Offering Circular

D'Annunzio S.r.l.

(*incorporated with limited liability under the laws of the Republic of Italy*)
€ 327,375,000 **Asset-Backed Floating Rate Notes due 2021**
Issue Price: 100 per cent.

Application has been made to list on the official list of the Luxembourg Stock Exchange and trade on the Regulated Market of the Bourse de Luxembourg, the Euro 327,375,000 Asset-Backed Floating Rate Notes due 2021 (the "**Notes**") issued by D'Annunzio S.r.l., a limited liability company (the "**Issuer**") incorporated under article 3 of Italian law No. 130 of 30 April 1999 (*disposizioni sulla cartolarizzazione dei crediti*), as amended from time to time (the "**Securitisation Law**"). The Notes are expected to be issued on 27 April 2006 (the "**Issue Date**").

This document is issued pursuant to article 2, paragraph 3 of the Securitisation Law and constitutes a *prospetto informativo* for the Notes in accordance with the Italian Law and it constitutes a prospectus for the purposes of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC (the "**Prospectus Directive**") (the "**Offering Circular**").

The principal source of funds available to the Issuer for the payment of interest and the repayment of principal on the Notes will be payments made by the Region of Abruzzo (the "**Region**") to the Issuer pursuant to the Delegations of Payment (as defined below) and any amounts (the "**Collections**") collected or recovered in respect of a portfolio of monetary claims (the "**Claims**" or the "**Portfolio**") arising from the sale and supply of products and services by certain companies operating in the healthcare sector (respectively, the "**Companies**" and the "**Contracts**") to the *Aziende Unità Sanitarie Locali* of the Region (the "**Health Authorities**"). The Claims were previously sold by the Companies to FI.R.A. S.p.A. ("**FIRA**" or the "**Originator**") and determined by the settlement agreements entered into between each of the Health Authorities, FIRA and the Region (the "**Settlement Agreements**"). The Issuer purchased the Claims from FIRA by way of six transfer agreements dated 23 December 2005 and a transfer agreement, dated 3 January 2006 and amended on 11 January 2006, pursuant to article 2, paragraph 3, of the Securitisation Law (the "**Transfer Agreements**"). In addition, each of the Health Authorities issued a delegation of payment to the Region, accepted by the Region, pursuant to article 1268 and followings of the Italian civil code (the "**Delegations of Payment**"). The composition of the Portfolio is described under "*The Portfolio*" below.

Interest on the Notes is payable by reference to successive interest periods (each an "**Interest Period**"). Interest on the Notes will accrue on a daily basis and will be payable in arrear in Euro on 22 July 2006 and thereafter semi-annually in arrear on 22 January and 22 July in each year (subject to adjustment for non-business days as set out in Condition 6 (*Interest*)) (each such date, an "**Interest Payment Date**"). The rate of interest applicable to the Notes for each Interest Period shall be the rate offered in the euro-zone inter-bank market ("**EURIBOR**") for six-month deposits in euro (save that, for the first Interest Period the rate will be equal to 3.208%) as determined in accordance with Condition 6 (*Interest*) plus a margin of 0.24% per annum.

The Notes are expected to be rated A1 by Moody's Investors Service ("**Moody's**", which expression shall include any successors). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by Moody's.

Payments under the Notes may be subject to withholding for or on account of tax, or to a substitute tax, in accordance with Italian legislative decree No. 239 of 1 April 1996, as subsequently amended. Upon the occurrence of any withholding for or on account of tax, whether or not in the form of a substitute tax, from any payments under the Notes, neither the Issuer nor any other person shall have any obligation to pay any additional amount to any holder of the Notes.

The Notes will be limited recourse obligations solely of the Issuer. In particular, the Notes will not be obligations or responsibilities of, or guaranteed by, the Representative of the Noteholders, the Servicer, the Paying Agents, the Luxembourg Listing Agent, the Cash Manager, the Account Bank, the Corporate Services Provider, the Stichting Corporate Services Provider, the Calculation Agent, the Swap Counterparties (each as defined below in "*Summary Information - The Principal Parties*"), the Arrangers, the Joint Lead Managers (each, as defined below), FIRA (in any capacity), the Health Authorities, the Region or the quotaholders of the Issuer. Furthermore, none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on or in respect of the Notes.

The Notes will be held in dematerialised form on behalf of the beneficial owners, until redemption and cancellation thereof, by Monte Titoli S.p.A. ("**Monte Titoli**") for the account of the relevant Monte Titoli Account Holders. The expression "**Monte Titoli Account Holders**" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli and includes any depository banks appointed by Clearstream Banking, *société anonyme* ("**Clearstream**") and Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**"). The Notes will be deposited by the Issuer with Monte Titoli on the Issue Date and will at all times be in book entry form and title to the Notes will be evidenced by book entry in accordance with the provisions of article 28 of Italian legislative decree No. 213 of 24 June 1998 and with resolution No. 11768 of 23 December 1998 of the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**"), as subsequently amended. No physical document of title will be issued in respect of the Notes.

The Notes will mature on the Interest Payment Date which falls in 22 January 2021 (the "**Final Maturity Date**"). Before the Final Maturity Date, the Notes will be subject to mandatory and/or optional redemption in whole or in part in certain circumstances (as set out in Condition 7 (*Redemption, purchase and cancellation*)).

If the Notes cannot be redeemed in full on the Final Maturity Date, as a result of the Issuer having insufficient funds available to it in accordance with the terms and conditions of the Notes (the "**Conditions**" and each a "**Condition**") for application in or towards such redemption, including the proceeds of any sale of Claims or any enforcement of the Security Package (as defined below), any amount unpaid shall remain outstanding and the Conditions shall continue to apply in full in respect of the Notes until whichever is the earlier of (i) the date on which the Notes are redeemed in full and (ii) the last Business Day in 23 January 2031 (the "**Cancellation Date**"), at which date any amounts remaining outstanding in respect of principal or interest on the Notes shall be reduced to zero and deemed to be released and discharged by the holder of the relevant Notes, whereupon the Notes 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 below entitled "*Investment Considerations*".

The date of this Offering Circular is 27 April 2006.

Arrangers

Banca Intesa S.p.A. **Dexia Crediop S.p.A.**

Joint Lead Managers and Joint Bookrunners

Caboto

DEXIA
Capital Markets

Responsibility Statements

None of the Issuer, the Representative of the Noteholders, Arrangers, Joint Lead Managers, or any other party to any of the Transaction Documents (as defined below), other than the Originator, has undertaken or will undertake any investigation, searches or other actions to verify the details of the Claims transferred by the Originator to the Issuer or any Claim in respect thereof nor have the Issuer, the Representative of the Noteholders, the Joint Lead Managers or any other party to any of the Transaction Documents, other than the Originator, undertaken any investigation, searches or other actions to establish the creditworthiness of any debtor in respect of the Claims.

The Issuer accepts responsibility for the information contained in this Offering Circular other than that information for which the Originator, the Swap Counterparties and the Issuer's Banks accept responsibility. To the best of the Issuer's knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer, having made all reasonable enquiries, confirms that this Offering Circular contains or incorporates all information which is material in the context of the Notes, that the information contained or incorporated in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Circular are honestly held and that there are no other facts the omission of which would make this Offering Circular or any of such information or the expression of any such opinions or intentions misleading. The Issuer accepts responsibility accordingly. This Offering Circular may only be used for the purposes for which it has been published.

The Originator accepts responsibility for the information included in this Offering Circular in the relevant parts of the sections headed "The Region of Abruzzo", "The Economy of the Region", "Financial Information of the Region", "Debt of the Region", "The Originator" and "The Portfolio", and any other information contained in this document relating to itself, the Claims and the Portfolio.

To the best of the knowledge of the Originator (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Swap Counterparties

Each of the Swap Counterparties accepts responsibility for the information concerning itself included in this Offering Circular in the sections headed "The Swap Counterparties". To the best of the knowledge of each of the Swap Counterparties (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer's Banks

Each of the Issuer's Banks accepts responsibility for the information included in this Offering Circular in the section headed "The Issuer's Banks" and accepts responsibility for the information contained in that section. To the best of the knowledge of each of the Issuer's Banks (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Representative of the Noteholders, the Calculation Agent, the Italian Paying Agent, the Luxembourg Paying Agent, the Luxembourg Listing Agent, the Issuer's Banks, the Cash Manager, the Issuer, the Corporate Services Provider, the Stichting Corporate Services Provider, the Servicer, the Joint Lead Managers, the Health Authorities, the Region or FIRA (in any capacity). Neither the delivery of this document nor any sale or allotment made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer or the Originator since the date hereof. This document does not constitute an offer, and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful.

Except as stated herein on the contrary, the Joint Lead Managers, the Representative of the Noteholders and any other party to the Transaction Documents have not separately verified the

information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers, the Representative of the Noteholders and any other party to the Transaction Documents as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Issuer or FIRA in connection with the Notes or their distribution.

*The Notes constitute direct, limited recourse obligations of the Issuer. Each Note will be secured, in each case, over certain of the assets of the Issuer pursuant to and as more fully described in the section entitled "*The Transaction Documents*" below. Furthermore, by operation of Italian law, the Issuer's right, title and interest in and to the Portfolio will be segregated from all other assets of the Issuer and amounts deriving therefrom will only be available, both prior to and following a winding-up of the Issuer, to satisfy the obligations of the Issuer to the holders of the Notes, to pay any costs, fees, expenses and other amounts required to be paid to the Corporate Services Provider, the Stichting Corporate Services Provider, the Representative of the Noteholders, the Calculation Agent, the Italian Paying Agent, the Cash Manager, the Issuer's Banks, the Servicer, the Luxembourg Paying Agent, the Luxembourg Listing Agent, the Joint Lead Managers and the Sub-servicer and to any third-party creditor in respect of any costs, fees, expenses or liabilities incurred by the Issuer to such third-party creditor in relation to the securitisation of the Portfolio contemplated by this document (the "**Securitisation**"). Furthermore, none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes. Amounts derived from the Portfolio will not be available to any other creditors of the Issuer and will be applied by the Issuer in accordance with the applicable order of priority for the application of Issuer Available Funds (as defined below).*

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

This Offering Circular is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, FIRA (in any capacity), the Arrangers or the Joint Lead Managers that any recipient of this Offering Circular should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the Claims, Portfolio and financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer.

*The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "***Securities Act***"), are in bearer form and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act). For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this document, see* "Subscription and Sale", *below.*

*The Notes may not be offered or sold directly or indirectly, and neither this Offering Circular nor any other offering circular nor any prospectus, form of application, advertisement, other offering material or other information relating to the Issuer or the Notes may be issued, distributed or published in any country or jurisdiction (including the Republic of Italy, the United Kingdom, The Netherlands and the United States), except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations. No action has or will be taken which could allow an offering (*sollecitazione all'investimento*) of the Notes to the public in the Republic of Italy. For a fuller description of certain restrictions on offers and sales of the Notes and the distribution of this Offering Circular, see* "Subscription and Sale"*, below.*

*Each initial and each subsequent purchaser of a Note will be deemed, by its acceptance of such Note, to have made certain acknowledgements, representations and agreements intended to restrict the resale or other transfer thereof as described in this Offering Circular and, in connection therewith, may be required to provide confirmation of its compliance with such resale or other transfer restrictions in certain cases. See "*Subscription and Sale", *below.*

In connection with the issue of any Notes, Banca Caboto S.p.A. and Dexia Capital Markets named as the Stabilising Managers (or persons acting on behalf of any stabilisting manager)

may over-allot the Notes (provided that, in the case of any Notes to be admitted to trading on a regulated market in the EEA, the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the Notes) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Managers (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant 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 of the relevant Notes and 60 days after the date of the allotment of the Senior Notes.

*All references in this document to "***€**", "**euro**" *and "***cents**" *refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended.*

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SUMMARY INFORMATION

The following information is a summary of the principal features of the issue of the Notes and certain other related transactions. This summary does not purport to be complete and should be read in conjunction with, and is qualified in its entirety by reference to, the more detailed information presented elsewhere in this document.
*Certain terms used, but not defined, in the summary may be found in other sections of this document. An index of defined terms is contained at the end of this document in the section entitled "*Index of Defined Terms".

1. The Parties

Issuer

D'Annunzio S.r.l. (the **"Issuer"**) is a limited liability company (*società a responsabilità limitata*) incorporated in the Republic of Italy under article 3 of law No. 130 of 30 April 1999 (*disposizioni sulla cartolarizzazione dei crediti*), as amended from time to time (the **"Securitisation Law"**). The Issuer is registered with the companies register of Brescia under No.02620440988, enrolled under number 36626 with the register of financial intermediaries held by *Ufficio Italiano dei Cambi*, pursuant to Article 106 of Italian legislative decree No. 385 of 1 September 1993, as amended (the **"Banking Act"**), and with the special register (*elenco speciale*) held by the Bank of Italy pursuant to Article 107 of the Banking Act. The registered office of the Issuer is at via Romanino, 1, Brescia, Italy and its tax identification number (*codice fiscale*) is 02620440988.

The Issuer has been established as a vehicle whose sole corporate purpose is to engage in separate securitisation transactions in accordance with the Securitisation Law. As of the Issue Date the Issuer has not engaged in other securitisation transactions. Pursuant to article 3 of the Securitisation Law, the assets relating to each such securitisation transaction will, by operation of law, constitute assets segregated for all purposes from the other assets of the Issuer relating to other securitisation transactions. The assets relating to a particular securitisation transaction will not be available to the holders of securities issued to finance any other securitisation transaction or to the general creditors of the Issuer.

Originator

FI.R.A. S.p.A. ("**FIRA**" or the "**Originator**") is a joint stock company (*società per azioni*) incorporated and organised under the laws of the Republic of Italy, with registered office at via Parini, 21, Pescara, Italy, registered with the companies register of Pescara under No. 78008 and enrolled under No. 5089 with the general register (*elenco generale*) held by *Ufficio Italiano dei Cambi* pursuant to article 106 of the Banking Act. FIRA sold the Claims to the Issuer pursuant to the terms of the Transfer Agreements.

Representative of the Noteholders

J.P. Morgan Corporate Trustee Services Limited, a company incorporated with limited liability under the laws of England and Wales, with main offices at Trinity Tower, 9 Thomas More Street, London E1W 1YT, United Kingdom, will act as the representative of the Noteholders and security trustee (in such capacity, the "**Representative of the Noteholders**") pursuant to the Subscription Agreement dated 20 April 2006 (the "**Signing Date**"). For a description of the Subscription Agreement, see "*The Transaction Documents*" below.

Corporate Services Provider	Structured Finance Management - Italia S.r.l., a limited liability company incorporated and organised under the laws of the Republic of Italy, with office at Via Romanino 1, Brescia, Italy, is the corporate services provider to the Issuer (the "**Corporate Services Provider**"). Pursuant to the terms of a corporate services agreement dated 20 April 2006 between the Corporate Services Provider and the Issuer (the "**Corporate Services Agreement**"), the Corporate Services Provider has agreed to provide certain administrative and secretarial services to the Issuer. For a description of the Corporate Services Agreement, see "*The Transaction Documents*" below.
Stichting Corporate Services Agreement	Structured Finance Management (Netherlands) B.V., a private limited liability company incorporated under the laws of The Netherlands, having its registered office in Rivierstaete Building, Amsteldijk 166, NL-1079 Amsterdam, The Netherlands, is the stichting corporate services provider to the Issuer (the "**Stichting Corporate Services Provider**"). Pursuant to the terms of a stichting corporate services agreement dated 20 April 2006 among the Issuer, the Stichting Corporate Services Provider and Stichting Notturno Finance (the "**Stichting**") as the sole shareholder of the Issuer (the "**Stichting Corporate Services Agreement**"), the Corporate Services Provider has agreed to provide certain management and administration services to the Stichting. For a description of the Stichting Corporate Services Agreement, see "*The Transaction Documents*" below.
Servicer	JPMorgan Chase Bank N.A., Milan branch, with offices at Via Catena 4, 20121 Milan, Italy, will act as servicer of the Portfolio (the "**Servicer**") pursuant to a servicing agreement between the Servicer and the Issuer dated the Signing Date (the "**Servicing Agreement**"). For a description of the Servicing Agreement, see "*The Transaction Documents*" below.
Issuer's Banks	JPMorgan Chase Bank N.A., Milan branch, with offices at Via Catena 4, 20121 Milan, Italy, or any other person for the time being acting as such, is the Italian account bank to the Issuer (in such capacity, the **"Italian Account Bank**") and JPMorgan Chase Bank N.A., London branch, with offices at Trinity Tower, 9 Thomas More Street, London E1W 1YT, United Kingdom, or any other person for time being acting as such, is the English account bank to the Issuer (in such capacity, the **"English Account Bank**" and together with the Italian Accont Bank, the **"Issuer's Banks**") pursuant to the terms of a cash management and agency agreement dated the Signing Date between the Paying Agents, the Cash Manager, the Luxembourg Listing Agent (each, as defined below), the Issuer, the Issuer's Banks, the Calculation Agent and the Representative of the Noteholders (the "**Cash Management and Agency Agreement**"). The Issuer's Banks have opened and will maintain certain bank accounts in the name of the Issuer and will operate such accounts in the name and on behalf of the Issuer. See "*The Issuer's Bank Accounts*". For a description of the Cash Management and Agency Agreement, see "*The Transaction Documents*" below.
Calculation Agent	JPMorgan Chase Bank N.A., London branch, with offices at Trinity Tower, 9 Thomas More Street, London E1W 1YT, United Kingdom, or any other person for the time being acting as such, is the calculation agent to the Issuer (in such capacity, the "**Calculation Agent**") pursuant to the terms of the Cash Management and Agency Agreement. The Calculation Agent will provide the Issuer with

	certain calculation services. For a description of the Cash Management and Agency Agreement, see "*The Transaction Documents*" below.
Italian Paying Agent	JPMorgan Chase Bank N.A., Milan branch, with offices at Via Catena 4, 20121 Milan, Italy, or any other person for the time being acting as such, will be the Italian paying agent (the "**Italian Paying Agent**") pursuant to the terms of the Cash Management and Agency Agreement. The Italian Paying Agent will make payments from the Payments Account in the name and on behalf of the Issuer. See *"The Issuer's Bank Accounts"*. For a description of the Cash Management and Agency Agreement, see *"The Transaction Documents"* below.
Luxembourg Paying Agent	J.P. Morgan Chase Bank Luxembourg S.A., with offices at 6, Route de Trèves, L-2633, Senningerberg (Municipality of Niederanven), Luxembourg, Grand Duchy of Luxembourg, or any other person for the time being acting as such, will be the Luxembourg paying agent (in such capacity, the "**Luxembourg Paying Agent**" and, together with the Italian Paying Agent, the "**Paying Agents**") in respect of the Notes pursuant to the terms of the Cash Management and Agency Agreement. The Luxembourg Paying Agent will act as paying agent for the Notes. See "*The Transaction Documents*" below.
Luxembourg Listing Agent	J.P. Morgan Chase Bank Luxembourg S.A., with offices at 6, Route de Trèves, L-2633, Senningerberg (Municipality of Niederanven), Luxembourg, Grand Duchy of Luxembourg, or any other person for the time being acting as such, will be the Luxembourg listing agent (in such capacity, the "**Luxembourg Listing Agent**") in respect of the Notes pursuant to the terms of the Cash Management and Agency Agreement. The Luxembourg Listing Agent will act as listing agent for the Notes. See "*The Transaction Documents*" below.
Cash Manager	JPMorgan Chase Bank N.A., London branch, with offices at Trinity Tower, 9 Thomas More Street, London E1W 1YT, United Kingdom, or any other person for the time being acting as such, will be the cash manager (in such capacity, the "**Cash Manager**") pursuant to the terms of the Cash Management and Agency Agreement. For a description of the Cash Management and Agency Agreement, see "*The Transaction Documents*" below.
Bridge Loan Lenders	Banca Intesa Infrastrutture e Sviluppo S.p.A., Banca Caripe S.p.A., Cassa di Risparmio della Provincia dell'Aquila S.p.A. and Dexia Crediop S.p.A. are the lenders (the "**Bridge Loan Lenders**") pursuant to the terms of the bridge loan agreement dated 13 January 2006 between the Issuer and the Bridge Loan Lenders (the "**Bridge Loan Agreement**"). Under the Bridge Loan Agreement, the Bridge Loan Lenders granted to the Issuer a bridge loan in an amount equal to €327,375,000.00 (the "**Bridge Loan**") which will be repaid by the Issuer on 27 April 2006 (the "**Issue Date**") through the proceeds deriving from the issuance of the Notes. Pursuant to the Bridge Loan Agreement, interest on the Bridge Loan accrued from 31 March 2006 until the Issue Date (excluded) at 3.268% per annum will be paid by the Issuer on the first Interest Payment Date in accordance with the applicable Priority of Payment. Such interest is expected to be repaid in full on the first Interest Payment Date through the amounts due and payable by the Swap Agreements on or before the first Interest Payment Date.
Swap Counterparties	(i) Barclays Bank PLC, a bank incorporated and organised under the laws of England, whose registered office is at One Churchill Place,

London E14 5HP, United Kingdom (ii) Banca Intesa S.p.A., a bank incorporated under the laws of Italy, having its registered office at Piazza Paolo Ferrari 10, Milan, Italy, (iii) Deutsche Bank Aktiengesellschaft, a bank incorporated under the laws of Germany, acting through its London branch, with offices at Winchester House, 1 Great Winchester Street, EC2N 2DB London, United Kingdom, (iv) Dexia Crediop S.p.A., a bank incorporated under the laws of Italy, with offices at Via XX Settembre 30, Rome, Italy, and (v) UBS Limited, a bank incorporated and organised under the laws of England, whose registered office is at 1 Finsbury Avenue, London EC2M 2PP, United Kingdom, will be the swap counterparties (in such capacity, the "**Swap Counterparties**", and each of them a "**Swap Counterparty**") pursuant to the terms of five swap agreements (each a "**Swap Agreement**" and, collectively, the "**Swap Agreements**"). For a description of the Swap Agreements, see "*The Transaction Documents*" below.

