered into on 14 November 2006, between the Issuer and Locat 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.

ISSUER

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ORIGINATOR AND SERVICER

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ACCOUNT BANK

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**CUSTODIAN BANK AND
PRINCIPAL PAYING AGENT**

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**COMPUTATION AGENT AND
REPRESENTATIVE OF THE
NOTEHOLDERS**

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**IRISH PAYING AGENT AND
LISTING AGENT**

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JP Morgan House
International Financial Services Centre
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