2. Summary of the Notes

Issue of the Notes	On the Issue Date, the Issuer will issue € 327,375,000 Asset-Backed Floating Rate Notes due 2021 (the "**Notes**"). The Notes will constitute direct, secured and limited recourse obligations of the Issuer. The Notes will be governed by Italian law.
Form and denomination of the Notes	The denomination of the Notes will be € 75,000. The Notes will be held in dematerialised form on behalf of the beneficial owners thereof until redemption or cancellation thereof by Monte Titoli for the account of the relevant Monte Titoli Account Holder. Monte Titoli will act as depository for Clearstream and Euroclear. Title to the Notes will be evidenced by book entry in accordance with the provisions of article 28 of the Legislative Decree No. 213 of 24 June and CONSOB resolution No. 11768 of 23 December 1998, as subsequently amended. No physical document of title will be issued in respect of the Notes.
Limited recourse nature of the Issuer's obligations under the Notes	The obligations of the Issuer to each of the holders of the Notes will be limited recourse obligations of the Issuer. The Noteholders will have a claim against the Issuer only to the extent of the actual amount received or recovered from time to time by or on behalf of the Issuer or the Representative of the Noteholders in respect of the Claims, the Delegations of Payment and the Transaction Documents, in each case subject to and as provided in the Intercreditor Agreement, the terms and conditions of the Notes (the "**Conditions**" and each a "**Condition**") and the other Transaction Documents.
Costs	Certain costs of the transaction (with the exception of certain initial costs of setting up the transaction which will be paid by the Issuer on or around the Issue Date), including the amounts payable to the various agents of the Issuer appointed in connection with the issue of the Notes, will be funded from the Issuer Available Funds and will therefore be included in the Priority of Payments.
Interest on the Notes	The Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at a rate equal to EURIBOR for six-month deposits in Euro (save that for the first Interest Period the rate will be equal to 3.208%) (as determined by the Italian Paying Agent in accordance with Condition 6 (*Interest*)) plus a margin of 0.24% per annum.

	Subject to the Priority of Payments, interest on the Notes will accrue on a daily basis and will be payable in arrear in Euro on 22 July 2006 and thereafter semi-annually in arrear on 22 January and 22 July in each year (provided that, if any such date is not a Business Day, then interest on the Notes will be payable on the next succeeding Business Day) in accordance with the Conditions (each such date, an "**Interest Payment Date**"). **"Business Day"** means a day in which banks are open for business in London and in Milan and which is a TARGET Settlement Day. "**Principal Amount Outstanding**" means, at any time in relation to a Note, the principal amount of that Note upon issue less the aggregate amount of all Principal Payments in respect of that Note which have become due and payable (and which have been actually paid) on or prior to that date.
Final Maturity Date	Save as described below and unless previously redeemed in full, the Issuer will redeem the Notes on the Interest Payment Date falling in 22 January 2021 (the "**Final Maturity Date**") at their respective Principal Amount Outstanding. See "*Summary Information – Redemption of the Notes*", below. If the Notes cannot be redeemed in full on the Final Maturity Date, as a result of the Issuer having insufficient funds available to it in accordance with the Conditions for application in or towards such redemption, including the proceeds of any sale of the Claims or any enforcement of the Security Package (as defined below), the Issuer will have no other funds available to it to be paid to the holders of the relevant Notes.
Withholding tax on the Notes	A Noteholder who is resident for tax purposes in a country which does not allow for a satisfactory exchange of information will receive amounts of interest payable on the Notes net of Italian withholding tax applied through a substitute tax (any such withholding or deduction for or on account of Italian tax under Italian legislative decree No. 239 of 1 April 1996, as subsequently amended ("**Decree 239**") is hereinafter referred to as a "**Decree 239 Withholding**"). Upon the occurrence of any withholding for or on account of tax, whether or not through a substitute tax, from any payments of amounts due under the Notes, neither the Issuer, the Representative of the Noteholders, the Paying Agents, the Luxembourg Listing Agent nor any other person shall have any obligation to pay any additional amount to any Noteholders. See "*Taxation in the Republic of Italy*", below.
Rating	The Notes are expected on issue to be rated A1 by Moody's Investors Service ("**Moody's**"). **A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by Moody's.**

Security for the Notes	By operation of Securitisation law, the Issuer's rights, title and interest in and to the Claims will be segregated from all other assets of the Issuer and amounts deriving therefrom will only be available, both prior to and following a winding-up of the Issuer, to satisfy the obligations of the Issuer to the holders of the Notes (the "**Noteholders**"), each of the Other Issuer Creditors (as defined below) and any third-party creditor to whom the Issuer has incurred taxes, costs, fees, expenses or liabilities in relation to the Securitisation (together, the "**Issuer Creditors**"). On or about the Signing Date, the Issuer will execute an English law deed of charge (the "**English Deed of Charge**") pursuant to which the Issuer will create in favour of the Representative of the Noteholders and to be held by it as security trustee upon trust for itself and for and on behalf of the Noteholders and the other Issuer Secured Creditors, *inter alia*: (i) an assignment by way of first fixed security of all of the Issuer's rights under the Swap Agreements; (ii) a first fixed charge over the Expenses Account and the Expenses Reserve Account and all amounts and balances and/or Eligible Investment which stand to the credit thereof and the debts represented thereby, and (iii) a first floating charge over all of the Issuer's property, assets and undertakings relating to or deriving from the Securitisation which are not effectively assigned or charged under any other provision. In addition, a pledge will be created by the Issuer in favour of the Noteholders and the Other Issuer Creditors over (i) any monetary claims arising from time to time from the Transaction Documents, including, but not limited to, claims for restitution, damages and claims under indemnities or warranties provided for by the Transaction Documents or arising from a breach of any obligations or the termination, invalidation or annulment of any Transaction Document, but excluding the Claims, the Purchase Price, the Delegations of Payment, the Collections, the Issue Price, the Eligible Investments, any claim arising *vis-à-vis* the Issuer from the Swap Agreements and the claims arising from any positive balances of the Collection Account, the Payments Account, the Expenses Account and the Expenses Reserve Account, (ii) any monetary claims arising from the Delegations of Payment, and (iii) the positive balances (except for that portion of the balances constituted by the Claims) standing to the credit of the Collection Account and the Payments Account (the "**Italian Deed of Pledge**" and, together with the English Deed of Charge, the "**Security Package**"). "**Issuer Secured Creditors**" means the Noteholders and the Other Issuers Creditors.

Non-petition	Each Issuer Secured Creditor, including the Representative of the Noteholders on behalf of the Noteholders, agrees that only the Representative of the Noteholders is entitled to enforce the Security Package. No Issuer Secured Creditor or Noteholder, other than the Representative of the Noteholders acting in accordance with the Conditions, may take any steps for the purposes of obtaining payment of any amount expressed to be payable by it or enforcing any other of its rights against the Issuer under the Conditions and/or the Transaction Documents except following service of a Trigger Notice and the failure by the Representative of the Noteholders to act within a reasonable period after becoming bound to do so. No insolvency proceedings may be commenced against the Issuer until at least one year and one day following the date on which all notes issued by it, including in relation to the Securitisation, any Further Securitisation (as defined below) have been redeemed in full or cancelled. Without prejudice to netting under the Swap Agreements (as defined below), no Issuer Secured Creditor may exercise any right of set-off against the Issuer under the Notes or the Transaction Documents as applicable although the Representative of the Noteholders may do so in limited circumstances following service of a Trigger Notice.
The Intercreditor Agreement	On or about the Signing Date, the Issuer, the Representative of the Noteholders (on its own behalf and on behalf of the Noteholders), the Italian Paying Agent, the Luxembourg Paying Agent, the Luxembourg Listing Agent, the Cash Manager, the Swap Counterparties, the Calculation Agent, the Corporate Services Provider, the Stichting Corporate Services Provider, the Joint Lead Managers, the Issuer's Banks, the Bridge Loan Lenders, the Sub-servicer and the Servicer (with the exception of the Issuer and the Noteholders, the "**Other Issuer Creditors**") have entered into an intercreditor agreement (the "**Intercreditor Agreement**") pursuant to which the Other Issuer Creditors have agreed to the limited recourse nature of the obligations of the Issuer and to the Priority of Payments described below. The Intercreditor Agreement is governed by Italian law.
Purchase of the Notes	The Issuer may not purchase any of the Notes at any time.
Listing and trading of the Notes	Application has been made for the listing of the Notes on the official list of the Luxembourg Stock Exchange and trade on the Regulated Market of the Bourse de Luxembourg.
Selling restrictions	There are restrictions on the sale of the Notes and on the distribution of information in respect thereof. See "*Subscription and Sale*", below.

3. The Portfolio, administration of the Portfolio and calculations in respect thereof

Transfer of the Claims	Pursuant to the Transfer Agreements the Issuer purchased without recourse (*pro soluto*) from FIRA, in accordance with the Securitisation Law and in compliance with articles 69 and 70 of Italian royal decree No. 2440 of 18 November 1923 ("**Decree 2440**"), a portfolio of monetary claims (the "**Claims**" or the "**Portfolio**") arising from the sale and supply of products and services by certain companies operating in the healthcare sector (respectively, the "**Companies**" and the "**Contracts**") to the Health Authorities, previously sold by the Companies to FIRA and determined by the settlement agreements entered into between each of the Health Authorities, FIRA and the Region (the "**Settlement Agreements**"). In addition, each of the Health Authorities issued a delegation of payment to the Region, accepted by the Region, pursuant to article 1268 and following of the Italian civil code (the "**Delegations of Payment**"). The payment of the purchase price under the Transfer Agreements was financed through the Bridge Loan granted by the Bridge Loan Lenders to the Issuer. For a description of the Portfolio and the Transfer Agreements see "*The Portfolio*" and "*The Transaction Documents*" below.
Warranties in relation to the Portfolio	Pursuant to the Transfer Agreements FIRA has given certain representations and warranties in favour of the Issuer in relation to, *inter alia*, the Portfolio. See "*The Transaction Documents*", below.
Servicing and collection procedures	Pursuant to a servicing agreement dated the Signing Date (the "**Servicing Agreement**") between the Issuer, the Representative of the Noteholders and the Servicer, the Servicer is responsible for the management of the Portfolio, and the collection of any sums under the Delegations of Payment, the Settlement Agreements and the Contracts. Any monies paid by the Region under the Delegations of Payment will be credited directly into the Collection Account. Pursuant to the Servicing Agreement, the Servicer will monitor that the amounts due by the Region, and/or by the Health Authorities under the Delegations of Payment, are timely credited on the Collection Account. "**Collections**" means the monies collectively received under or in respect of the Portfolio in respect of each Collection Period. "**Collection Period**" means each period commencing on (but excluding) a Collection Date and ending on (and including) the next following Collection Date, and in the case of the first Collection Period, commencing on the Issue Date and ending on the Collection Date falling in 5 July 2006 (both included). "**Collection Date**" means two Business Day after each Region Payment Date. "**Region Payment Date**" means the 5 of January and July of each year, starting from the 5 July 2006.

On the seventh Business Day preceding each Interest Payment Date (the "**Reporting Date**"), the Servicer will prepare and deliver to, *inter alia*, the Issuer, the Representative of the Noteholders, the Calculation Agent and Moody's a report detailing, *inter alia*, the collection and recoveries made under the Claims and the Delegations of Payment during the immediately preceding Collection Period (the "**Servicer's Report**"). The first Reporting Date will fall on 13 July 2006, covering the period from the Issue Date to 7 July 2006.

Pursuant to a sub-servicing agreement entered into on the Signing Date among the Issuer, the Servicer and FIRA (the "**Sub-servicing Agreement**"), the Issuer appointed, for the benefit of the Servicer, FIRA as sub-servicer (in this capacity, the "**Sub-servicer**") to assist the Servicer in relation to certain services and activities to be perfomed under the Servicing Agreement. In return for the services provided by the Sub-servicer, on each Interest Payment Date and in accordance with the Priority of Payments, the Issuer will pay to the Sub-servicer an annual fee *plus* all amounts remaining and available to the Issuer after payments of all creditors pursuant to the applicable Priority of Payments.

Servicing Fee

In return for the services provided by the Servicer in relation to the ongoing administration and management of the Portfolio (including the activity of recovery in respect of the Claims) on each Interest Payment Date and in accordance with the Priority of Payments, the Issuer will pay the Servicer an annual fee as agreed in a separate letter (the "**Servicing Fee**").

Calculations and reports

Pursuant to the Cash Management and Agency Agreement, the Calculation Agent has agreed to provide the Issuer and other parties with certain calculation, notification and reporting services in relation to the Notes. By no later than the third Business Day preceding each Interest Payment Date (each such date, a "**Calculation Date**"), the Calculation Agent will calculate, *inter alia*, the Issuer Available Funds and the payments to be made under the applicable Priority of Payments and will prepare a report (the "**Payments Report**") setting forth, *inter alia*, each of the above amounts. On each Calculation Date, the Calculation Agent will deliver the Payments Report to, *inter alios*, the Paying Agents, each Swap Counterparty, the Representative of the Noteholders, the Servicer, Moody's and the Issuer's Banks.

In addition, the Calculation Agent has agreed to prepare and deliver (by no later than 5 (five) Business Days following each Interest Payment Date) to, *inter alios*, the Issuer, the Representative of the Noteholders, FIRA, the Joint Lead Managers, Moody's and the Luxembourg Stock Exchange, a report substantially in the form set out in the Cash Management and Agency Agreement (the "**Investor Report**") containing details of, *inter alia*, the outstanding Portfolio, the claims outstanding under the Delegations of Payment, amounts received by the Issuer from any source during the preceding Collection Period (including any payments received by the each of the Swap Counterparties), amounts paid by the Issuer during such Collection Period and amounts paid by the Issuer on the immediately preceding Interest Payment Date. The Investor Report will be available free of charge at the Specified Office of the Luxembourg Paying Agent. The first Investor Report will be available on 28 July 2006.

In carrying out such duties, the Calculation Agent will be entitled to rely on certain information provided to it by, *inter alia,* the Servicer, the Issuer's Banks and the Issuer.

In return for the services so provided, the Calculation Agent will receive a fee as agreed on the Signing Date between the Issuer and the Calculation Agent, payable semi-annually in arrear by the Issuer on each Interest Payment Date in accordance with the Priority of Payments.

4. The Accounts

The Accounts

Pursuant to the terms of the Cash Management and Agency Agreement, the Issuer will open and maintain with the Italian Account Bank and the English Account Bank, as specified below, the following bank accounts:

(a) a euro-denominated cash account No. 00 0000 1170 with the Italian Account Bank (i) *into which* all amounts paid by the Region under the Delegations of Payment, or the Health Authorities in relation to the Claims will be credited, and (ii) *out of which* (A) payments due and payable to the Swap Counterparties under the relevant Swap Agreement are disbursed, and (B) two Business Days prior to each Interest Payment Date, the balance then standing to the credit of such account, together with any interest accrued thereon, will be transferred to the Payments Account (the "**Collection Account**");

(b) a euro-denominated cash account No. 00 0000 1171 with the Italian Account Bank (i) *into which* (A) the Italian Account Bank will be required to transfer two Business Days prior to each Interest Payment Date the balance standing to the credit of the Collection Account together with the interest accrued thereon, (B) two Business Days prior to the date on which such On-balance Sheet Expenses are due, the English Account Bank will be required to transfer an amount equal to such On-balance Sheet Expenses (as defined below) and (C) each of the Swap Counterparties is required to make any payment due to the Issuer under the relevant Swap Agreement, and (ii) *out of which*, (A) the balance standing to the credit of such account on the Business Day following the Issue Date will be applied on such Business Day to transfer (x) Euro 550,000 (five hundred and fifty thousand) to the Expenses Reserve Account ("**Initial Expenses Reserve Amount**") and (y) the remaining balance, to the Expenses Account (the "**Initial Expenses Amount**") and (B) the Italian Paying Agent shall (x) make payment for interest and principal due and payable in respect of the Notes on each Interest Payment Date in accordance with the applicable Priority of Payments, (y) pay any On-balance Sheet Expenses due and payable on an Interest Payment Date in accordance with the applicable Priority of Payments and (z) pay when due any On-balance Sheet Expenses due and payable on a date other than an Interest Payment Date (the "**Payments Account**");

(c) a euro-denominated cash account No. 33373701 with the English Account Bank (the "**Expenses Account**") (i) *into which*, (A) on the Business Day following the Issue Date, the Initial Expenses Amount will be credited from the Payments Account and (B) all money deriving from disinvestment of Eligible Investments purchased with money standing on the balance of such account will be credited, and (ii) *out of which*, (A) the balance standing to the credit of such account could be invested by the English Account Bank (upon instruction of the Cash Manager as directed by the Issuer) in Eligible Investments, (B) an amount equal to the on-balance sheet costs, fees and expenses in relation to the Securitisation (excluding any amounts payable by the Issuer to any Swap Counterparty) (the "**On-balance Sheet Expenses**") due and payable by the Issuer (x) on an Interest Payment Date, will be transferred to the Payments Account two Business Days prior to the relevant Interest Payment Date and (y) on date other than an Interest Payment Date, will be transferred to the Payments Account two Business Days prior to the date on which such On-balance Sheet Expenses are due, (C) the upfront fees of the Securitisation will be paid and (D) following the payment of the upfront fees of the Securitisation and the receipt by the Issuer of a written confirmation by the relevant entities that all upfront fees of the Securitisation have been duly paid, the difference, if positive, between (x) the balance then standing to the credit of such account and (y) Euro 1,650,000 (one million, six hundred and fifty thousand), will be applied in accordance with the relevant Priority of Payments; and

(d) a euro-denominated cash account No. 33373702 with the English Account Bank (the "**Expenses Reserve Account**") (i) *into which*, (A) on the Business Day following the Issue Date, the Initial Expenses Reserve Amount will be credited from the Payments Account, and (B) all money deriving from disinvestment of Eligible Investments purchased with money standing on the balance of such account will be credited, and (ii) *out of which*, (A) the balance standing to the credit of such account could be invested by the English Account Bank (upon instruction of the Cash Manager as directed by the Issuer) in Eligible Investments and (B) any Issuer's unforeseen expenses, other than the amounts due to the Issuer Secured Creditors, will be paid when due and, if due on an Interest Payment Date, in accordance with the applicable Priority of Payment.

In addition, upon downgrade of each Swap Counterparty's unsecured, unsubordinated obligations rating below the Required Ratings (as defined in each Swap Agreement), the Issuer will open a Collateral Account (as defined below) with the English Account Bank or other Eligible Institution, into which the Issuer will deposit the collateral received by such Swap Counterparty pursuant to the terms of the relevant Swap Agreement.

Provisions relating to the Accounts

Pursuant to the Cash Management and Agency Agreement *inter alia*:

(a) each of the Issuer's Banks has agreed to provide the Issuer with certain services in connection with account handling and reporting requirements in relation to the monies from time to time standing to the credit of the Accounts held by it; and

(b) each of the Issuer's Banks has agreed to prepare and deliver on each Reporting Date to, *inter alios*, the Calculation Agent and the Issuer statements of account relative to the Accounts held by it (the "**Statements of the Accounts**").

If any of the Issuer's Banks ceases to be an Eligible Institution it will promptly notify the Issuer and the Representative of the Noteholders thereof and the Issuer will within 30 (thirty) days (i) terminate the appointment of such Issuer's Bank and close the Account or Accounts opened with it and, simultaneously, (ii) open a replacement Account or Accounts with a replacement bank which is an Eligible Institution and which will agree to act as Issuer's Bank.

"**Eligible Institution**" means any depository institution organised under the laws of any state which is a member of the European Union or of the United States of America, the short-term, unsecured, unsubordinated and unguaranteed debt obligations of which are rated at least "P-1" by Moody's and the long-term, unsecured, unsubordinated and unguaranteed debt obligations of which are rated at least "A1" by Moody's.

5. Priority of Payments

Issuer Available Funds

On each Calculation Date, the Calculation Agent will calculate the Issuer Available Funds to be used on the immediately following Interest Payment Date to make payments under the Pre-Enforcement Priority of Payments.

"**Issuer Available Funds**" means, on each Calculation Date, except for item (v), and in respect of the immediately following Interest Payment Date, an amount equal to the aggregate of:

(i) (A) the Collections and any amount received and recovered by the Issuer from the Portfolio and pursuant to the Delegations of Payment during the preceding Collection Period, (B) any amount received by the Issuer under any of the Transaction Documents (except for the Swap Agreements) during the preceding Collection Period, and (C) all amounts of interest paid on the Accounts (with the exception of the Expenses Reserve Account) during the preceding Collection Period;

(ii) up to the Calculation Date preceding (but excluding) the Interest Payment Date on which the Notes will be redeemed in full, an amount standing to the credit of the Expenses Account equal to the on-balance sheet costs, fees and expenses to be paid on the immediately following Interest Payment Date;

(iii) to the extent that the Issuer, before the relevant Calculation Date, has received a written confirmation by the relevant entities that all upfront fees of the Securitisation have been duly paid, the difference, if positive, between (A) the balance of the Expenses Account, and (B) Euro 1,650,000 (one million, six hundred and fifty thousand);

(iv) any amount paid immediately prior to the relevant Calculation Date or to be paid to the Issuer by the Swap Counterparties in accordance with the terms of the Swap Agreements in the date specified in such Swap Agreements; and

(v) in relation to the Interest Payment Date on which the Notes will be redeemed in full, all the amount standing to the credit of the Accounts calculated as of such Interest Payment Date;

but excluding any amounts held by the Issuer which properly belong to any Swap Counterparty in respect of any Excess Swap Collateral (as defined below) or Tax Credit (as defined in the relevant Swap Agreement), payable to such Swap Counterparty pursuant the relevant Swap Agreement.

Application of Issuer Available Funds to the Swap Agreements

Pursuant to the Swap Agreements, the Issuer will pay to each Swap Counterparty, on each 18 January and 18 July, subject to the Following Business Day Convention (as defined in the relevant Swap Agreement), starting from 18 July 2006, *pari passu* and *pro rata* according to the respective amounts thereof, the amounts due to such Swap Counterparty pursuant to the relevant Swap Agreement in respect of payments scheduled therein (excluding any payment due and payable by the Issuer to such Swap Counterparty under the relevant Swap Agreement which will be paid in accordance with the applicable Priority of Payments) out of item (i) of the Issuer Available Funds.

Pre-Enforcement Priority of Payments

Prior to the service of a Trigger Notice, the Issuer Available Funds as calculated on each Calculation Date will be applied by the Issuer on the Interest Payment Date immediately following such Calculation Date in making payments or provisions in the following order of priority (the "**Pre-Enforcement Priority of Payments**") (after making payments of certain monies which properly belong to any Swap Counterparty in respect of any Excess Swap Collateral or Tax Credit (as defined in the relevant Swap Agreement), payable to such Swap Counterparty pursuant the relevant Swap Agreement), but, in each case, only if and to the extent that payments or provisions of a higher priority have been made in full:

(i) *first*, in or towards satisfaction of any and all outstanding fees, costs, liabilities, taxes and any other expenses to be paid in order to preserve the corporate existence of the Issuer, to maintain it in good standing, to comply with applicable legislation;

(ii) *second*, in or towards satisfaction, according to the respective amounts thereof, of:

(a) *first*, any and all outstanding fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders or any appointee thereof; and

(b) *second*, any and all outstanding fees, costs, expenses and taxes required to be paid in connection with the listing, deposit or rating of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents;

(iii) *third*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding fees, costs and expenses of, and all other amounts due and payable to, the Paying Agents, the Luxembourg Listing Agent, the Cash Manager, the Calculation Agent, the Corporate Services Provider, the Stichting Corporate Services Provider, the Servicer, the Joint Lead Managers and each of the Issuer's Banks, each under the relevant Transaction Document(s) to which it is a party;

(iv) *fourth*, in or towards satisfaction, *pro rata* and *pari passu*, of (A) any and all amounts due and payable by the Issuer to the Swap Counterparties under the Swap Agreements, except for any amounts payable by the Issuer to a Swap Counterparty upon the occurrence of a Swap Trigger (other than any part of the termination payment that is paid out of any premium received by the Issuer from a replacement swap counterparty), in the case that such amounts due and payable by the Issuer to the Swap Counterparties have not been paid on the day specified in each Swap Agreement and (B) any and all interest amounts due to the Bridge Loan Lenders pursuant to the Bridge Loan Agreement;

(v) *fifth*, in or towards payment, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Notes;

(vi) *sixth*, in or towards repayment, *pro rata* and *pari passu*, of principal on the Notes in an amount equal to the applicable Scheduled Repayment Amount;

(vii) *seventh*, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of any amounts payable by the Issuer to a Swap Counterparty upon the occurrence of a Swap Trigger; and

(viii) *eighth*, in or towards satisfaction of all amounts due and payable to the Sub-servicer under the Sub-servicing Agreement.

Post-Enforcement Priority of Payments

At any time following delivery of a Trigger Notice, or, in the event that the Issuer opts for the early redemption of the Notes under Condition 7(c) (*Optional redemption for taxation*), all amounts received or recovered by or on behalf of the Issuer or the Representative of the Noteholders in respect of the Claims, the Delegations of Payment, the Security Package and/or any of the other Transaction Documents will be applied by or on behalf of the Representative of the Noteholders in the following order (the "**Post-Enforcement Priority of Payments**") (after making payments of certain monies which properly belong to any Swap Counterparty in respect of any Excess Swap Collateral or Tax Credit (as defined in the relevant Swap Agreement), payable to such Swap Counterparty pursuant the relevant Swap Agreement), but, in each case, only if and to the extent that payments of a higher priority have been made in full:

(i) *first*, in or towards satisfaction of any and all outstanding taxes, fees, costs, liabilities and any other expenses to be paid but only to the extent necessary to preserve the corporate existence of the Issuer, to maintain it in good standing and to comply with applicable legislation;

(ii) *second*, in or towards satisfaction of any and all outstanding fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders or any appointee thereof;

(iii) *third*, in or towards satisfaction, according to the respective amounts thereof, of any and all outstanding fees, costs, expenses and taxes required to be paid in connection with the listing, deposit or rating of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents;

(iv) *fourth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding fees, costs and expenses of and all other amounts due and payable to the Paying Agents, the Luxembourg Listing Agent, the Cash Manager, the Calculation Agent, the Servicer, the Corporate Services Provider, the Stichting Corporate Services Provider, the Joint Lead Managers and each of the Issuer's Banks each, under the relevant Transaction Document(s) to which it is a party;

(v) *fifth*, in or towards satisfaction, *pro rata* and *pari passu*, of (A) any and all amounts due and payable by the Issuer to the Swap Counterparties under the Swap Agreements, except for any amounts payable by the Issuer to a Swap Counterparty upon the occurrence of a Swap Trigger (other than any part of the termination payment that is paid out of any premium received by the Issuer from a replacement swap counterparty), in the case that such amounts due and payable by the Issuer to the Swap Counterparties have not been paid on the day specified in each Swap Agreement and (B) any and all interest amounts due to the Bridge Loan Lenders pursuant to the Bridge Loan Agreement;

(vi) *sixth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of interest (including any interest accrued but unpaid) on the Notes at such date;

(vii) *seventh*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Notes, until repayment in full of the Notes;

(viii) *eighth,* in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any amounts payable by the Issuer to a Swap Counterparty upon the occurrence of a Swap Trigger; and

(ix) *ninth*, in or towards satisfaction of all amounts due and payable to the Sub-servicer under the Sub-servicing Agreement.

"**Scheduled Repayment Amount**" means, with respect to each Interest Payment Date, the amount indicated under the heading "Scheduled Repayment Amount" in the table below against the corresponding Interest Payment Date:

Interest Payment Date falling in:	**Scheduled Repayment Amount:**
22/01/2008	€ 43,650,000
22/07/2008	€ 10,912,500

22/01/2009	€ 10,912,500
22/07/2009	€ 10,912,500
22/01/2010	€ 10,912,500
22/07/2010	€ 10,912,500
22/01/2011	€ 10,912,500
22/07/2011	€ 10,912,500
22/01/2012	€ 10,912,500
22/07/2012	€ 10,912,500
22/01/2013	€ 10,912,500
22/07/2013	€ 10,912,500
22/01/2014	€ 10,912,500
22/07/2014	€ 10,912,500
22/01/2015	€ 10,912,500
22/07/2015	€ 10,912,500
22/01/2016	€ 10,912,500
22/07/2016	€ 10,912,500
22/01/2017	€ 10,912,500
22/07/2017	€ 10,912,500
22/01/2018	€ 10,912,500
22/07/2018	€ 10,912,500
22/01/2019	€ 10,912,500
22/07/2019	€ 10,912,500
22/01/2020	€ 10,912,500
22/07/2020	€ 10,912,500
22/01/2021	€ 10,912,500

6. Redemption of the Notes

Mandatory redemption of the Notes

Prior to the service of a Trigger Notice, if, at the close of business on the Calculation Date immediately preceding the Interest Payment Date falling in January 2008 and on each Calculation Date thereafter, there are sufficient Issuer Available Funds, the Issuer will apply such Issuer Available Funds on the immediately following Interest Payment Date in or towards the mandatory redemption of the Notes (in whole or in part) in accordance with the Pre-Enforcement Priority of Payments.

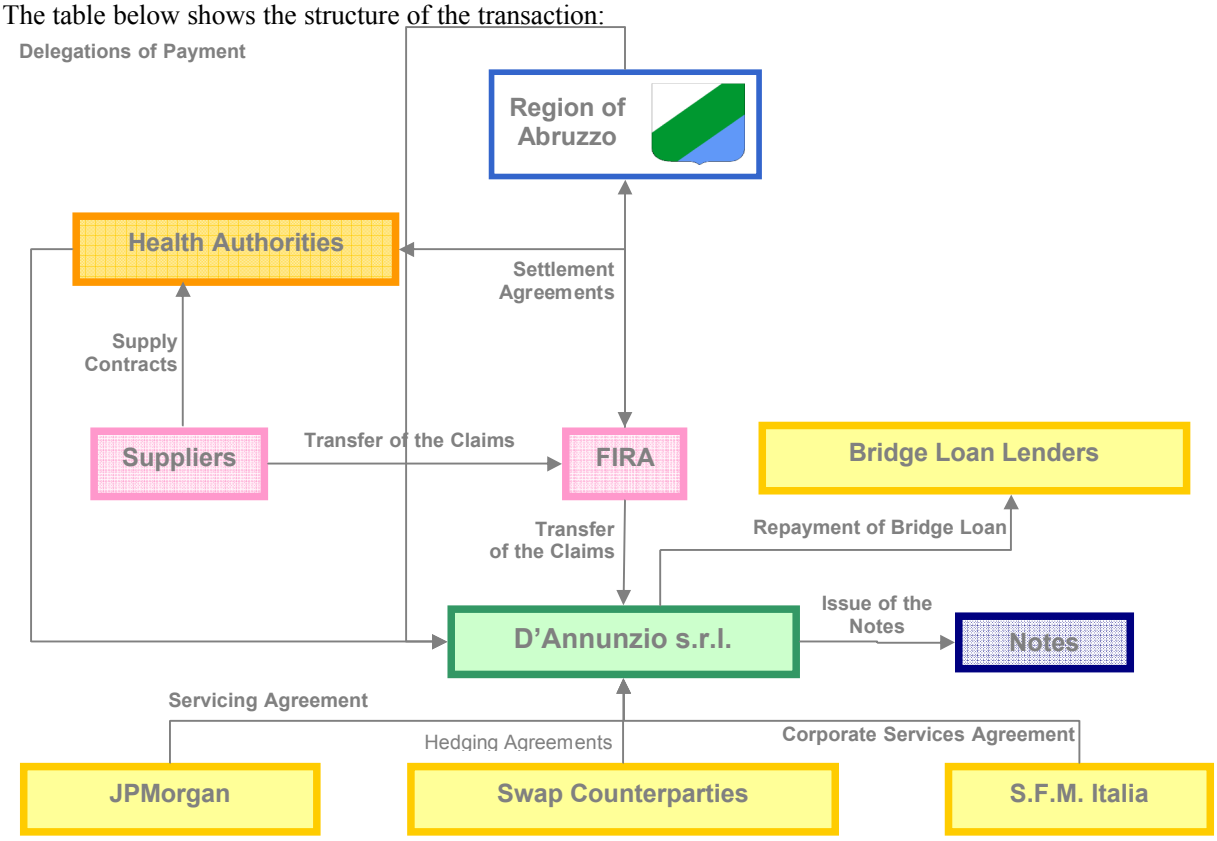
Optional redemption in whole for taxation	If the Issuer at any time satisfies the Representative of the Noteholders immediately prior to the giving of the notice referred to below that on the next Interest Payment Date the Issuer would be required to deduct or withhold (other than in respect of any withholding or deduction for or on account of *imposta sostitutiva* under Decree 239) from any payment of principal or interest on the Notes, (or that amounts payable to the Issuer in respect of the Claims would be subject to withholding or deduction), of any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature (including IRES and IRAP) imposed, levied, collected, withheld or assessed by the Republic of Italy or any political sub-division thereof or any authority thereof or therein, the Issuer may on any Interest Payment Date falling after the expiry of the period of 18 months from the Issue Date (the "**Initial Period**") 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 17 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 Notes and any amounts required under the Intercreditor Agreement to be paid in priority to or *pari passu* with the Notes, redeem all but not some only of the Notes at their Principal Amount Outstanding together with accrued but unpaid interest up to and including the relevant Interest Payment Date. Any redemption for taxation made prior to the Initial Period may result in the Issuer having to pay an additional amount equal to 20.0% (twenty per cent.) of interest accrued on the Notes up to the time of the early redemption.

7. Credit Structure

Eligible Investments	Pursuant to the Cash Management and Agency Agreement, upon direction of the Cash Manager, as instructed by the Issuer, the English Account Bank will invest amounts standing to the credit of the Expenses Account and the Expenses Reserve Account in Eligible Investments (subject to liquidation on or before the immediately following Liquidation Date). On each Liquidation Date the Cash Manager will deliver to, *inter alia*, the Calculation Agent, the Servicer and the Representative of Noteholders a notice indicating all the Eligible Investments acquired and liquidated since the previous Liquidation Date.

"**Eligible Investments**" means: (A) any euro denominated money market funds which have (i) a long-term rating of "Aaa" and (ii) a short-term rating of "MR1+" from Moody's, and permit daily or weekly liquidation of investments, and (in either case) having a maturity date falling before the next Liquidation Date, provided they are disposable without penalty; (B) any euro denominated senior (unsubordinated) debt securities or other debt instruments providing a repayment in full of principal at maturity provided that, in all cases, such investments (i) have a maturity date falling on or before the next following Liquidation Date and (ii) are issued by, or fully and unconditionally guaranteed on an unsubordinated basis by, an institution whose unsecured and unsubordinated debt obligations are rated at least "A1" and "P-1" by Moodys in respect of long-term and short-term debt, respectively; or (C) deposits (including, for the avoidance of doubt, time deposits) with an Eligible Institution; *provided that* any of such money market funds, senior (unsubordinated) debt securities or other debt instruments is not subject to any deduction, withholding or substitutive taxes pursuant to the applicable laws in Italy or pertinent to the jurisdictions of the relevant Eligible Investments.

The table below shows the structure of the transaction:



RISK FACTORS

The following is a summary of certain aspects of the issue of the Notes of which prospective Noteholders should be aware. This summary is not intended to be exhaustive and prospective Noteholders should also read the detailed information set out elsewhere in this Offering Circular and the Transaction Documents and reach their own views prior to making any investment decision.

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

Risk factors relating to the Notes

Source of payments to Noteholders

The Notes will be direct, secured and limited recourse obligations solely of the Issuer. In particular, the Notes will not be obligations or responsibilities of, or be guaranteed by, the Representative of the Noteholders, the Cash Manager, the Issuer's Banks, the Paying Agents, the Luxembourg Listing Agent, the Corporate Services Provider, the Stichting Corporate Services Provider, the Servicer, the Calculation Agent, the Swap Counterparties, FIRA (in any capacity), the Arrangers, the Joint Lead Managers, the Region of Abruzzo, the Health Authorities, the quotaholders of the Issuer or any other person. None of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make any payment of any amount due on the Notes.

The ability of the Issuer to meet its obligations in respect of the Notes will be dependent on, *inter alia*, the timely payment of amounts due under the Delegations of Payment by the Region, the receipt by the Issuer of Collections and recoveries from the Portfolio and any other amounts payable to the Issuer pursuant to the terms of the Transaction Documents to which it is a party, any amounts received by it from any Eligible Investments made by it or on its behalf, as well as on the receipt of any payments required to be made by each of the Swap Counterparties under the relevant Swap Agreement.

Consequently, there is no assurance that, over the life of the Notes or at the redemption date of any Notes (whether on maturity or upon redemption by acceleration of maturity upon the occurrence of an Event of Default or otherwise), there will be sufficient funds to enable the Issuer to pay interest when due on the Notes and/or to repay the outstanding principal on the Notes in full.

Upon enforcement of the Security Package, the Representative of the Noteholders will have recourse only to the Claims and to the Security Package. Other than as provided in the Transfer Agreements, the Subscription Agreement, the Servicing Agreement and the Sub-servicing Agreement, the Issuer and the Representative of the Noteholders will have no recourse to the Originator or any other entity including, but not limited to, in circumstances where the proceeds received by the Issuer from the enforcement of any particular Claim are insufficient to repay in full the Claim in respect of such Claim.

If, upon default by the Region or any other debtor under the Claims and after the exercise by the Servicer of all the remedies in respect of such Claims set out in the Servicing Agreement and the Sub-servicing Agreement, the Issuer does not receive the full amount due from the Region or any other debtor under the Claims, then the Issuer may be unable to pay in full interest due on the Notes and/or Noteholders may receive by way of principal repayment an amount less than the face value of their Notes. .

No independent investigation in relation to the Portfolio

None of the Issuer, the Arrangers, the Joint Lead Managers or any other party to the Transaction Documents (other than FIRA) has undertaken or will undertake any investigation, searches or other actions to verify the details of the Portfolio, nor has any of such persons undertaken, nor will any of them undertake, any investigations, searches or other actions to establish the creditworthiness of the Region or any other debtor under the Portfolio.

The Issuer will rely instead on the representations and warranties given by the Originator in the Transfer Agreements. The only remedies of the Issuer in respect of the occurrence of a breach of a representation and warranty which materially and adversely affects the value of a Claim will be the

requirement that the Originator indemnifies the Issuer for the damage deriving therefrom. However, there is a possibility that legal actions initiated for breach of some representations or warranties be nonetheless subject to a one-year statute of limitation period if article 1495 of the Italian civil code (which regulates ordinary sales contracts (*contratti di compravendita*)) was held to apply to the Transfer Agreements. See "*The Transaction Documents*", below.
There can be no assurance that the Originator will have the financial resources to fulfill such obligations.

Noteholders' directions and resolutions in respect of early redemption of the Notes

In a number of circumstances, the Notes may become subject to early redemption. Early redemption of the Notes as a result of some circumstances may be dependent upon receipt by the Representative of the Noteholders of a direction from, or a resolution passed by, a certain majority of Noteholders. If the economic interest of a Noteholder represents a relatively small proportion of the majority and its individual vote is contrary to the majority vote, its direction or vote may be disenfranchised and, if a determination is made by certain of the Noteholders to redeem the Notes, such minority Noteholders may face early redemption of the Notes held by them.

Limited enforcement rights

The protection and exercise of the Noteholders' rights against the Issuer under the Notes and the enforcement of the Security Package is one of the duties of the Representative of the Noteholders. The Conditions limit the ability of individual Noteholders to commence proceedings against the Issuer by conferring on the Meeting of the Noteholders the power to determine in accordance with the Rules of the Organisation of Noteholders on the ability of any Noteholder to start any such individual actions. Accordingly, individual Noteholders may not, without breaching the Conditions, be able to commence proceedings or take other individual remedies against the Issuer unless the Meeting of the Noteholders has approved such action in accordance with the provisions of the Rules of the Organisation of Noteholders.

Suitability

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

Relationship between Noteholders and the Other Issuer Creditors

Under Condition 10 (*Events of Default*), the Representative of the Noteholders is not obliged to serve to the Issuer a Trigger Notice declaring the Notes to be due and payable, unless it is directed to do so either:

(a) in writing by the holders of at least 75 per cent. of the Principal Amount Outstanding of the Notes; or

(b) by an Extraordinary Resolution of the holders of the Notes,

and in addition, in each case, provided that it is indemnified and/or secured to its satisfaction against all liabilities and all costs and expenses (provided that supporting documents are delivered) which it may incur in so doing. In addition, following an Event of Default pursuant to Condition 10(a)(iii) (*Breach of other obligations*), the Representative of the Noteholders must certify to the Issuer that the occurrence of such event is in its opinion materially prejudicial to the interests of the Noteholders.

Limited liquidity

Although application has been made for the Notes to be listed on the Luxembourg Stock Exchange, there is currently no market for the Notes. While the Joint Lead Managers may make a market in the Notes, they are under no obligation to do so. The Notes have not been registered under the Securities Act and will be subject to significant restrictions on resale in the United States. There can be no assurance that a secondary market for any of the Notes will develop, or, if a secondary market does develop, that it will provide the holders of the Notes with liquidity of investments or that it will

continue for the life of such Notes. Consequently, any purchaser of Notes must be prepared to hold such Notes until the final redemption or cancellation.

No Acceleration of the Region's Payment Obligations

If the Notes become repayable earlier than the Final Maturity Date following the service of a Trigger Notice, the payment obligations of the Region under the Delegations of Payment will not be accelerated and the Noteholders may have to wait until the respective payment dates of the Delegations of Payment in order to receive payment of interest and principal under the Notes. If the Region defaults on the payments due under the Delegations of Payment, the remaining portion of payments outstanding under the Delegations of Payment will not be subject to acceleration but will remain payable in accordance with the original payment schedule. In such circumstances, the Issuer will have a claim against the Region for unpaid amounts which are due and payable under the Delegations of Payment but will not be able to take action in respect of the Region's obligations under the Delegations of Payment which have not yet matured. Due to the characteristics of the Claims and the legal regime applicable to them, the Issuer (or any person acting on its behalf) may not succeed in selling all or part of the Claims.

Credit Rating of the Notes

Through the Delegations of Payment, the credit rating of the Notes are linked to, *inter alia*, the credit rating of the debt obligations of the Region, which may change from time to time. As a result, the credit rating of the Notes may change from time to time in accordance with any such changes in the credit rating of the debt obligations of the Region. As at the date of this Offering Circular, the long-term unsecured and unsubordinated debt obligations of the Region are rated A1 (which rating has a stable outlook) by Moody's.

Withholding tax under the Notes

Any non resident beneficial owner of an interest payment relating to the Notes (a) who is resident, for tax purposes, in a country which does not allow for a satisfactory exchange of information or (b) who has failed to comply with the requirements and procedures set forth in Decree 239, in order to benefit from an exemption, will receive amounts of interest payable on the Notes net of Italian withholding tax, applied through a substitute tax (*imposta sostitutiva*). At the date of this Offering Circular, such withholding 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 withholding taxes are imposed in respect of payments to Noteholders of amounts due pursuant to the Notes, whether or not through a substitute tax, the Issuer will not be obliged to gross up any such payments or otherwise compensate Noteholders for the lesser amounts the Noteholders will receive as a result of the imposition of withholding taxes.

In the event that any Notes are redeemed in whole or in part (including following the service of a Trigger Notice) prior to the date which is 18 months after the Issue Date, the Issuer will be obliged to pay a tax in Italy at a rate of 20 per cent. on interest accrued on such principal amount repaid early up to the relevant repayment date. See "*Taxation in the Republic of Italy*" below.

Change of law

The structure of the transaction and, *inter alia*, the issue of the Notes and the rating assigned to the Notes are based on Italian and English 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 as to any possible change to Italian and English law, tax or administrative practice after the Issue Date.

The Issuer believes that the risks described above are the principal risks inherent in the transaction for holders of the Notes but the inability of the Issuer to pay interest or repay principal on any such Notes may occur for other reasons and the Issuer does not represent that the above statements of the risks of holding the Notes are exhaustive. While the various structural elements described in this Offering Circular are intended to lessen some of these risks for 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 interest or principal on such Notes on a timely basis or at all.

Risk factors relating to the Issuer

Liquidity and credit risk

The Issuer is subject to the risk of delay arising between the receipt of payments due from the Region under the Delegations of Payment and the scheduled Interest Payment Dates in respect of the Notes. The Issuer is also subject to the risk of default in payment by the Region and the failure by the Servicer to recover sufficient funds in respect of the Claims in order to enable the Issuer to discharge all amounts payable under the Notes.

Interest rate risk

The Issuer expects to meet its obligations under the Notes primarily from the amounts due by the Region under the Delegations of Payment. Such payments have no correlation to EURIBOR. The Issuer has a liability to pay interest under the Notes at a rate equal to six-month EURIBOR plus a spread on each Note.

To protect the Issuer from a situation where EURIBOR at the respective fixing dates differs to such an extent that the Collections are no longer sufficient to cover the Issuer's obligations under the Notes, the Issuer has entered into five Swap Agreements with each of the Swap Counterparties. However, should any Swap Agreement be terminated for any reason, no assurance can be given that similar protection could be obtained.

Should any of the Swap Counterparties fail to provide the Issuer with all amounts owing to the Issuer (if any) on any payment date under the relevant Swap Agreement, or should any of the Swap Agreements be otherwise terminated, then the Issuer may have insufficient funds to make payments of principal and/or interest on the Notes.

Claims of creditors of the Issuer

Without prejudice to the right of the Representative of the Noteholders to enforce the Security Package, the Conditions contain provisions stating, and each of the Other Issuer Creditors have undertaken pursuant to the Intercreditor Agreement, that no Noteholder or Other Issuer Creditor will petition or begin proceedings for a declaration of insolvency against the Issuer until one year and one day after the earlier of (a) the Cancellation Date and (b) the day on which the Notes have been paid in full. There can be no assurance that each and every Noteholder and Other Issuer Creditor will fulfill its contractual obligation not to petition or begin proceedings for a declaration of insolvency against the Issuer also before one year and one day has elapsed from cancellation or full repayment of all notes issued by the Issuer, including under the Securitisation or any Further Securitisation (as defined below). In addition, under Italian law, any other creditor of the Issuer would be able to begin insolvency or winding-up proceedings against the Issuer in respect of any unpaid debt. Such creditors could arise, for example, by virtue of unexpected expenses owed to third parties including those additional creditors that the Issuer have or will have as a result of any Further Securitisation.

The Issuer is unlikely to have a large number of creditors unrelated to this Securitisation or any other securitisation transaction because the corporate object of the Issuer as contained in its by-laws (*statuto)* is limited and the Issuer has provided certain covenants in the Intercreditor Agreement which contain restrictions on the activities which the Issuer may carry out with the result that the Issuer may only carry out limited transactions.

No creditors other than the Representative of the Noteholders on behalf of the Noteholders, the Other Issuer Creditors and any third-party creditors having the right to claim for amounts due in connection with this Securitisation would have the right to claim in respect of the Claims, even in a bankruptcy of the Issuer.

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

Further Securitisation and Ring Fencing

The Issuer may by way of a separate transaction purchase and securitise further monetary claims, including those from other originators, in addition to the Portfolio (a "**Further Securitisation**" with reference to future securitisations).

Under the terms of article 3 of the Securitisation Law, the assets relating to each individual securitisation transaction (the "**Securitised Assets**") will, by operation of Italian law, be segregated for all purposes from all other assets of a company issuing notes pursuant to the Securitisation Law. On a winding up of the Issuer such Securitised Assets will only be available to holders of the notes issued to finance the acquisition of the relevant Securitised Assets and to certain creditors claiming payments of debts incurred by the company in connection with the securitisation of the relevant Securitised Assets. Therefore, the Securitised Assets relating to a particular securitisation transaction will not be available

to the holders of notes issued to finance any other securitisation transaction or to general creditors of the Issuer. In addition, it is a condition precedent to any Further Securitisation that, *inter alia* Moody's confirms that the then current ratings of the Notes will not be adversely affected by such Further Securitisation.

However, under the Securitisation Law it is unclear whether all claims relating to a securitisation transaction are caught by the asset segregation principle outlined above. For this reason the Issuer will grant additional security pursuant to a security package in relation to such claims.

In the case of Related Third Party Creditors, including any tax authority, the Issuer is entitled to pay such amounts ahead of all other items in the relevant Priority of Payments. The Issuer covenants in the Conditions and in the Intercreditor Agreement not to enter into any agreements or to take any action except as permitted under the Transaction Documents or otherwise authorised by the Representative of Noteholders or, *inter alia*, as may be necessary to maintain its corporate existence and comply with applicable laws. Nonetheless, there remains the risk that, in the event of any such amounts being due to third party creditors, the funds available to the Issuer for purposes of fulfilling its obligations under the Notes could be reduced, which, in turn, could adversely affect the Issuer's ability to make payments due under the Notes.

Any amount due by the Issuer to any third party creditor in relation to a specific securitisation (the "**Related Third Party Creditors**"), and not related to the corporate existence of the Issuer, will be paid by the Issuer out of the securitised assets of such securitisation.

Servicing of the Portfolio

The Portfolio thereunder will be serviced by the Servicer pursuant to the Servicing Agreement. Consequently, the net cash flows from the Portfolio thereunder may be affected by decisions made, actions taken and collection procedures adopted by the Servicer pursuant to the provisions of the Servicing Agreement.

The Servicer has been appointed by the Issuer to be responsible for the collection of the Claims transferred to the Issuer and for cash and payment services (*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento*). In accordance with the Securitisation Law, the Servicer is therefore responsible for ensuring that the collection of the Claims serviced by it, and the relative cash and payment services, comply with Italian law and this Offering Circular. The Issuer has appointed FIRA to act as Sub-servicer pursuant to the Sub-servicing Agreement and to perform the specific activities set forth therein. Consequently, the net cash flows from the Claims thereunder may be affected by actions taken by the Sub-servicer pursuant to the provisions of the Sub-servicing Agreement.

Administration and reliance on third parties

The ability of the Issuer to make payments in respect of the Notes will depend, *inter alia*, upon the due performance by the parties to the Transaction Documents of their respective obligations under the Transaction Documents to which they are each a party. In particular, without limitation to the foregoing, the timely payment of amounts due on the Notes will depend on the ability of the Servicer to service the Portfolio. In each case the performance by the Issuer of its obligations under the Transaction Documents is also dependent on the solvency of, *inter alia*, the Servicer.

In the event of the termination of the appointment of the Servicer under the Servicing Agreement, it would be necessary for the Issuer to appoint a substitute servicer (acceptable to the Representative of the Noteholders). Such substitute servicer would be required to assume responsibility for the provisions of the services required to be performed under the Servicing Agreement. The ability of a substitute servicer to perform fully the required services would depend, *inter alia*, on the information, software and records available at the time of the relevant appointment. There can be no assurance that a substitute servicer will be found nor that any substitute servicer will be willing to accept such appointment nor that a substitute servicer will be able to assume and/or perform the duties of the Servicer pursuant to the Servicing Agreement. In such circumstances, the Issuer could attempt to sell all, or part of, the Claims, but there is no assurance that the amount received on such a sale would be sufficient to repay in full all amounts due to the Noteholders. The Representative of the Noteholders has no obligation to assume the role or responsibilities of the Servicer or to appoint a substitute servicer.

Tax treatment of the Issuer

Taxable income of the Issuer is determined in accordance with Italian Presidential Decree No. 917 of 22nd 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, liabilities, costs and revenues of the Issuer in relation to the securitisation of the Claims will be treated as off-balance sheet assets, liabilities, costs and revenues. 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 transfer to the Issuer of the Portfolio, until all obligations of the issuer in relation to the same securitisation transaction have been fulfilled. This opinion has been expressed by scholars and tax specialists and has been confirmed by the tax authority on the grounds that the net proceeds generated by the securitised assets may not be considered as legally available to an issuer insofar as any and all amounts deriving from the underlying assets are specifically destined to satisfy the obligations of such issuer to the noteholders, the originator and any other creditors of the issuer in respect of the securitisation of the underlying assets in compliance with applicable laws. It is, however, possible that the Ministry of Economy and Finance or another competent authority may issue further regulations, letters or rulings relating to Law 130 which might alter or affect the tax position of the Issuer as described above in respect of all or certain of its revenues and/or items of income also through the non-deduction of costs and expenses. Interest accrued on bank accounts opened by the Issuer with a bank which is resident in Italy for tax purposes (including the Italian permanent establishment of a non-Italian bank) is subject to an Italian withholding tax levied, at the date of this opinion, at a 27 per cent. rate. This withholding tax is a provisional tax on account of the Italian corporate income tax and, based on the guidelines issued by the Italian tax authorities with resolution No. 222/E of December 5, 2003, may be claimed as a receivable only when the related income is deemed to become taxable under Italian law, that is upon termination of the segregation of the securitised assets and fulfilment of all the related obligations. However, due to the expected lack of taxable income for the Issuer, it may not be able to effectively utilise this withholding tax against its Italian corporate income tax liability.

Other risks

Proposed Changes to the Risk-Weighted Asset Framework

On 11 May 2004, the Basel Committee on Banking Supervision announced that it had achieved consensus on the remaining issues regarding the proposals for a new international capital adequacy framework which places enhanced emphasis on market discipline and risk sensitivity.

The text of the new Basel II framework was published at the end of June 2004. The Committee has indicated that the standardised and foundation approaches will be implemented from the end of 2006, but advised that one further year of impact analysis will be needed for the advanced approaches under the framework and these, therefore, are expected to be implemented from the end of 2007. The European Commission has yet to endorse the framework.

In parallel with the development of the Basel II framework, the European Commission has issued proposals for reform of the existing EU Capital Adequacy Directive which is based on the 1988 Capital Accord and applies to banks and investment firms in the European Union. While the European Commission has indicated that its proposals are intended to implement the new Basel II proposals, it has noted that there will be appropriate modifications where it considers necessary.

If implemented, the new Basel II framework and the proposals for the reform of the EU Capital Adequacy Directive could affect the risk-weighting of the Notes in respect of certain investors if those investors are regulated in a manner which will be affected by the new framework or the proposals. Consequently, Noteholders should consult their own advisors as to the effect on Noteholders of the application of the new Basel II framework and the proposals. The Issuer cannot predict the precise effects of potential changes which might result from the implementation of the new Basel II framework or the proposals.

Securitisation Law

As at the date of this Offering Circular, no interpretation of the application of the Securitisation Law has been issued by any Italian 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 the companies which carry out collection and recovery activities in the context of a securitisation transaction, (ii) the decree of the Italian Ministry of Treasury dated 4 April 2001 and (iii)

the Bank of Italy's regulation dated 16 December 2002 on the terms for the registration of the financial intermediaries in the register held by the Bank of Italy pursuant to article 107 of the Banking Act. Consequently, it is possible that such authorities may issue further regulations relating to the Securitisation Law or the interpretation thereof, the impact of which cannot be predicted by the Issuer as at the date of this Offering Circular.

Projections, forecasts and estimates

Forward-looking statements, including estimates, any other projections, forecasts and estimates in this Offering Circular, are necessarily speculative and subjective in nature and some or all of the assumptions underlying the projections may not materialise or may vary significantly from actual results.

Such statements are subject to risks and uncertainties that could cause the actual results to differ materially from those expressed or implied by such forward-looking statements. Prospective investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Offering Circular and are based on assumptions that may prove to be inaccurate. No one undertakes any obligation to update or revise any forward-looking statements contained herein to reflect events or circumstances occurring after the date of this Offering Circular.

Claw-back of the transfer of the Claims

Pursuant to Article 4(4) of the Securitisation Law, the transfer of the Claims under the Transfer Agreements is subject to claw-back upon bankruptcy of the Originator under article 67 of royal decree No. 267 of 16 March 1942, but only in the event that the transaction is closed within three months from the declaration of insolvency of the Originator or, in cases where paragraph 1 of article 67 applies, within six months from the declaration of insolvency.

Claims of the Issuer against the Region under the Delegations of Payment

In principle, the monetary claims of the Issuer against the Region under the Delegations of Payment rank *pari passu* with all other senior unsecured financial obligations of the Region. However, certain assets of the Region may be allocated to the payment of certain of the Region's payment obligations (other than those owed by the Region to the Issuer under the Delegations of Payment). In particular, the Region may, from time to time, issue irrevocable payment mandates to the regional treasurer bank instructing it to make payments on behalf of the Region (the "**Payment Mandates**"). By virtue of a Payment Mandate, the Regional Treasurer Bank is required to segregate from certain revenues of the Region funds in an amount sufficient to meet the Region's obligation to pay those amounts which are the subject matter of the relevant Payment Mandate when they become due. Payment arrangements of this nature have been put in place and may be put in place with respect to bonds issued by the Region. Although such payment arrangement does not confer a preference upon enforcement of the relevant Region's payment obligation, under each Payment Mandate the Region instructs the Regional Treasurer Bank to pay any amount being the subject matter of the relevant Payment Mandate in priority to any other payment obligation of the Region which does not benefit from a Payment Mandate (including any payment obligation of the Region towards the Issuer under the Delegations of Payment). Although the matter has not yet been tested in courts and therefore is not free from doubt, in the event that an enforcement procedure is commenced by the Issuer following failure of the Region to pay the amounts due under the Delegations of Payment, the Issuer should not be subordinated to other unsecured creditors of the Region which benefit from the Payment Mandate. Pursuant to article 11 of law decree No. 8 of 18 January 1993 as converted into law No. 68 of 19 March 1993, the funds segregated by the Regional Treasurer Bank for payments of amounts due under loans and certain other categories of payment obligation (the "**Protected Obligations**", which may not include the Region's obligations towards the Issuer under the Delegations of Payment) may not be attached or seized by third-party creditors of the Region provided that (i) for each quarterly period the Region determines in advance the amounts due and payable in relation to the Protected Obligations, and (ii) as from the date of such determination the Region does not issue to the Regional Treasurer Bank any Payment Mandate otherwise than in compliance with the chronological order of the relevant invoices. If the Region fails to pay amounts due and payable under the Delegations of Payment, the Issuer will have the right to demand that a judicial injunction ordering such payment be issued by an Italian court against the Region and to enforce such injunction against the Region. In accordance with article 14 of law decree No. 669 of 31 December 1996, converted into law No. 30 of 28 February 1997, as amended and supplemented (the "**Decree 669**"), enforcement procedures (*esecuzione forzata*) against the Region

can only be commenced after a period of 120 days has elapsed from the date on which the enforceable instrument (*titolo esecutivo*) and a payment request in respect thereof (*atto di precetto*) have been notified to the Region.

Reallocation of resources and obligations as between the Italian State and the Regions

The ability of the Region to make payments under the Delegations of Payment may be affected by certain changes to the criteria for the allocation of public sector expenses between the Italian State and the regions. In particular, as a result of legislative decree No. 56 of 18 February 2000, as amended, starting in 2001 each region is responsible for covering its healthcare deficit and the State will no longer transfer funds to the regions to cover such deficits. Moreover, pursuant to the constitutional law No. 3 of 18 October 2001 (the "**Federalism Law**"), the regions may not incur new indebtedness in order to cover the healthcare deficit. In particular, article 119 of the Italian Constitution (the "**Constitution**"), as amended by the Federalism Law, provides that the regions may not incur new borrowing for any purpose other than financing expenses qualifying as investments (see section entitled "*The Healthcare System of the Region of Abruzzo*"). Consequently, all payments under the Delegations of Payment will have to be funded by the Region rather than by incurring new borrowing. In the event that the Region were to experience a shortfall in funds or otherwise be unable to finance its payment obligations under the Delegations of Payment, under current law there would be no possibility of funding such obligations by incurring new borrowing and, consequently, the risk of default under such obligations cannot be excluded.

Effect of macro-economic conditions on the Region, its budget estimates and healthcare spending

The Region is subject to macro-economic events, including changes in national, regional or local economic and employment conditions and demographic trends which could adversely affect the Region's level of tax receipts and other revenues as well as its expenditures. A decrease in economic activity in the Region and/or the Republic of Italy could have a material adverse impact on the Region's financial condition and its ability to make payment under the Delegations of Payment. The Region's budget is based on a series of projections and estimates regarding the general economic activity in the Region and the Region's revenues. Reliance on such projections or estimates involves certain risks and uncertainties, for example with regard to growth in the Region's economy, the level of tax collection and other revenue generation and the ability of the Region to control expenditure in line with the budget. There can be no assurances that the Region's actual revenues will not be less than budgeted revenues or that the Region's actual expenditure will not be greater than budgeted expenditure. Healthcare expenditure constitutes one of the most significant categories of expenditure of the Region. Such expenditure is linked to demographic and macro-economic factors that are not within the control of the Region and that may vary significantly from year to year. Therefore, there can be no assurance that the Region's actual healthcare expenditure will not be greater than budgeted healthcare expenditure, which could give rise to potential cash shortages for the Region that may affect its ability to fulfill its obligations under the Delegations of Payment.

The Delegations of Payment

The Delegations of Payment entered into between the Region, the Health Authorities and the Issuer are delegations of payment (*delegazioni di debito*) constituting direct and autonomous monetary obligations of the Region towards the Issuer and any third-party assignee of the claims arising from the Delegations of Payment. Pursuant to the Delegations of Payment each of the Health Authorities has irrevocably and unconditionally delegated to the Region, and the Region has irrevocably and unconditionally undertaken towards each of the Health Authorities, to pay to the Issuer, or to any assignee of the claims arising therefrom, the amounts indicated therein on the due dates thereof and the Region has waived its right to raise any objections relating to (i) any relationship between itself and the Health Authorities (*rapporto di provvista*), (ii) any relationship between the Health Authorities and FIRA or any assignee of the claims (*rapporto di valuta*) and (iii) any relationship between itself and FIRA or any assignee of the claims. In consideration of the contents of the Delegations of Payment, the Region would not be entitled to raise any objections in relation to the *rapporto di provvista* or the *rapporto di valuta*, unless both the *rapporto di valuta* and the *rapporto di provvista* are void, invalid or ineffective (so called *nullità della doppia causa*), as stated in the report of the Minister of Justice (*Relazione del Ministro Guardasigilli*) on article 1271 of the Italian civil code and as affirmed by certain court precedents. In this respect it is worth noting that: (i) with regard to the *rapporto di valuta*, the Health Authorities have carried out and completed the certification procedure in the form of a

ricognizione di debito in relation to the claims towards the Health Authorities; and (ii) with regard to the *rapporto di provvista*, the obligation of the Region to fund the Health Authorities for the provision of health services arises from mandatory provisions of law, including, in particular, the legislative decree No. 502 of 30 December 1992 and the regional law of the Region No. 146 of 24 December 1996, as amended, (and this obligation of the Region is confirmed by the resolution of the Regional Board of Abruzzo (*Giunta Regionale dell'Abruzzo)* No. 1326 of 9 December 2005 and No. 5 of 10 January 2006). See "*The Portfolio*" below.

Article 119 of the Constitution

Article 119(6) of the Constitution, as modified by constitutional law No. 3/2001, provides that "municipalities, provinces, metropolitan cities and regions can borrow money only to finance investment expenditure". Article 30(15) of law No. 289/2002 (the Italian State budget law for the year 2003) has further established that any deed and contract made by such entities in contravention of article 119(6) is null and void. Article 3(17) of law No. 350/2003 (the Italian State budget law for the year 2004) contains a list of the transactions which constitute indebtedness for the purposes of article 119(6) of the Constitution. In the context of the Securitisation, the Region, with respect to the Delegations of Payment, substitutes its original creditor (the Health Authorities, to which the Region is required to distribute the necessary funds to finance the provision of health services, on the basis of the rules relating to the national and regional healthcare system) with a new creditor (FIRA and, under the Transfer Agreements and the Transfer Deeds, the Issuer in its capacity as assignee of the Claims). The acceptance of the Delegations of Payment by the Region does not create any new indebtedness of the Region since it does not imply an additional economic burden on the Region's balance sheet. In this regard, it must be noted that the Board Resolution of the Region (as defined below) specified that the payments of the Region (*i.e.* those under the Delegations of Payment) will be made out of current resources allocated for the financing of the regional healthcare system.

THE PORTFOLIO

Introduction

The Healthcare System of the Region

The *Aziende Unità Sanitarie Locali* (the "**ASLs**") were established pursuant to legislative decree No. 502 of 30 December 1992, as subsequently amended ("**Decree 502**"). The ASLs arise out of the transformation of the *unità sanitarie locali,* entities previously providing healthcare services, into entities having public legal personality and commercial autonomy. The ASLs do not have a corporate capital but are entrusted with an endowment fund (*fondo di dotazione*) established by the relevant region. The activities and functions performed by the ASLs must be carried out in an efficient and cost-saving way, in compliance with the applicable budgetary constraints and with the provisions of national and regional legislation as well as according to the special programmatic resolutions (*atti aziendali*) adopted by the general manager (*direttore generale*) of each ASL.

The ASLs are obliged, *inter alia*, to prepare an annual and multi-annual financial budget as well as an annual financial statement, to maintain accounting records to enable a comparative analysis of their expenses, income and results of operations, to allocate their own resources and to determine means of covering their deficit. Each of the ASLs approves its financial statements within four months following the end of each financial year. The annual and multi-annual financial budget together with the annual financial statement of the ASLs are subject to control by the relevant region pursuant to regional law No. 146 of 24 December 1996, as amended from time to time ("**ASLs Regional Law**").

Pursuant to Decree 502 and the ASLs Regional Law, the corporate structure of the Health Authorities includes a general manager (*direttore generale*) and a board of auditors (*collegio dei revisori*). The general manager (*direttore generale*) is responsible for adopting the special programmatic resolutions (*atti aziendali*) and for the management of the Health Authorities. In the performance of his duties the general manager (*direttore generale*) is assisted by an administrative director (*direttore amministrativo*) and a healthcare director (*direttore sanitario*) both appointed by him, who are directly responsible for the functions they have been delegated and have decision-making responsibilities together with the general manager (*direttore generale*). The general manager (*direttore generale*) is also in charge of decisions relating to the entering into of loans and borrowings within the limits set forth in the applicable regional and State legislation. The ASLs Regional Law provides that the board of auditors (*collegio dei revisori*) of each ASL is composed of three members; one appointed by the Regional Board (*Giunta Regionale*), one by the Ministry of the Economy and Finance and the third by the local conference of municipalities for healthcare matters. The board of auditors (*collegio dei revisori*) supervises the conformity of the accounts hold by the Health Authorities with applicable standards and it is entitled to make comments on the resolutions of the general manager (*direttore generale*) as well as conduct on-site examinations of any corporate documents relating to any of the Health Authorities. See the section headed "*Financial Information of the Region - Healthcare Deficits*" .

Board Resolution

Pursuant to Regional Board Resolution (*Delibera della Giunta Regionale*) No. 1326 dated 9 December 2005, and pursuant to Resolution No. 5 dated 10 January 2006 (the "**Board Resolutions**"), the Regional Board (*Giunta Regionale*) of the Region approved the plan for the restructuring of the healthcare deficit and the indebtedness of the Health Authorities towards their suppliers proposed by FIRA. The Board Resolution aimed to achieve the restructuring of the healthcare deficit of the Region and obtain a reduction of the exposure of the Health Authorities to debt. In particular, pursuant to the Board Resolution, *inter alia*, (i) the Health Authorities were authorised to formally accept the assignment to FIRA of the receivables deriving from the Contracts; (ii) the Health Authorities and the Region were authorised to enter into the Settlement Agreements with FIRA, (iii) the Health Authorities were authorised to issue, and the Region to accept, the Delegations of Payment; (iv) the Region has identified the resources for the payments under the Delegations of Payment in its items of expenditures (*Capitoli di spesa*) No. 81500 U.P.B. 12.01.001 (81502 U.P.B. 14.01.001).

The Settlement Agreements

Pursuant to the Board Resolution, on 23 December 2005, FIRA, the Region and each of the Health Authorities entered into several settlement agreements (for a total of 6 settlement agreements, equal to

the number of Health Authorities), without any novating effect, in relation to the receivables deriving from the Contracts and assigned to FIRA.
Under the Settlement Agreements, each of the Health Authorities (i) confirmed to have carried out the certification procedure in respect of the receivables deriving from the Contracts and assigned to FIRA, and (ii) undertook to pay to FIRA all due amounts as certified under the Settlement Agreements, in 30 equal semi-annual instalments, plus a forfeit amount. FIRA, on behalf of the Companies, agreed to abandon any current or future judicial proceeding relating to the recovery of the sums due by the Health Authorities in respect of such receivables. As resulting from the certification procedure, the overall amount of the certified claims is equal to Euro 327,388,432.78.

The Delegations of Payment
On 5 January 2006, each of the Health Authorities issued irrevocable and unconditional cumulative (*cumulative*) delegations of payment (*delegazione di pagamento*) pursuant to article 1268 and following of the Italian civil code, accepted by the Region whereby the latter has irrevocably and unconditionally undertaken to pay, in 30 equal semi-annual instalments, the sums due by each of the Health Authorities to the Issuer, or any assignee of such claims, in relation to the Claims. Should the Region fail to pay under the Delegations of Payment, the Health Authorities would still be bound to make payments due in relation to the Claims considering their cumulative nature.
Under each Delegation of Payment, the Region has waived the right to raise any objections towards FIRA and any other assignee of the claims arising from such Delegation of Payment, including without limitation any objections relating to any legal relationship between the Region and the relevant Health Authority, the legal relationship between FIRA and the relevant Health Authority and the legal relationship between the Region and FIRA. Pursuant to article 69 of Decree 2440, the Delegations of Payment have been executed by separate private deeds authenticated by a Notary Public.
The Region, by resolution of the Regional Board (*delibera della Giunta Regionale*) No. 5 of 10 January 2006, has approved the payment in favour of the Issuer of the amounts due to it under the Delegations of Payment in an aggregate net amount equal to Euro 448.563.076,02 in 30 equal semi-annual instalments, each of the amount of Euro 14.952.102,53 , for each year starting from 5 July 2006 up to and including 5 January 2021.
Pursuant to Article 1269 of the Italian Civil Code a debtor (*i.e.* a *delegante*) (the "**Delegator**") may delegate payment of its debt obligation to a third party (*i.e.* a *delegato*) (the "**Delegated Party**") who may undertake the debt obligation directly to the creditor (*i.e.* a *delegatario*) (the "**Creditor**") on behalf of the Delegator and in full discharge of its debt obligation to the Creditor. Pursuant to Article 1269 and followings of the Italian Civil Code, the Delegator may revoke the payment delegation at any time prior to the Delegated Party undertaking the obligation *vis-à-vis* the Creditor or having made a payment to the Creditor. The Delegated Party may accept the delegation, which acceptance makes his commitment under the delegation irrevocable. Unless otherwise provided for in the payment delegation, the Delegated Party is entitled to raise against the Creditor any objections relating to their legal relationship. Unless otherwise provided for in the payment delegation, the Delegated Party is not entitled to raise against the Creditor any of the objections that it would have been entitled to raise against the Delegator, even if the Creditor is aware of such objections or the arrangements between those parties. Likewise, the Delegated Party cannot raise objections relating to the relationship between the Delegator and the Creditor.

The Health Authorities
The Health Authorities which entered into the Settlement Agreements with FIRA and the Region are:

(i) Azienda Unità Sanitaria Locale L'Aquila;

(ii) Azienda Unità Sanitaria Locale Chieti;

(iii) Azienda Unità Sanitaria Locale Lanciano - Vasto;

(iv) Azienda Unità Sanitaria Locale Pescara;

(v) Azienda Unità Sanitaria Locale Teramo; and

(vi) Azienda Unità Sanitaria Locale Avezzano – Sulmona.

The Health Authorities have autonomously completed the assessment and certification procedure in respect of the receivables of the Enterprises originating from the Contracts on the basis of the relevant requests submitted to the Health Authorities by each of the Enterprises.

THE REGION OF ABRUZZO

General

The Region of Abruzzo (the "**Region**" or "**Abruzzo**") is located in the central part of the Republic of Italy on the Adriatic coast. The Region occupies an area of approximately 10,947 square kilometres and is divided into 4 provinces: L'Aquila, Pescara, Chieti and Teramo. With a population of approximately 1.3 million as of 31 December 2003, representing less than 3% of the total population of Italy, Abruzzo is one of the smallest regions in the country.

L'Aquila is the main administrative centre of the Region, with a population of approximately 70,000 at 31 December 2002.

The principal office of the Region is located at Via Leonardo da Vinci 1, 67100 L'Aquila (Italy).

Governmental Organisation

Introduction

Italy has been a democratic republic since 2 June 1946. Its government is organised territorially and administratively on national, regional and local levels. Legislative, executive and judicial powers are exercised at the national level by Italy's Parliament, central government and judicial authorities, respectively (together the "**Central Government**") in certain matters, legislative and executive powers are exercised at local level by Italy's regions (*regioni*, of which there are 20), provinces (*province*, of which there are 103) and municipalities (*comuni*, of which there are 8,103).

In addition, the establishment of fourteen metropolitan cities (*città metropolitane*) has been authorised which, once functional, will exercise certain administrative and executive powers.

Of Italy's 20 regions, 15 operate under an ordinary degree of regional autonomy and are referred to as ordinary regions, while five regions (Friuli-Venezia Giulia, Sicily, Sardinia, Trentino Alto Adige and Valle d'Aosta) are regulated by special statutes which provide these regions with greater autonomy and wider legislative powers, classifying them as special regions. Abruzzo is an ordinary region and was established in 1970.

Relationship Between the Central Government and the Regions

The Italian Constitution was originally approved in 1947 and entered into effect in 1948. It sets forth the basic principles under which Italy is governed. The Italian Constitution, as amended in 2001 by Constitutional Law No. 3 of 18 October 2001 (the "**Constitutional Law**"), reserves to the Central Government exclusive powers to act in certain areas, including foreign policy and international relations, immigration, defence, armed forces, security and economic and monetary policy. In addition, the Italian Constitution grants ordinary regions and the Central Government concurrent legislative powers with respect to certain matters, including international relations of regions (which encompass relations with the European Union), foreign trade of the regions and certain aspects of education. The Italian Constitution also now grants the regions exclusive legislative powers on all those matters which are not expressly and specifically reserved, either exclusively or concurrently, to the Central Government.

The Central Government may decide upon the request of a region and after having consulted with provincial, metropolitan and municipal bodies, to grant to such region further autonomy in matters where both the regions and the Central Government have concurrent powers and in matters where the Central Government currently has exclusive powers.

The Constitutional Law also provides the regions with a role in international affairs. The laws allow regions to participate in the decision-making process of the European Union, for matters within the powers of the regions and to implement international agreements within the framework established by the Central Government. In addition, it provides for greater participation by the regions in Central Government processes. The new law envisages the enactment of regulations which will allow regions, provinces, metropolitan cities and municipalities to participate in parliamentary commissions in relation to matters within their competence.

Regions must exercise their powers in accordance with the basic principles established by the Central Government, the European Union and the international obligations of the Central Government.

In 1997, the Italian Parliament enacted a law, known as the Bassanini Law, which empowers the Central Government to implement a series of legislative decrees aimed at devolving to the regions many of the administrative powers historically exercised by the Central Government. A number of these legislative decrees have already been enacted and administrative powers relating to certain areas have been transferred to the regions. These areas include agriculture, labour, transportation, trade and

industry. The Region has subsequently delegated some of these new responsibilities to its provinces and municipalities.

The Central Government is in the process of providing for the transfer of funds and personnel to the regions in order to support the new responsibilities. The regions received most of the funding in relation to their new responsibilities and are under no obligation to perform these functions until the funds, personnel and materials have been received. In relation to funding, the Central Government has also introduced a number of legislative measures delegating to the regions certain tax-raising authority to assist the regions in financing the new functions. See "*Financial Information of the Region – Financial Federalism*" for a more detailed discussion of the extent of the Region's fiscal autonomy.

Regional Administration

Local Government

General

The Region, like all ordinary Italian regions, is managed by a Regional Council (*Consiglio Regionale*) and a Regional Board (*Giunta Regionale*), chaired by a Regional President (*Presidente della Giunta Regionale*).

The Region's by-laws, approved in 1971, provide, among other things, for the internal organisation of the Region, its legislative and regulatory functions as well as the relationship between the Region and local entities (such as provinces and municipalities). Under the Italian Constitution, the regions have the power to adopt by-laws to be approved by a regional law and no longer by a Central Government law.

The Regional Council

Regional Councils, which are modelled on the Italian Parliament but which have only one chamber, have legislative and regulatory functions and are composed of up to 80 Regional Councillors (*Consiglieri Regionali*), depending on the population of the region that they represent. Regulatory functions which were exercised by the Regional Councils are now in the process of being transferred to the Regional Board. The Regional Council of Abruzzo is composed of 40 Regional Councillors each of whom are elected by popular vote. The electoral system requires that 80 per cent. of the Regional Councillors must be elected from provincial lists in exact proportion to the votes received by the political parties to which the candidates belong. The remaining 20 per cent. of the Regional Councillors are elected by constituents on a majority basis. Elections are held every five years.

The Regional Council has responsibility for the Region's policy (together with the Regional President) and regulation. In particular, the Regional Council is responsible for approving regional by-laws and regional laws (to the extent permitted by its powers), the Region's accounts and budgets and the Region's investment programmes. It is also responsible for determining the level of certain local taxes (within a range provided by the Central Government) as well as the maximum amount of debt financing, subject to limits imposed by the Central Government and regional laws.

The following table shows the political party affiliations of the Regional Councillors elected in the year 2005.

Majority	
Political Party	*Seats*
L'UNIONE	8
DEMOCRATICI DI SINISTRA	6
LA MARGHERITA	6
SDI UNITÀ SOCIALISTA	2
RIFONDAZIONE COMUNISTA	1
UDEUR POPOLARI	1
COMUNISTI ITALIANI	1
ITALIA DEI VALORI	1
FED. DEI VERDI	1
Total Majority	**27**
Opposition	
Political Party	*Seats*
FORZA ITALIA	5
ALLEANZA NAZIONALE	3
UNIONE DI CENTRO	3
DEMOCRAZIA CRISTIANA	1
PER L'ABRUZZO	1
Total Opposition	**13**

Source: Region of Abruzzo

The Regional President

The Central Government introduced a constitutional reform in 1999 which provided for the election of the Regional President directly by popular vote. Prior to 1999, the Regional President was elected by the Regional Council. The first election of the Regional President by popular vote was held in Abruzzo in the year 2000, together with the election of Regional Councillors. The previous Regional President was Mr. Giovanni Pace. Mr. Pace's party was supported by a centre-right coalition. The Regional Elections held in April 2005 gave a majority of votes to Mr. Ottaviano Del Turco, who is supported by a centre – left coalition and who is the new Regional President. The Regional President is responsible for, among other things, representing and acting on behalf of the Region, issuing regional laws and rules, overseeing administrative functions delegated from the Central Government, calling and chairing meetings of the Regional Board and supervising regional services administered by the Regional Board, appointing the members of the Regional Board, assigning duties to Regional Board members and calling regional referenda.

The Regional Board

The Regional Board is the managerial body of the regional government and is responsible for drawing up budgets and financial reports, as well as for determining the pluri-annual budget. The Regional Board of Abruzzo currently consists of 10 members (the Regional President and 9 other ministers (*assessori*)). Members of the Regional Board are appointed by the Regional Council. They serve terms of five years and can be replaced by the Regional President. The Regional Board is also responsible for the Region's administration within the limits set forth in the Italian Constitution, the Region's by-laws and the Region's regional laws. In particular, the Regional Board is responsible for preparing the Region's accounts and budgets, enacting relevant resolutions of the Regional Council, preparing the

Region's plans and programmes, approving its contracts and managing its assets. See "Financial Information of the Region" for a more detailed discussion on the Region's budgets.

Employees of the Region

The Region had a staff of 1,652 as at 31 December 2004. The following table shows the actual number of employees of the Region and the associated cost for the period indicated:

	Year ended 31st December					
	1999	**2000**	**2001**	**2002**	**2003**	**2004**
Staff (number)	1,869	1,824	1,863	1,725	1,788	1,652
Cost (euro millions)(1)	71.8	70.2	73.0	74.7	81,0	91,0

(1) Solely for the convenience of the reader, euro amounts prior to 1 January 1999 have been translated from Italian Lira into euro assuming the conversion rate of €1 = Lit. 1,936.27.

Source: Region of Abruzzo

Relationship between the Region and the European Union

General

Italy is a founding member of the European Economic Community, which now forms part of the European Union. The European Union member states have agreed to delegate sovereignty for certain matters to independent institutions that represent the interests of the European Union as a whole, its member states and their citizens.

European Union Funding for the Region

As a region of a member state of the European Union, the Region is entitled to apply for support from the European Union. Financial support from the European Union is given on the basis that such funds are matched by funding from the relevant central government. The Region currently receives funds from the European Union under seven European Union support programmes. These programmes provide for regional support primarily in the two following areas:

- development assistance in specific industrial and service sector areas, which the European Union determines to be in decline based on certain eligibility criteria; and
- professional development and training programmes in the Region in order to promote employment.

The programmes also provide support in five other areas.

For the period 2000 to 2006, the Region is expected to receive total funding from the European Union and the Central Government of €1,145 million (excluding monies received under the European Union's common agricultural policy). The Region had actually received the following total funds per year:

31 DECEMBER	€ million
2002	109
2003	80
2004	75

Source: Region of Abruzzo

Funds in relation to the period 2000 to 2006 do not include funds in relation to agriculture which are now covered under the European Union's common agricultural policy, described below.

For the period 1994-1999, the Region was allocated, under these programmes, total funds from the European Union and the Central Government of approximately €490 million, primarily to support agriculture, commerce, industry, transport and culture. As at 31 December 2001 all of these funds had already been received and applied principally to projects relating to employment, education and training and rural infrastructure.

Funds committed by the European Union must be utilised, in each year, in connection with specific programmes. Where funds are not applied in accordance with European Union specifications within the two years following the relevant year, the unpaid allocations will be forfeited and any prepaid funds must be returned to the European Union.

In addition to the European Union funding described above, the Region benefits from the European Union's common agricultural policy, or CAP, which co-ordinates policy within the European Union in respect of agricultural production and provides aid to encourage the development of specific agricultural industries. Funds transferred to the Region under the CAP to businesses in the agricultural sector amount to approximately €45 million per year.
The Region is represented by the Central Government in its relations with the European Union.

Relationship between the Region and Other Regions

The co-operation and development office of the Region co-ordinates various activities, including the economic and commercial activities of the Region, with the other regions or with foreign countries. The regions co-operate mostly with respect to transportation, protection of the environment, agricultural activities, cultural promotion and tourism.

Major Activities

Regions are empowered to address general economic and social issues within their respective territories and are responsible for co-ordinating local administration through the provinces and municipalities and providing resources to finance provincial and municipal investment programmes. Each region's primary role is to allocate regional funds and funds transferred from the Central Government to specific sectors and among the provinces and municipalities (see "*Financial Information of the Region*").

Healthcare

One of the principal sectors in which the Region is involved is the provision and funding of healthcare. The Region, through co-ordination with the local healthcare units (*aziende unità sanitarie locali* or ASLs), oversees the administration of the Region's public and private hospitals and health service providers. The Region is responsible for setting guidelines for health services and planning and implementing healthcare related programmes and initiatives, such as emergency transport services, within the framework of national standards set forth by the Central Government. Historically, regional healthcare was funded by direct transfers by the Central Government to the Region from the National Healthcare Fund. The Central Government required that funds transferred to the Region be utilised in three general healthcare levels (prevention, hospitals and territorial assistance). In order to address the significant deficits in healthcare funding which have accrued in regional budgets, the Central Government is in the process of devolving increased powers in respect of healthcare policy to the regions and significant steps have already been taken. In 2001, the National Healthcare Fund was abolished and replaced by a system which grants to the regions increased tax-raising powers (see *"Financial Information of the Region – Healthcare Deficits"*).
The following table sets forth data relating to the amounts provided by the Region to private hospitals for health and diagnosis services:

	Year ended 31st December						
	1998	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**
	(euro millions)(1)						
Financings	116	114	123	128	113	113	115

(1) Solely for the convenience of the reader, euro amounts prior to 1 January 1999 have been translated from Italian Lira into euro assuming the conversion rate of €1 = Lit. 1,936.27.

Source: Region of Abruzzo

Transport

The Region allocates funds received from the Central Government to the provinces and municipalities for general transport needs within their respective territories, such as traffic control and road maintenance, and for specific capital programmes established by the Central Government which must be implemented by the respective municipalities. Transfers from Central Government to the regions for transportation are based on the territory of the region and the number of its inhabitants. The Region's role in transportation has been greatly expanded recently as powers in this area have been transferred from the Central Government to the Region.

Local companies

The Region presently is the sole shareholder of ARPA S.p.A., the regional transport company, and also holds minority interests in other small local companies.

Significant Assets

As of 31 December 2004 the total assets of the Region were valued at €4,502 million.
In particular, real estate was equal to €128 million, of which €82 million corresponded to non-disposable assets and €46 million corresponded to disposable assets. Shareholdings of controlled or associated companies were equal to €19 million, movables to €40 million, liquid assets to €633 million and accrued income and other receivables, representing approximately 82 per cent. of the total assets of the Region, were equal to €3.682 million. *(Source: Region of Abruzzo)*.

THE ECONOMY OF THE REGION

The following discussion of the economy of the Region is based on data provided by ISTAT (*Istituto Nazionale di Statistica*) and SVIMEZ (*Associazione per lo Sviluppo dell'Industria nel Mezzogiorno*), except as otherwise indicated.

The Region maintains its statistical economic indicators based upon Gross Domestic Product, or GDP, and Gross Added Value, or GAV. GDP is the measure used for Italy as a whole. GAV is equivalent to GDP excluding value added tax, or VAT, and net import tax.

The Region's GDP growth rate has been slightly below the northern and central regions and better than national average over the last ten years.

For the year ended 31 December 2003, activity within the Region generated €18,892 million, or approximately 1.87 per cent. of Italy's total GDP in current prices. The annual average growth rate in GDP in the Region since 1995 has been 1.2 per cent. in real terms compared to 1.87 per cent. for Italy as a whole. The Region's GDP per capita in 2003 was approximately €15,267 in current prices which compares to approximately €22,365 for Italy as a whole during the same year (*sources: Region of Abruzzo and Istituto Tagliacarne, respectively*).

The Region ranks 13th according to the 2001 GDP per capita ratio, which is slightly below the national average but much better than the Southern Italy ratio.

The following table shows GDP per capita in current prices in the Region and in Italy as a whole from 2001-2003.

GDP Per Capita

Year ended 31st December

	2001	**2002**	**2003**	**2004**
Abruzzo	15,483	15,315	15,267	n.a.
Italy	21,053	21,688	22,365	n.a.

(1) Solely for the convenience of the reader, euro amounts prior to 1 January 1999 have been translated from Italian Lira into euro assuming the conversion rate of €1 = Lit. 1,936.27.

Source: ISTAT and Svimez

The following table provides a breakdown of the Region's nominal GDP at current prices for the periods indicated.

GDP of Abruzzo

	Year ended 31st December			
	2000	**2001**	**2002**	**2003**
	(euro million except percentages)			
GDP	21,935	22,863	23,753	24.475
Net Imports of Goods and Services	1,385	1,205	1,28	1.398
Total Available Resources	**23,321**	**24,067**	**25,033**	**25.873**
Consumer Expenditure	13,731	14,243	14,602	15.087
Public Expenditure	4,64	5,143	5,387	5.614
Total Internal Consumption	**18,371**	**19,386**	**20,091**	**20.701**
Gross Fixed Investment	4,625	4,695	4,882	4.977
Inventory Adjustments	325	-13	60	87
Total	**23,321**	**24,067**	**25,033**	**25.765**
Nominal GDP Growth	5.4%	5.6%	3.7%	0,3%
Real GDP Growth	3.7%	3.1%	0.1%	-0,1%

Source: ISTAT

The following table sets out average annual real GDP growth rates for the periods indicated.

Real Growth Rates

	Region	**Italy**
1991-1995	1.1%	1.1%
1995-2000	1.6%	1.9%
1996-2001	2.2%	2.2%
2002-2003	1,4%	1,1%

Source: ISTAT

Principal Sectors of the Region's Economy

The following table shows the historical trend and the contribution of each sector to value added at factor cost ("**GAV**") measured in current prices for the Region for the periods indicated.

	Year ended 31st December			
	2001	**2002**	**2003**	**2004**
	(euro millions)[(1)]			
Agriculture	827.9	862.7	851.1	816,5
Industry	6,210.5	6,245.3	6,281.7	6,479.6
Services	14,126.2	14,887.2	15,490.5	15,664.2
Total GAV including imputed banking services	21,164.7	21,995.2	22,623.4	22,960.4
Imputed Banking Services	755.5	771.2	866.7	879.5
Total GAV excluding imputed banking services	20,409.2	21,224.0	21,754.7	22,080.8

Net indirect taxes	2,453.5	2,529.0	2,577.2	2,747.7
GDP at current market prices	22,862.7	23,753.0	24,338.9	24,828.5

(1) Solely for the convenience of the reader, euro amounts prior to 1 January 1999 have been translated from Italian Lira into euro assuming the conversion rate of €1 = Lit. 1,936.27.

Source: ISTAT

In 2003, the service, industry and agriculture sectors contributed 68.5 per cent., 27.8 per cent. and 3.8 per cent., respectively, to the total GAV of the Region for that period.

Industrial Sector

The industrial sector of the Region consists primarily of domestic and foreign companies, mainly operating in the electronic, textile, metal-mechanic, construction and pharmaceutical sectors. Over the most recent years the Region has become a very important contributor in the above-mentioned industry sectors.

Manufacturing

Manufacturing is the key industrial sector, increasing its share of the industrial GAV from 74.3 per cent. in 1999 to 74.4 per cent. in 2002.

The following table provides the percentage contribution of the main manufacturing categories to the manufacturing GAV of the Region for the periods indicated, based on the latest statistics available.

	Year ended 31st December					
	1999	**2000**	**2001**	**2002**	**2003**	**% of 2003 Industrial GAV**
			***(euro millions)*[(1)]**			
Manufacturing	4,064.4	4,527.2	4,646.1	4,644.9	4,682.6	73,5%
Non-Metal Mineral and Products	488.1	547.6	552.3	592.8	596.8	9,4%
Chemical/Pharmaceutical Goods	343.3	386.4	379.5	371.7	381.2	6,0%
Metal and Machines	491.9	470.1	477.8	490.3	520.7	8,2%
Means of Transport	975.6	1,235.1	1,271.4	1,273.4	1,256.1	19,7%
Food, Drinks and Tobacco	469.3	486.7	503.2	580.6	605.2	9,5%
Textile, Clothing, Shoes and Leather	502.7	594.1	641.7	592.2	570.3	9,0%
Paper, Press and Publishing	280.2	269.5	288.4	306.1	326.9	5,1%
Wood/Rubber/Others	414.5	444.5	434.2	437.2	425.4	6,7%
Construction	959.0	1,001.3	1,031.6	1,083.4	1,121.2	17,6%
Mining/mineral extraction	67.6	101.8	76.4	66.1	69.7	1,1%
Energy	381.5	434.2	456.4	451.0	495.7	7,8%
Total	5,472.4	6,064.5	6,210.5	6,245.3	6,369.2	100,0%

(1) Solely for the convenience of the reader, euro amounts prior to 1 January 1999 have been translated from Italian Lira into euro assuming the conversion rate of €1 = Lit. 1,936.27.

Source: ISTAT

Service Sector

Over the last five years the historical trend highlights the increasing importance for the Region of the service sector, maintaining a level of approximately 66 per cent. of total GAV for each year during the period.

Tourism

Within the Region's service sector, tourism is one of the most important businesses, due to the number of natural parks of the Region and the winter resorts which provide extensive ski facilities.
As at 31 December 2002, the Region had 765 hotels with 45.505 beds.
The Region annually accounts for over 1.3 million arrivals and over 6.5 million presences. The following table shows tourist movement for the years from 2001 to 2003.

Tourist movement in Abruzzo: 2001-2003

	Italians		Foreigners		Total	
Years	**Arrivals**	**Presences**	**Arrivals**	**Presences**	**Arrivals**	**Presences**
Hotels						
2001	1,005,000	4,074,789	134,641	621,749	1,139,641	4,696,538
2002	1,017,964	4,156,774	142,423	644,689	1,160,387	4,801,463
2003	1,102,146	4,485,233	131,359	606,951	1,233,505	5,092,184
Non-hotels						
1999	134,792	1,573,619	43,608	399,138	178,400	1,972,757
2000	136,832	1,633,760	46,831	420,792	183,663	2,054,552
2001	149,067	1,699,665	37,130	333,376	186,197	2,033,041
Total						
1999	1,139,792	5,648,408	178,249	1,020,887	1,318,041	6,669,295
2000	1,154,796	5,790,534	189,254	1,065,481	1,344,050	6,856,015
2001	1,251,213	6,184,898	168,489	940,327	1,419,702	7,125,225
Percentage variations 2000-2003						
Hotels	9.67%	10.07v	-2.44%	-2.38%	8.24%	8.42%
Non-hotel	10.59%	8.01%	-14.86%	-16.48%	4.37%	3.06%
Total	9.78%	9.50%	-5.48%	-7.89%	7.71%	6.84%

Source: Region of Abruzzo

Funds available in the budget for the year 2003 for current and capital expenditures for tourism amount to approximately €16 million. EU contributions to improve the sector of tourism amount to approximately 20 per cent., on average, of such capital cash flow.
Currently there are 401 public purification plants. The Regional Plan for water depuration is expected shortly to achieve the target of 491 purification plants in the entire territory of the Region. The Region has launched a plan during the first half of 2003 for the purpose of accelerating the achievement of such target.

Transportation

Despite its small size, the Region has a good endowment of railways and roads. As at 31 December 2001, the road network in the Region was equal in aggregate to 22,042 kilometres of roads.
The railroad network is equal to 689 kilometres corresponding to 3.53 per cent. of the aggregate national network.
In 2000, 1 million tons of merchandise was shipped through the Region's harbour of Ortona, 300,000 tons through the harbour of Pescara and 300,000 tons through the harbour of Vasto.

Agricultural, Cattle-Breeding and Fishing Sectors

The Region occupies an area of approximately 1,276,040 hectares or 3.5 per cent. of Italy. Land used for agriculture during 2001 was equal to 428,802 hectares. Land used for cattle-breeding was equal, during 2001, to 186,340 hectares.
During 2003, the agricultural sector GAV totalled €851,1 million at current prices, equal to 3.76% per cent. of total GAV. Wheat growing accounts for over 10 per cent. of land used for agriculture, vegetables growing for 3 per cent. and olives growing for 9 per cent. Wines account for approximately 7.5 per cent. of the land used for agriculture.
During 2000, there were over 6,705 bovine farms, 14,420 swine farms, 9,129 ovine and caprine farms and 2,070 equine farms operating in the Region.

Inflation

The table below shows average annual percentage increases in the consumer price index ("**CPI**") in L'Aquila and Italy for each of the years indicated.

	Years ended 31st December				
	1999	**2000**	**2001**	**2002**	**2003**
L'Aquila	1.2%	2.0%	2.8%	2.5%	2.4%
Italy	1.6%	2.6%	2.7%	2.8%	2.5%

Source: ISTAT

Employment

As at the end of 2004, approximately 479 thousand people in the Region were employed. In 2004, the Region's unemployment rate (7,9%) was below the national average (8.1%).
The following table provides information as to employment in the Region as at 31 December in each year from 1999–2004. All figures represent an average of the results from quarterly labour force surveys performed by ISTAT on a sample of households.

	(thousands)						
	1998	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**
Total Population	1,277,3	1,279,0	1,281.3	1,232.5	1,275.3	1,287	1,299
Labour Force	480	485	485	498	503	505	529
Number Employed	434	436	448	469	472	478	479
Number Unemployed	46	49	38	29	31	27	41
Unemployment Rate (%)	9.6	10.1	7.8	5.7	6.2	5.3	7,9

Source: ISTAT and SVIMEZ

Education and Research

In the Region there are three State universities, in L'Aquila, Teramo and Chieti (this last having a secondary seat).

Imports and Exports

In 2003, the Region imported goods valued at €3,741 million and exported goods valued at €5,363 million. In 2002, the Region imported goods valued at €3,887 million and exported goods valued at €5,424 million.

The following table shows for the period indicated the exports and imports of the Region both in their value in millions of euro and as a percentage of GDP.

	Year ended 31st December									
	1999		2000		2001		2002		2003	
		%		%		%		%		%
	(euro millions)(1)	GDP	(euro millions)(1)	GDP	(euro millions)(1)	GDP	(euro millions)(1)	GDP	(euro millions)(1)	GDP
Imported goods	3,286	16.1	3,967	18.3	3,887	16.8	3,926	n.a.	3,741	
Exported goods	3,896	19.1	5,117	24.0	5,424	23.7	5,501	n.a.	5,386	

(1) Solely for the convenience of the reader, euro amounts prior to 1 January 1999 have been translated from Italian Lira into euro assuming the conversion rate of €1 = Lit. 1,936.27.

Source: ISTAT and SVIMEZ

FINANCIAL INFORMATION OF THE REGION

Summary

The general administration of the Region's finances is the responsibility of the Regional Board and the Regional Council. A number of regions of Italy, including Abruzzo, have passed a regional budget law setting out the process by which the region draws up and approves its budget for each financial year. As a governmental entity, the Region does not prepare its financial reports in accordance with generally accepted accounting principles but in accordance with accounting standards established by Legislative Decree No. 76 of 28 March 2000 ("**Legislative Decree No. 76**"), repealing Law No. 335 of 19 May 1976 ("**Law No. 335**"), and Regional Law No. 3 of 25 March 2002 (the "**Regional Budget Law**") nor does it prepare interim financial reports. The Regional Budget Law has been enacted in compliance with Legislative Decree No. 76. Legislative Decree No. 76 has also enabled regions to adopt a financial law (*legge finanziaria regionale*) similar to that prepared by the Central Government.

The Region's accounts are maintained on an accrual basis and according to the calendar year. Legislative Decree No. 76 and the Regional Budget Law require the Region to produce four kinds of financial reports, each due at different times. These reports are the provisional budget (*bilancio di previsione*), the pluri-annual budget (*bilancio pluriennale*), the pre-closing budget (*bilancio di assestamento*) and the actual financial report (*bilancio consuntivo* or *rendiconto generale*). The following is a summary of the process as set out in the Regional Statute and in the Regional Budget Law.

The Provisional Budget

The provisional budget is the Region's estimate of revenues and expenditures for the upcoming year. Regions are required to submit their provisional budgets to the Central Government prior to the beginning of the year to which such budget relates. However, in the event that prior to such date the provisional budget has not been approved yet by the Regional Council, many regions, including Abruzzo, may postpone completing their provisional budget by passing a temporary budget law (*gestione provvisoria*) based on a projected budget approved by the Regional Board, allowing them a maximum of a further four months to submit the provisional budget to the Central Government. The Region's provisional budget is initially drafted by the regional financial services department and is then sent to the Regional Board which submits it to the Regional Council for approval prior to 30th September of the year preceding the relevant year. The Region's provisional budget must then be approved within 15 December of the same year by the Regional Council with regional law which is then submitted to the Central Government Commissioner for review and must be approved or rejected within 30 days. Once approved by the Central Government, the provisional budget is published in the Regional Law Bulletin and enacted into law.

The provisional budget for the year 2005 was approved by the Regional Council on 8 February 2005 by Regional Law No. 7.

The Pluri-annual Budget

The pluri-annual budget is the Region's forecast of revenues and expenditures for the next three years and is approved together with the provisional budget.

Unlike the provisional budget, the pluri-annual budget is not considered operative and expenditures set forth therein are not deemed authorised.

The Pre-Closing Budget

The pre-closing budget represents an adjustment of the provisional budget. This adjustment results from the recording of actual revenues and expenditures during the year plus a final accounting adjustment as to amounts committed but not actually expended during the previous fiscal year (*residui*). The pre-closing budget should be submitted to the Regional Council by the Regional Board before 30 May of each year and should be approved by the Regional Council before 30 June of the same year.

The pre-closing budget for the year 2001 was approved by the Regional Council on 17 March 2002 by Regional Law No. 12.

The Financial Report

The financial report contains substantially the same financial information as the pre-closing budget, but also contains detailed notes and statistics not provided in the pre-closing budget. The financial report of the Region for any given fiscal year is submitted to the Regional Board and Regional Council for approval. The financial report for the year 2003 was approved by the Regional Council on 8 February 2005 by Regional Law No. 5.

The Financial Law

The financial law (*legge finanziaria*), as well as the law approving the provisional budget, establishes financial legislation and policy for the upcoming year and ensures consistency between the Region's programmes and objectives and the amount of revenues available to the Region in respect of the relevant financial period under current legislation. Specifically, the law prescribes:

- the maximum amount of indebtedness (which may be used solely for capital investment and to refinance existing debt incurred after 31 December 1996) that the Region can incur during each year;
- any variations in the rates of existing taxes and duties from which the Region derives revenues;
- any refinancing of expenditures approved by previous regional legislation;
- any reduction in expenditures approved by previous regional legislation; and
- the amounts of expenditures required to be made pursuant to other regions legislation during each year covered by the pluri-annual budget.

The financial law does not create new taxes or duties but may authorise new or increased expenditures (but only to the extent that such expenditures are covered by new or increased revenues or offset by reductions in existing authorised expenditures). The financial law is presented by the Regional Board to the Regional Council together with the draft pluri-annual budget and the provisional budget. Once approved by the Regional Council, the financial law is published in the Regional Law Bulletin and enacted into law.

Regional Treasurer (*Tesoriere Regionale*)

Regions in Italy are required to make all payments and collect all revenues through one or more agent banks acting as their treasurer (each a *"Treasury Bank*"). The Treasury Banks for the Region of Abruzzo are:

- Cassa di Risparmio della Provincia di L'Aquila (agent bank)
- Cassa di Risparmio della Provincia di Teramo
- Cassa di Risparmio della Provincia di Pescara
- Cassa di Risparmio della Provincia di Chieti
- Banca Popolare dell'Adriatico

The Region holds an interest-bearing account at the Treasury Bank through which the Treasury Bank manages all outflows linked to the activity of the Region as well as most of the inflows, except for Central Government transfers which are credited directly into a deposit account at the Bank of Italy. Revenues exceeding 3 per cent. of the total regional revenue must be deposited by the Treasury Banks into the Bank of Italy's state treasury non-interest bearing account.

Revenues of the Region

The mix of the Region's current revenues has changed significantly in recent years. Until 1998, the Region's current revenues consisted primarily of transfers from the Central Government. As of 1998, however, Central Government transfers decreased significantly pursuant to the Bassanini Law and subsequent Italian laws which provide for increased control in the collection and spending of certain taxes at a regional level.

The enactment of these Italian laws has resulted in the transfer to regions and other local government

entities of broad powers to assess and collect taxes within their boundaries and to share in certain Central Government tax revenues. The Central Government is currently considering proposals to transfer additional tax assessment and collection responsibilities to the regions. Currently, the Central Government collects two major taxes on behalf of the Region, a regional tax on production (*imposta regionale sulle attività produttive* or IRAP) and an income tax on individuals in addition to the one imposed by the Central Government (*imposta sul reddito delle persone fisiche* or IRPEF surtax). Since 2001, the regions have been entitled to set their own rates of IRAP and IRPEF surtax, within certain limitations prescribed by the Central Government. The Region's current rates of IRAP and IRPEF surtax are 4.25 per cent. and 0.9 per cent., respectively. Other taxes, such as a petrol tax (a tax levied on each litre of petrol sold in each region's territory), a waste disposal tax, a tax on mineral oils, a tax on natural gas consumption, a tax on university students in each region and a car registration tax are collected directly by the individual regions. See "Financial Federalism" below for a more detailed discussion of the extent of the Region's fiscal autonomy.

Central Government Transfers

Central Government transfers consist of restricted government amounts and available current revenues. Restricted government amounts consist of funds available only for designated purposes while available current revenues consist of unrestricted funds that the Region can use at its discretion, including for the payment of principal and interest on outstanding debt. Central Government transfers to cover current expenditures represented approximately €706 million or 33 per cent., €657 million or 31 per cent. and €665 million or 31 per cent. of the Region's current revenues in 2001, 2002 and 2003, respectively. Central Government transfers to cover capital expenditures represented approximately €401 million or 94 per cent., €516 million or 100 per cent. and € 438 million or 100 per cent. of the Region's capital revenues in 2001, 2002 and 2003, respectively.

There can be no assurance that transfers from the Central Government will continue in the manner of, or in the amounts allocated in, the past. The Italian Parliament is continuing to examine proposals on political and financial federalism.

Taxes

Since 1998, certain Central Government transfers began to be replaced by proceeds of certain taxes collected at a regional level. These revenues consist largely of IRAP, IRPEF surtax and a portion of value added tax (VAT).

In 2001, the amount of current revenues derived from regional taxes increased, as compared to 2000, and Central Government transfers decreased, as compared to 2000, in relative terms. This trend has continued and, as a result, in 2002, transfers from the Central Government represented only approximately 31 per cent. of current revenues compared to 78 per cent. in 1997. A portion of the Region's direct tax revenues remains subject to Central Government restrictions for specified expenditures. However, since 2001, restrictions on revenues from the IRAP and IRPEF surtax (which are regional taxes) have been abolished. In the past, the Region was required to utilise 90 per cent. of IRAP and 100 per cent. of IRES surtax revenues towards healthcare, in order to compensate for the reduction in healthcare transfers from the Central Government.

In 2001, the regions became entitled to a portion of VAT equal to 25.7 per cent. of the overall revenues deriving from VAT. For 2001, the regions were entitled to a portion of VAT equal to 38.55 per cent. of overall VAT revenues. For 2002, the rate continued at 38.55 per cent. and this rate currently remains in effect. However, the Italian budget law for 2003 has provided for a new definition of such rate to be enacted through decree of the President of the Cabinet of Ministers.

Healthcare Deficits

Healthcare has been the Region's largest single expenditure item, representing around 57 per cent. of total annual operating revenues over the last five years and 55 per cent. of the Region's total capital expenditures. Abruzzo, like other regions in Italy, until recently met healthcare expenditures through restricted government amounts. Each year, the Central Government transferred funds to the Region from the National Healthcare Fund. The National Healthcare Fund was abolished in 2001, leading to the creation of an annual national compensation fund into which all regions contribute a percentage of VAT revenues and then withdraw amounts based on regional characteristics (population, mortality rate, age etc.). Since 2001, the healthcare system has been funded through a combination of IRAP and IRPEF surtax revenues, VAT, the national compensation fund and other transfers from the Central Government. For the year 2003, for example, the Region is entitled to € 1.673 million from the Central

Government. The percentage of VAT allocated to the Region will vary in the future, subject to a mechanism designed to equalise revenues among the regions.

Historically, healthcare costs have been greater than healthcare revenues resulting in deficits at the regional level. Recently, the regions and the Central Government came to an agreement regarding additional funds to be transferred from the Central Government to the regions in order to assist the regions in covering past healthcare deficits. The Region estimates that it will receive approximately €1,673 million from the Central Government for 2003 towards healthcare expenditure and a similar amount in 2004.

Healthcare Deficits

	Cumulatively to 1994	**1995-97**	**1998-99**	**2000**	**2001**	**2002**	**2003***	**2004**
				(euro millions) [1]				
Region's healthcare deficit*	24	67	207	185	193	167	250	156
Already covered by the Region	—	—	105	150	107**	167**	250**	139**
To be covered by the Region	20	—	—	—	—	—	—	17
Already covered by the State	—	67	103	35	—	—	—	
To be covered by the State	4	—	—	—	86***	170	184	89

* *Net of NHF adjustments*

** *Effects of the securitisation (2005 and current 2006)*

** *2001 NHF adjustment*

*

(1) Solely for the convenience of the reader, euro amounts prior to 1 January 1999 have been translated from Italian lira into euro assuming the conversion rate of €1 = Lit. 1,936.27.

Source: Region of Abruzzo

Financial Federalism

Prior to 1998, transfers of funds by the Central Government historically represented an average of between 80 per cent. and 90 per cent. of the revenues of the regions and the regions played a minor role in the collection of taxes. For example, in 1997, transfers from the Central Government represented approximately 78 per cent. of the Region's current revenues.

However, in recent years, the Central Government has transferred greater financial autonomy to the regions and other local authorities. Article 119 of the Italian Constitution, as recently amended by the Constitutional Law, provides, among other things, that:

- the regions have financial autonomy in connection with the expenditure of their resources and the determination of their revenues;

- the regions are entitled to establish and collect their own taxes and other revenues in conjunction with the general criteria of the Italian Constitution and in compliance with the principles of co-ordination of the public debt and the domestic tax systems; and
- the regions may incur or issue new debt only to finance capital investments. Such indebtedness cannot be guaranteed by the Central Government.

Following the enactment of a law and a legislative decree in 1999 and 2000, respectively, general criteria have been introduced aimed at changing the current system and providing, among other things, for:

- the cancellation of Central Government transfers except for certain specific instances;
- the authorisation to regions to receive, subject to the enactment of relevant provisions of law, a percentage of duties collected at state level (such as a percentage on VAT) on an increase of the existing tax transfers (such as the percentage of IRPEF surtax and the percentage of petrol tax currently received by the regions); and
- the establishment of a national compensation fund to be financed through the regional participations in VAT, with wealthier regions contributing a proportionally higher amount than less wealthy regions.

Revenues of the Region are now, in large part, derived from direct regional taxes and certain other revenues. These direct taxes include a petrol tax (a tax levied on each litre of petrol sold in each region's territory), a waste disposal tax, a tax on mineral oils, a tax on natural gas consumption, a tax on university students in each region and a car registration tax, as well as the tax on production activities (IRAP) and the marginal portion of income tax (IRPEF surtax). As a result of these changes, in 2002, transfers of funds by the Central Government (other than local taxes collected by the Central Government on behalf of the Region) represented only approximately 30 per cent. of the Region's current revenues.

Both the IRAP and IRPEF taxes are collected by the Central Government on behalf of the Region. The Central Government has established a guarantee fund from which it transfers an amount to Italian regions equal to the shortfall between the expected amount of IRAP and the marginal increase of IRPEF collections, on the one hand, and the amounts actually collected, on the other hand.

Revenues and Expenditures

The following table sets forth the current revenues and expenditures and the capital revenues and expenditures for the periods indicated.

	Current Revenues						
	1998	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**
	***(euro millions)*[(1)]**						
Current Revenues	1,570	1,611	1,686	2,167	2,144	2,187	2,283
Current Expenditures	1,458	1,584	1,743	2,075	2,062	2,133	2,200
Current Balance	112	27	(57)	93	82	54	82
Capital Revenues	92	115	187	428	516	451	397
Capital Expenditures	460	438	514	569	678	738	695
Capital Balance	(368)	(323)	(327)	(141)	162	(286)	(298)
Balance Before Financing	(256)	(295)	(384)	(48)	(80)	(233)	(216)
Net Borrowing	10	(15)	122	214	90	248	111
Budget Balance	(246)	(311)	(262)	166	10	16	(104)

(1) Solely for the convenience of the reader, euro amounts prior to 1 January 1999 have been translated from Italian lira into euro assuming the conversion rate of €1 = Lit. 1,936.27.

Source: Region of Abruzzo

Current Revenues

The Region's current revenues consist of taxes, transfers from the Central Government and other current revenues. Historically, current transfers from the Central Government (including from the European Union) have represented the majority of regional current revenues as discussed above. As of 1998, however, Central Government transfers decreased significantly. In 2002 and 2003, the Region's revenues from Central Government transfers constituted approximately 31 per cent. and 30 per cent., respectively, of current revenues and total taxes represented approximately 68 per cent. in 2002 and 2003, of current revenues. Central Government taxes transferred from the Central Government constituted approximately 34 per cent. and 33 per cent., respectively, of the Region's current revenues in 2002 and 2003. In addition to tax revenues and current transfers, the Region also receives revenues from non-tax income such as rental income, and investments in commercial enterprises. See "Financial Federalism" for a more detailed discussion on the Region's fiscal autonomy.
The following table sets out a breakdown of current revenues for the periods indicated.

	Current Revenues						
	1998	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**
	***(euro millions)*[(1)]**						
Local Taxes	557	582	621	719	743	785	803
Of which							
IRAP	430	411	453	507	529	551	559
IRPEF Surtax	1	43	45	83	89	103	106
Automobile Tax	14	95	92	100	98	100	108
Others	111	33	32	30	27	31	30
Taxes from the State	66	66	59	692	721	713	695
Of which:							
Petrol Tax	66	66	59	61	62	58	55
VAT Participation[(2)]	–	–	–	631	659	653	639
Transfers from the Central Government, the EU and others	847	942	980	706	657	665	757
Other Revenues	100	21	25	32	23	25	27
Total Current Revenues	1,570	1,611	1,686	2,167	2,144	2,187	2,283

Source: Region of Abruzzo

(1) Solely for the convenience of the reader, euro amounts prior to 1st January 1999 have been translated from Italian lira into euro assuming the conversion rate of €1 = Lit. 1,936.27.

(2) Since 2001, regions have been entitled, pursuant to law, to receive a percentage of VAT.

Taxes

The Region is entitled to receive taxes levied on petrol sold in its territory, car registrations, waste disposal, mineral oils, natural gas consumption, university students in each region and regional concessions. Since 1998, regions have been entitled to levy the new tax, IRAP, on business activity, replacing other taxes (ILOR, ICIAP, VAT registration, tax on companies' equity) as well as the additional personal income tax, IRPEF surtax. IRAP is currently collected by the Central Government

and transfers are made to the regions based on previous years' transfers, with surpluses retained and deficits covered by the Central Government. Until 2001, regions were required to spend all IRAP revenues and almost all IRPEF surtax revenues on healthcare costs. Since 2001, the regions have had full autonomy on how to apply revenues from IRAP and IRPEF surtax. In 2003, approximately 34.6 per cent. of the Region's current revenues were represented by local taxes. The overall result is a greater fiscal autonomy for the Region and a correspondent decline in transfers from the Central Government (see "*Financial Federalism*").

Transfers from the Central Government

Central Government transfers in the past have been largely used to finance healthcare expenses from the Region. Central Government transfers declined significantly in recent years, reflecting the introduction of IRAP and the general delegation of new responsibilities to the regions (see "Financial Federalism").

Other Current Revenues

Other current revenues include contributions, reimbursements and other minor items. Contributions refer to special purpose subsidies from the European Union, while reimbursements mainly refers to unused hospitals' subsidies.

Current Expenditures

Current expenditures include personnel, goods and services, current transfers, interest expenses, corrections and adjustments and unallocated expenditures.

The following table sets out the current expenditures of the Region attributable to its major activities for the periods indicated.

Current Expenditures by Major Activity

	1998	1999	2000	2001	2002	2003	2004
	(euro millions)[1]						
Personnel	70	72	73	85	82	85	91
Regional Bodies	9	9	11	12	23	26	27
Goods & Services	28	36	39	45	41	40	48
Current Transfers	1,263	1,361	1,568	1,911	1,641	1,948	2,008
Interest Expenses	13	11	11	10	23	32	45
Other Expenses	76	95	41	11	3	2	606
Total Current Expenditures	1,458	1,584	1,743	2,075	1,813	2,133	2,825

(1) Solely for the convenience of the reader, euro amounts prior to 1 January 1999 have been translated from Italian lira into euro assuming the conversion rate of €1= Lit. 1,936.27.

Source: Region of Abruzzo

Capital Revenues

Capital Revenues include contributions from the Central Government, the European Union and other public entities.

The following table sets out the capital revenues of the Region for the periods indicated.

Capital Revenues

	1998	1999	2000	2001	2002	2003	2004
	(euro millions)[1]						
Transfers from the State and sales of assets	92	115	169	401	378	451	365

State borrowing	0	0	18	27	0	0	32
Total Capital Revenues	92	115	187	428	378	397	397

(1) Solely for the convenience of the reader, euro amounts prior to 1 January 1999 have been translated from Italian lira into euro assuming the conversion rate of €1 = Lit. 1,936.27.

Source: Region of Abruzzo

Capital Expenditures

The following table sets out the capital expenditures of the Region attributable to its major activities for the periods indicated.

Capital Expenditures by Major Activity

	1998	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**
	***(euro millions)*[(1)]**						
Real estate	14	18	24	28	29	40	36
Capital Transfers	446	417	481	540	647	630	602
Other expenses	0	4	9	1	2	68	57
Total Capital Spending	460	438	514	569	678	738	695

(1) Solely for the convenience of the reader, euro amounts prior to 1 January 1999 have been translated from Italian lira into euro assuming the conversion rate of €1 = Lit. 1,936.27.

Source: Region of Abruzzo

Accruals and Financial Results

Financial Results

	1998	**1999**	**2000**	**2001**	**2002**	**2003**	**2004** (pre-closing)
	***(euro millions)*[(1)]**						
Cash at year end	14	2	9	169	384	163	634
Accruals to be received	2,460	1,714	1,647	2,073	3,287	4,035	3961
Accruals due (-)	1,616	997	1,034	1,390	2,526	2,651	2962
Financial Result	858	719	622	852	1,145	1,546]	1663

(1) Solely for the convenience of the reader, euro amounts prior to 1 January 1999 have been translated from Italian lira into euro assuming the conversion rate of €1 = Lit. 1,936.27.

Source: Region of Abruzzo

The Region reported a substantial level of financial results ("*avanzo di amministrazione*") in recent years. The financial result is a key ratio in the Italian state accounting, and is strictly monitored by the *Corte dei Conti*, the authority in charge of monitoring the accounting, legal and fiscal aspects of the regions.

Accruals ("*residui*") result from the differences between balances due and actual amounts received or paid out in the current year. They comprise accrued income and other receivables ("*residui attivi*") and unpaid expenses and other payables ("*residui passivi*"). Accruals are brought forward for a maximum period of two years for current expenditures or seven years for capital expenditures. After this they are cancelled (become "*perenti*") which means that they are no longer accounted for in the regional budget, although creditors can still make a claim against them if they can demonstrate their right. The Region carefully monitors the *residui perenti*. Each year in the accounts of the Region an allocation is made in a specific fund which in 2003 covered 100 per cent. in the regional financial forecast.

Since the elections in 2000, the Region has initiated several control measures monitoring receivables, improving credit collection rates, reducing accounts payable and reducing payment time frames. The Region has started a rigorous assessment of its receivables and set up internal procedures to improve credit collection. Accounting of payables has been improved and payment delays reduced. In 2001 and 2002, "*residui attivi*" increased for the constraints imposed by the Ministry of the Treasury that did not actually pay part of the state transfers due to the Region because of the large cash held at the Central Treasury account held by the Region at the Ministry of the Treasury, as a consequence of the State Law [∗] aimed at reducing the national debt in order to match the Maastricht criteria set up for the European Monetary Union. As a consequence, the regional accruals to be received increased significantly in 2001 and 2002 due to larger state accruals. Even *residui passivi* increased over the same period as State laws constrained the payment of current expenditures, which could not exceed the actual payments of the previous year increased by the planned inflation rate (*"inflazione programmata*") set up by the Central Government.
The aggregate current cash of the Region is greater than the Region's outstanding debt:

	Current Cash			
	2001	**2002**	**2003**	**2004**
		***(euro millions)*[(1)]**		
Original Outstanding Debt (begin of the year)	219	442	515	769
New Borrowing	326	320	280	250
Principal Repayment	103	247	26	139
Outstanding Debt (at end of year)	442	515	769	880

	Current Cash					
	1998	**1999**	**2000**	**2001**	**2002**	**2003**
			***(euro millions)*[(1)]**			
Original Outstanding Debt (begin of the year)	93	82	120	243	509	571
New Borrowing	—	52	147	378	90	280
Principal Repayment	12	13	25	112	28	58
Outstanding Debt (at end of year)	82	120	243	509	571	793]

(1) Solely for the convenience of the reader, euro amounts prior to 1 January 1999 have been translated from Italian lira into euro assuming the conversion rate of €1 = Lit. 1,936.27.

Source: Region of Abruzzo
Most of the cash held at the Central Treasury is designated for specific purposes, such as healthcare:

	Cash at Central Treasury			
	2000	**2001**	**2002**	**2003**
		***(euro millions)*[(1)]**		
Ordinary account (Central Treasury)	56	170	384	162
Healthcare account (Central Treasury)	14	66	66	0
Healthcare deficits (Central Treasury)	—	—	—	0
EU funds (Central Treasury)	5	63	86	180
Total	75	299	536	342]

(1) Solely for the convenience of the reader, euro amounts prior to 1 January 1999 have been translated from Italian lira into euro assuming the conversion rate of €1 = Lit. 1,936.27.

Source: Region of Abruzzo

DEBT OF THE REGION

The debt of the Region is not guaranteed by the Republic of Italy.
The debt of the Region consists entirely of bond issues, denominated in euro.
Floating rate debt represents approximately 40 per cent. of all existing debt. In the year 2002 the Region refinanced its existing debt by repaying certain onerous loans using the proceeds of one bond issue of € 320 million.
This has been decided in order to guarantee efficiency to the system and greater transparency to regional financial reports. Pursuant to Law No. 281 of 16th May 1970 as amended, the Region is prohibited from issuing debt if the ratio of the aggregate annual payment of principal and interest on outstanding debt, excluding debt relating to healthcare services, to the annual regional tax revenues (the "**Debt Service Ratio**") would exceed 25 per cent. (the "**Permitted Debt Service Ratio**"). The Debt Service Ratio of the Region is well below the Permitted Debt Service Ratio. Indeed, as of 31 December 2002, the Region's Debt Service Ratio, excluding debt service related to healthcare, was 7.3 per cent. of total tax revenues registered under Title I net of IRAP and of additional IRPEF, while it is estimated that the entire stock of debt outstanding at the end of December 2003 will amount to €823 million, representing less than 48.6 per cent. of yearly tax revenues.
The Region can incur or issue new loans or bonds when the following criteria have been met: (i) the proceeds received are used to finance specific investments or in certain other circumstances provided for under applicable legislation; (ii) the Regional Council has approved the financial report with respect to the fiscal year ended two years prior to the issue date; (iii) the borrowing is provided for in the provisional budget; (iv) the borrowing is approved by the Regional Council and, for the issue of bonds, the appropriate authorisation from Interministerial Committee for Credit and Savings (*Comitato interministeriale per il credito ed il risparmio*) is obtained; and (v) the future debt service will not cause the Region to exceed its Permitted Debt Service Ratio.
The Treasury Banks may be given a mandate to make payments on behalf of the Region (*mandato di pagamento*). This mandate may be irrevocable (*mandato irrevocabile*). Regional bond obligations may benefit from such irrevocable mandates delivered by the issuing region to its Treasury Banks. By such mandate, a Treasury Bank is required to segregate from time to time moneys in an amount sufficient to meet the region's obligations to pay interest and principal when due. Pursuant to Article 11 of Decree Law No. 8 of 18 January 1993, as converted into Law No. 68 of 19 March 1993, the moneys segregated by the Treasury Bank for payments of amounts under financings due within six months may not be attached or seized by third party creditors of the Region provided that each quarterly period the Regional Board determines the amounts due and payable and does not issue any other payment orders unless following the chronological order of payments.
To date, under all existing loan agreements, the Region has generally included pursuant to article 56 of the Regional Budget Law an irrevocable mandate to its Treasury Banks to pay all debt service when due, with recourse to tax revenues. In connection with the issuance of Notes, the Region will, pursuant to the Regional Budget Law, (i) make the appropriate entries under the expenditure items of its financial reports to allocate certain income of the Region necessary to meet its payment obligations under the Notes and (ii) grant to the Paying Agent, for the benefit of the Noteholders, as a contractual obligation an irrevocable mandate to its Treasury Bank to pay all debt service when due, with recourse to tax revenues under Title 1 of the Region's provisional budget.
Pursuant to the Regional Budget Law and as a contractual obligation all existing loan agreements are secured by an irrevocable mandate to the Treasury Bank to pay the debt service, at the scheduled time, with recourse to tax revenues as shown under Title 1 of the Region's provisional budget.
In connection with the issuance of Notes the Region will make the appropriate entries under the expenditure items of its financial reports to allocate certain income from Title 1 of the Issuer's provisional budget of the Issuer necessary to meet its payment obligations under the Notes and creating in respect of such sums an irrevocable obligation to make payments therefrom to the Paying Agents. In the event the income allocated under the financial reports proves not to be adequate to make the payments due under the Notes, an allocation of all income of the Region will be made through one of the Treasury Bank of the Issuer to make the payments due under the Notes.
The following table sets forth the maturity and debt service schedules of the regional debt outstanding on 31 December 2004.

Maturity Schedule of Region of Abruzzo Debt

Date	Outstanding Debt (at year end)	Principal	Interest	Debt Service
		(euro millions)		
2002	515	15	10	25
2003	769	25	22	47
2004	881	31	31	62
2005	835	46	35	81
2006	789	46	36	82
2007	743	46	34	80
2008	697	46	33	79
2009	651	46	31	77
2010	605	46	29	75
2011	559	46	27	73
2012	513	46	25	71
2013	467	46	23	69
2014	421	46	21	67
2015	380	42	19	61
2016	343	37	17	54
2017	311	31	16	47
2018	280	31	15	46
2019	253	28	13	41
2020	229	24	13	37
2021	205	24	12	36
2022	181	24	11	35
2023	157	24	10	34
2024	133	24	9	33
2025	116	17	6	23
2026	100	17	6	23
2027	83	17	5	22
2028	66	17	4	21
2029	50	17	3	20
2030	33	17	2	19
2031	17	17	1	18
2032	0	17	1	18

(1) Solely for the convenience of the reader, euro amounts prior to 1 January 1999 have been translated from Italian lira into euro assuming the conversion rate of €1 = Lit. 1,936.27.

Source: Region of Abruzzo

The following table sets forth a breakdown of the Region's outstanding debt in the Region's estimate as at 31 December 2004.

Debt characteristics

Date issued or commencement of amortisation	Amount originally borrowed	Amount outstanding	Maturity Date	Interest Rate
19 October 2000	€129,114,224	€98,989,761	19 April 2015	Floating
5 July 2001	€93,300,000	€80,860,000	5 July 2016	Floating
19 December 2002	€320,000,000	€309,333,333	20 December 2032	Floating
19 June 2003	€173,000,000	€173,000,000	20 December 2032	Floating
26 November 2004	€ 250,000,000	€ 250,000,000	25 November 2024	Floating

Source: Region of Abruzzo

Debt Record

The Region has never failed in the past 34 years (i.e. since 1971, the date of the formal approval of its Statute) to pay when due the full amount of principal of, and interest and premium on, and amortisation or sinking fund requirements with respect to, its outstanding public debt.

THE ORIGINATOR

FIRA S.p.A. (*Finanziaria Regionale Abruzzese S.p.A*, the "**Originator**") is a company registered with the companies register at via Parini, 21, Pescara, under No. 78008, with the general register (elenco generale) held by *Ufficio Italiano dei Cambi*, pursuant to Article 106 of the Banking Act under No. 5089, and its tax identification number (codice fiscale) is 01230590687. An application has been made to register the company to the special register held by the Bank of Italy pursuant to Article 107 of the Italian Banking Act.

The Originator was established by the Region of Abruzzo and by the main local banks with the corporate purpose to promote, speed-up and spread production, economics and social development throughout the Region of Abruzzo. The Originator operates to assist and enrich individual territorial vocations, working in close synergy and interaction with the local institutions and administrations.

According to the regional budget, the Originator acts on behalf of the Region as financial advisor and arranger on lending to small and medium sized enterprises, on drawing up and evaluating public and private investment programs concerning tourism, industry, transports, infrastructures and energy, and on promoting relationships between public institutions, both national and international, and regional enterprises.

With the aim to manage public incentives, the Originator has been elected as "Organo Intermedio" under the "DOCUP Abruzzo 200-2006", a strategic European Community programme for economical and employment development that concentrates its investments in areas that present structural growth difficulties.

The Originator, with the help of specific committees, advises also on the economic viability of the projects requiring public regional funds. Furthermore, the Originator financially supports small and medium enterprises by means of the acquisition of temporary minority interests and participation in syndicated loans.

The Originator is also the central paying agent on behalf of the Region of Abruzzo on the European Community programmes concerning the cooperation with other countries (especially the new entries in the EU) where the Region of Abruzzo acts as lead manager.

The authorised equity capital of the Originator is EUR 5,100,000 entirely issued and paid-up. The shareholders of the Originator and their equity interests are as follows:

Shareholders		
REGIONE ABRUZZO	51%	€ 2,601,000
CARICHIETI	9.7%	€ 489,804
CARIPE	9.8%	€ 499,800
CARISPAQ	9.8%	€ 499,800
TERCAS	9.8%	€ 499,800
MEDIOCREDITO FOND. C.ITALIA	1.5%	€ 76,500
BANCA POP.ADRIATICO	2.8%	€ 144,432
BANCA POP. LANC.SULMONA	2.8%	€ 144,432
FEDERAZ CASSE RURALI	2.8%	€ 144,432
TOTAL	100%	**€ 5,100,000**

As at balance, 2004, FIRA had total assets of € 487,771,650 million.

THE ISSUER

Introduction

The Issuer was duly incorporated under the laws of the Republic of Italy under the name of D'Annunzio S.r.l. on 18th February 2005.

The Issuer, a special purpose vehicle, is registered as a limited liability company (*società a responsabilità limitata*) with the Register of Enterprises of Brescia under No. 02620440988 and was authorised by the Ministry of the Economy and Finance through UIC on 29th April 2005 to carry out securitisation transactions and registered in the general list of financial intermediaries held by UIC under number 36626, pursuant to Article 3 of the Securitisation Law and Article 106 of the Italian Banking Act, tax code 02620440988 and has been registered in the special register held by the Bank of Italy pursuant to Article 107 of the Italian Banking Act.

The Issuer has its registered office at:

Via Romanino, 1
Brescia
Italy
Telefono: + 39 027788051
Fax: + 39 0277880599

The Issuer's capital equal to Euro 10,000 is owed by Stiching Notturno Finance, with registered office at Fred. Roeskestraat 123 1, 1076EE, Amsterdam and registered with the Register of Enterprises of Amsterdam.

The Issuer is managed by the sole director, Mr. Luigi Passeri.
The principal activities performed by the sole director when not acting as such in relation to the Issuer are those of director of other companies.
The sole object of the Issuer, as set forth in clause 2 of its articles of association and in compliance with article 3, first paragraph, of the Securitisation Law, is to perform securitisation transactions (*operazioni di cartolarizzazione*). The Issuer has been established as a multi-purpose vehicle and, accordingly, may engage in other securitisation transactions in addition to that contemplated in this Offering Circular.
The issuance of the Notes was approved by means of a Quotaholders' meeting on 19 December 2005.
Pursuant to article 3 of the Securitisation Law, the assets relating to a particular securitisation transaction will not be made available to the holders of the notes issued to finance any other securitisation transaction or to the general creditors of the Issuer. The Issuer will covenant to observe, *inter alia*, the restrictions which are set out in Condition 4 of the Notes in relation to its activities and any future securitisation transactions that it may undertake.
No dividends have been paid and no indebtedness, other than the Issuer's costs and expenses of incorporation, the recent amendment to its by-laws and the payment of dues, has been incurred by the Issuer and the Issuer has no employees.
The Issuer does not have any subsidiary. The length of its life is until December 2050.
The Issuer has not commenced operations and no financial statements have been made up as at the date of the prospectus except for the financial statement for the year ended December 2005.

Capitalisation and Indebtedness Statement

The capitalisation and indebtedness of the Issuer as at 31 December 2005 is as follows:

Capital

Equity capital issued and fully paid-up.	€10,000

Indebtedness

The prospectus below shows the indebtedness relative to the Securitisation and it mainly represents the amount to be paid to the Originator due to the purchase of the Claims.
The liabilities will be reported in the *Nota Integrativa* of the Issuer as an off-balance sheet liability.

Other Indebtedness

Amounts due to the Originator	€ 293.647.848
Amounts due to other providers	€ 27.406
Total indebtedness of the Issuer at the date hereof:	293.675.254

Save for the foregoing, at the date of this Offering Circular the Issuer has no borrowing or indebtedness in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities, other than the Bridge Loan. In addition, in accordance with the Transfer Agreements, the Issuer has purchased a global nominal value of Claims equal to Euro 327,388,432.78 and paid, through the Bridge Loan, a purchase price of Euro 327,388,432.78 to FIRA.

The following is the text of a report received by the sole director of the Issuer at the request of the latter from its external auditors, PKF Italia S.p.A., a company incorporated under Italian law as a joint stock company and having its registered office in Milan (Italy). PKF Italia S.p.A. is registered under no.31 in the Special Register (*Albo Speciale*) maintained by Consob and set out at article 161 of the Unified Text of the Rules for the Capital Markets (*Testo Unico delle Disposizioni in materia di mercati finanziari*) and following Ministerial Decree of 17 July 1997 (Official Gazette 1 August 1997) in the Register of Accountancy Auditors (*Registro dei Revisori Contabili*), in compliance with the provisions of the Legislative Decree 27 January 1992, no. 88. It is also a member of ASSIREVI (*Associazione Italiana Revisori Contabili*), the Italian association of auditing firms. The accompanying financial statements of the Issuer as at 31 December 2005 are derived from the statutory accounts of the Issuer which have been prepared since its incorporation on 18 February 2005. The Issuer's reporting accounting reference date will be 31 December 2005 with the first statutory accounts being presented up to 31 December 2005.

Auditors' Report

AUDITORS' REPORT

"The Sole Director
D'ANNUNZIO S.r.l. – Società Unipersonale
Via Romanino, 1
25122 Brescia BS

Dear Sirs,

Basis of preparation

The financial information set out in paragraphs 1 and 2 herebelow is based on the statutory statements of the Issuer for the fiscal year ended 31 December 2005 prepared on the basis described in note 2.1, to which no adjustments were considered necessary (the "financial statements").

Responsibility

The financial statements referred to above, are the responsibility of the sole director of the Issuer.

The sole director of the Issuer is responsible for the contents of the Offering Circular dated …….. in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the International Standards on Auditing (I.S.A.). Our work included an assessment of evidence relevant to the amounts and disclosures in the financial

information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion, the financial information summarized in paragraphs 1. and 2. below gives, for the purposes of the Offering Circular, a true and fair view of the state of affairs of the Issuer as at 31 December 2005.

1. ***Financial information***

BALANCE SHEET	**31 December 2005 Euro**
Cash at banks and in hands	5.687
Intangible Assets (start-up expenses)	2.878
Other assets	3.901
Total assets	12.466
Other payables	2.466
Equity	10.000
Profit (Loss) for the period	-
Total liabilities and quotaholders' equity	12.466

MEMORY ACCOUNTS (SECURITIZATION)	
Receivables	293.647.848
Other liabilities	(293.675.254)
Commissions and service charges	(27.406)

PROFIT AND LOSS	Year ended 31 December 2005 Euro
Financial income	4
Other income	3.900
Total revenues	3.904
Financial charges	71
Administrative Expenses	3.025
Depreciation of intangible assets	719
Other expenses	89
Income Taxes	-
Total costs	3.904
Total profit (loss) for the period	- 0 -

2. *Notes*

2.1 Accounting policies

The financial information has been prepared under the historical cost convention and in accordance with accounting standards generally accepted in Italy.

2.2 Registration

The Issuer has applied for and obtained registrations as follows:

- Companies' Register of Brescia with the number 02620440988 – REA 464444
- the Italian Exchange Office (Ufficio Italiano Cambi) pursuant article 106 of the Italian Legislative Decree No. 385 of 1st September 1993, with the number 36626
- Request is pending for inclusion in the special list of financial intermediaries as per art. 107 of the above law.

2.3 Trading Activity

On 23 December 2005 under a separate receivables transfer agreement, the Company acquired a portfolio of accounts receivable (face value Euro 293,6 million) for services rendered to the local Health Authorities of Abruzzo Region by certain of their suppliers. The portfoglio acquisition is designed to realize the issue of assets backet notes under a securitization agreement which is expected to be finalized by the end of April 2006.
Apart from the operation described above, the Issuer did not trade during the fiscal year ended 31 December 2005, nor did it receive any income, nor did it incur any expenses (other than the Issuer's costs and expenses of incorporation and start-up costs) or pay any dividends.

2.4 Formation and Equity

The Issuer was incorporated on 18 February 2005 in the Republic of Italy as a limited liability company having as its sole corporate object the realisation of securitisation transactions of accounts receivable under the provisions of Italian law dated April 30, 1999 No. 130 and subsequent application norms.
The called up and paid up capital of the Issuer is Euro 10,000. The entire quota capital of the Issuer is held by Stichting Notturno Finance, a Dutch foundation.

Milan, 7 April 2006

PKF ITALIA S.p.A.
Eliseo Piana
(*Partner*)"

THE SWAP COUNTERPARTIES

The Swap Counterparties

(A) Barclays Bank PLC (Barclays Bank) is a public limited company registered in England and Wales under number 1026167. The liability of the members of Barclays Bank is limited. It has its registered head office at 1 Churchill Place, London, E14 5HP. Barclays Bank was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Act 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, Barclays Bank was re-registered as a public limited company and its name was changed from "Barclays Bank International Limited" to "Barclays Bank PLC".

Barclays Bank and its subsidiary undertakings (collectively, the Barclays Group) is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. The whole of the issued ordinary share capital of Barclays Bank is beneficially owned by Barclays PLC, which is the ultimate holding company of the Barclays Group and one of the largest financial services companies in the world by market capitalisation.

The short term unsecured obligations of Barclays Bank are rated A-1+ by Standard & Poor's, P-1 by Moody's and F1+ by Fitch Ratings Limited and the long-term obligations of Barclays Bank are rated AA by S&P, Aa1 by Moody's and AA+ by Fitch Ratings Limited.

From 2005, the Barclays Group has prepared financial statements on the basis of International Financial Reporting Standards (IFRS). Based on the unaudited financial information for the year ended 31 December 2005, prepared in accordance with IFRS, the Barclays Group had total assets of £924,170 million, total net loans and advances of £300,001 million, total deposits of £313,811 million, and total shareholders' equity of £24,243 million (including minority interests of £1,578 million). The profit before tax of the Barclays Group for the year ended 31 December 2005 was £5,311 million after charging an impairment loss on loans and advances and other credit risk provisions of £1,571 million.

The Barclays Group's audited financial statements for the year ended 31 December 2004 were prepared in accordance with UK Generally Accepted Accounting Principles (UK GAAP). On this basis, as at 31 December 2004, the Barclays Group had total assets of £522,253 million, total net loans and advances1 of £330,077 million, total deposits2 of £328,742 million and shareholders' funds of £18,271 million (including £690 million of non-equity funds). The profit before tax under UK GAAP for the year ended 31 December 2004 was £4,612 million after charging net provisions for bad and doubtful debts of £1,091 million.

(B) Banca Intesa S.p.A. is the parent company of Banca Intesa Group and is incorporated under the laws of Italy and registered at the Companies' Registry of Milan under registration number 00799960158.

Banca Intesa was formed on 2nd January, 1998 following the acquisition by Banca Intesa S.p.A. (formerly known as Banco Ambrosiano Veneto S.p.A.) of the entire issued share capital of Cassa di Risparmio delle Provincie Lombarde S.p.A. ("Cariplo"). In December 1999 Banca Intesa finalised the exchange offer pursuant to which it acquired 70% of the outstanding ordinary shares and savings shares of Banca Commerciale Italiana S.p.A. ("BCI") in exchange for the issue of new ordinary shares of Banca Intesa. On 1st May, 2001 the merger by incorporation of BCI into Banca Intesa was completed and Banca Intesa adopted a new corporate name, 'Banca Intesa Banca Commerciale Italiana S.p.A.' or, in short, 'IntesaBci S.p.A.' or 'Banca Intesa Comit S.p.A'. On 1st January, 2003 the corporate name has become reverted to 'Banca Intesa S.p.A.' or, in short, 'Intesa S.p.A.' and consequently the Group name become 'Gruppo Banca Intesa' or, in short form, 'Gruppo Intesa'.

The registered office of Banca Intesa is Piazza P.Ferrari, 10, 20121 Milan and the telephone number of the registered office is 0039 02 87911.

The short-term deposits of Banca Intesa are rated A-1 by Standard&Poor's, P-1 by Moody's and F1 by Fitch Ratings Limited and the long-term deposits are rated A+ by Standard&Poor's, A1 by Moody's and A+ by Fitch Ratings Limited.

Gruppo Intesa is a leading Italian banking Group which provides a wide range of services and products to its nearly 7 million retail and 1 million corporate customers at home and 5 million customers abroad. It relies on a network of approximately 3,100 branches located in all the Italian regions and 800 branches abroad. Gruppo Intesa ranks among the main banks in Croatia, Slovakia, Serbia and Montenegro, Hungary and Bosnia and Herzegovina through its local subsidiaries and is present in approximately 20 Countries with a specialised international network. Starting from 2005 the

consolidated financial statements have been prepared in compliance with the accounting principles issued by the International Accounting Standards Board (IASB) and the relative interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and homologated by the European Commission as set forth by Community Regulation 1606 of 19 July 2002. The Group plays a primary role in pivotal financial activities in Italy, particularly in banking intermediation, foreign transactions, asset management. As at 31 December 2005, Banca Intesa Group had total assets of € 274 billion, loans to customers of € 169 billion, direct customer deposits of € 188 billion and customer deposits under administration of € 475 billion.

Banca Intesa operates through a customer-oriented organisational structure made up of five business units: the Retail Division, the Corporate Division, the specialised subsidiary Banca Intesa Infrastrutture e Sviluppo (Specialised in Public and Infrastructure Finance), the Italian Subsidiary Banks Division and the International Subsidiary Banks Division.

(C) Deutsche Bank Aktiengesellschaft ("Deutsche Bank AG") is a bank incorporated under the laws of Germany, acting through its London branch ("Deutsche Bank AG London"), at Winchester House, 1 Great Winchester Street, EC2N 2DB London, United Kingdom.

Deutsche Bank AG originated from the reunification of Norddeutsche Bank Aktiengesellschaft, Hamburg, Rheinisch-Westfälische Bank Aktiengesellschaft, Duesseldorf and Süddeutsche Bank Aktiengesellschaft, Munich; pursuant to the Law on the Regional Scope of Credit Institutions, these had been disincorporated in 1952 from Deutsche Bank which was founded in 1870. The merger and the name were entered in the Commercial Register of the District Court Frankfurt am Main on 2 May 1957. Deutsche Bank is a banking institution and a stock corporation incorporated under the laws of Germany under registration number HRB 30 000. The Bank has its registered office at Taunusanlage 12, 60325 Frankfurt am Main, Germany.

Deutsche Bank is the parent company of a group consisting of banks, capital market companies, fund management companies, a real-estate finance company, instalment financing companies, research and consultancy companies and other domestic and foreign companies.

The objects of Deutsche Bank, as laid down in its Articles of Association, include the transaction of all kinds of banking business, the provision of financial and other services and the promotion of international economic relations. The bank may realise these objectives itself or through subsidiaries and affiliated companies. To the extent permitted by law, the bank is entitled to transact all business and to take all steps which appear likely to promote the objectives of the bank, in particular: to acquire and dispose of real estate, to establish branches at home and abroad, to acquire, administer and dispose of participations in other enterprises, and to conclude enterprise agreements.

The short term unsecured obligations of Deutsche Bank are rated P-1 by Moody's Investor Services, F1+ by Fitch Ratings and A-1+ by Standard & Poor's. The long term obligations are rated Aa3 by Moody's Investor Services and AA- by Standard & Poor's.

Deutsche Bank AG London is the London branch of Deutsche Bank. On 12 January, 1973, Deutsche Bank AG filed in the United Kingdom the documents required pursuant to section 407 of the Companies Act 1948 to establish a place of business within Great Britain. On 14 January, 1993, Deutsche Bank registered under Schedule 21A to the Companies Act 1985 as having established a branch (Registration No. BR000005) in England and Wales. Deutsche Bank AG London is an authorized person for the purposes of section 19 of the Financial Services and Markets Act 2000.

(D) Dexia Crediop S.p.A., a bank incorporated under the laws of Italy at Via XX Settembre 30, Rome, Italy.

Dexia Crediop S.p.A. (formerly CREDIOP S.p.A.) is part of the Dexia Group, which was created from the merger in 1996 of Crédit Communal de Belgique and Crédit Local de France.

The Dexia Group is listed on the Euronext markets in Brussels and Paris, as well as on the Luxembourg Euronext 100, CAC 40, BEL 20, Eurotop 100 and MSCI indices. The Dexia Group is among the 16 largest European banking groups in Euroland.

Dexia Crediop's corporate purpose, as reflected in its by-laws, is to undertake the exercise of banking and financing activities and other connected or incidental activities principally in order to effect transactions in favour of the State administration, regions, autonomous provinces, local and other territorial public entities, consortia between public entities or between public entities and private enterprises, mixed companies (even with minority participations held by local public entities) and profit making and non-profit making public law entities.

Dexia Crediop's principal offices are in Rome, Via Venti Settembre, 30.

Dexia Crediop provides a wide spectrum of financial products and services, including:

- Lending and financial services;
- Securitisation;
- Debt Management Services;
- Project and Structured Finance;
- Corporate Finance;
- Rating Advisory;
- Financial Engineering and Derivatives;
- Cash Management Services;
- Advisory.

The long-term unsecured debt of Dexia Crediop is rated respectively AA, Aa2 and AA- by Fitch, Moody's Investor Services and Standard & Poor's and the short-term unsecured debt is rated respectively F1+, P-1 and A-1+ by Fitch, Moody's Investor Services and Standard & Poor's as of March 2006.

(E) UBS Limited (UBSL) is a company limited by shares incorporated in Great Britain under the Companies Act 1985 registered in England and Wales with number 2035362 on July 9, 1986 now having its registered office and principal place of business situated at 1 Finsbury Avenue, London EC2M 2PP.

UBSL is an "authorised institution" under the FSMA regulated by the FSA and is a wholly-owned subsidiary of UBS AG, a company incorporated with limited liability in Switzerland on February 28 1978 registered at the Commercial Registry Office of the Canton of Zurich and the Commercial Registry Office of the Canton of Basel-City with Identification No: CH-270.3.004.646-4 having its registered offices at Bahnhofstrasse 45, 8001 Zurich and Aeschenvorstadt 1, 4051 Basel, Switzerland. At December 31, 2004 UBSL had an issued share capital of £252,000,000 divided into 252,000,000 ordinary shares of £1.00 each fully paid and total shareholders' funds of £235,168,000. Total Assets were £181,778,000,000.

UBS AG is the guarantor for the obligations of UBSL under the Swap Agreements. BS AG was incorporated in Basel under the name SBC AG on 28 February 1978. On December 8 1997, SBC AG changed its name to UBS AG. UBS AG in its present form was created on June 29 1998 by the merger of Union Bank of Switzerland (founded 1862) and Swiss Bank Corporation (founded 1872). With headquarters in Zurich and Basel, Switzerland, UBS AG operates in over 50 countries and from all major international centres. As of December 31 2004, UBS AG had total invested assets of CHF 2,217 billion, a market capitalisation of CHF104 billion and employed more than 67,000 people. As at the date of this Offering Circular, UBS AG has a long-term debt credit rating of "Aa2" from Moody's and "AA+" from S&P.

UBS AG is publicly owned, and its shares are listed on the SWS Swiss Exchange, New York and Tokyo Stock Exchange. The information contained herein with respect to UBSL and UBS AG relates to and has been obtained from it. The delivery of this prospectus shall not create any implication that there has been no change in the affairs UBSL or UBS AG since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to its date.

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THE ISSUER'S BANKS

THE ITALIAN ACCOUNT BANK and THE ENGLISH ACCOUNT BANK

JPMorgan Chase Bank, National Association (**"JPMCB"**) is a wholly owned bank subsidiary of JPMorgan Chase & Co. (**"JPMorgan Chase"**), a Delaware corporation whose principal office is located in New York, New York. JPMCB is a commercial bank offering a wide range of banking services to its customers, both domestically and internationally.

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

It is chartered and its business is subject to examination and regulation by the Office of the Comptroller of the Currency.

As of September 30, 2005, JPMorgan Chase Bank, National Association, had total assets of $1,008.4 billion, total net loans of $386.9 billion, total deposits of $529.4 billion, and total stockholder's equity of $85.1 billion. These figures are extracted from JPMCB's unaudited Consolidated Reports of Condition and Income as at September 30, 2005, which are filed with the Federal Deposit Insurance Corporation.

Additional information, including the most recent Form 10-K for the year ended December 31, 2004, of JPMorgan Chase & Co., the 2004 Annual Report of JPMorgan Chase & Co. and additional annual, quarterly and current reports filed or furnished with the Securities and Exchange Commission by JPMorgan Chase & Co., as they become available, may be obtained without charge by each person to whom this Official Statement is delivered upon the written request of any such person to the Office of the Secretary, JPMorgan Chase & Co., 270 Park Avenue, New York, New York 10017.

THE ISSUER'S BANK ACCOUNTS

Pursuant to the terms of the Cash Management and Agency Agreement, the Issuer will open prior to the Issue Date and maintain with the Italian Account Bank and the English Account Bank, as specified below, the following bank accounts:

(a) a euro-denominated cash account No. 00 0000 1170 with the Italian Account Bank (i) *into which* all amounts paid by the Region under the Delegations of Payment, or the Health Authorities in relation to the Claims will be credited, and (ii) *out of which* (A) payments due and payable to the Swap Counterparties under the relevant Swap Agreement are disbursed, and (B) two Business Days prior to each Interest Payment Date, the balance then standing to the credit of such account, together with any interest accrued thereon, will be transferred to the Payments Account (the "**Collection Account**");

(b) a euro-denominated cash account No. 00 0000 1171 with the Italian Account Bank (i) *into which*, (A) the Italian Account Bank will be required to transfer two Business Days prior to each Interest Payment Date the balance standing to the credit of the Collection Account together with the interest accrued thereon, (B) two Business Days prior to the date on which such On-balance Sheet Expenses (as defined below) are due, the English Account Bank will be required to transfer an amount equal to such On-balance Sheet Expenses and (C) each of the Swap Counterparties is required to make any payment due to the Issuer under the relevant Swap Agreement, and (ii) *out of which*, (A) the balance standing to the credit of such account on the Business Day following the Issue Date will be applied on such Business Day to transfer (x) Euro 550,000 (five hundred and fifty thousand) to the Expenses Reserve Account ("**Initial Expenses Reserve Amount**") and (y) the remaining balance, to the Expenses Account (the "**Initial Expenses Amount**") and (B) the Italian Paying Agent shall (x) make payment for interest and principal due and payable in respect of the Notes on each Interest Payment Date in accordance with the applicable Priority of Payments, (y) pay any On-balance Sheet Expenses due and payable on an Interest Payment Date in accordance with the applicable Priority of Payments and (z) pay when due any On-balance Sheet Expenses due and payable on a date other than an Interest Payment Date (the "**Payments Account**");

(c) a euro-denominated cash account No. 33373701 with the English Account Bank (the "**Expenses Account**") (i) *into which*, (A) on the Business Day following the Issue Date, the Initial Expenses Amount will be credited from the Payments Account and (B) all money deriving from disinvestment of Eligible Investments purchased with money standing on the balance of such account will be credited, and (ii) *out of which*, (A) the balance standing to the credit of such account could be invested by the English Account Bank (upon instruction of the Cash Manager as directed by the Issuer) in Eligible Investments, (B) an amount equal to the on-balance sheet costs, fees and expenses in relation to the Securitisation (excluding any amounts payable by the Issuer to any Swap Counterparty) (the "**On-balance Sheet Expenses**") due and payable by the Issuer (x) on an Interest Payment Date, will be transferred to the Payments Account two Business Days prior to the relevant Interest Payment Date and (y) on date other than an Interest Payment Date, will be transferred to the Payments Account two Business Days prior to the date on which such On-balance Sheet Expenses are due, (C) the upfront fees of the Securitisation will be paid and (D) following the payment of the upfront fees of the Securitisation and the receipt by the Issuer of a written confirmation by the relevant entities that all upfront fees of the Securitisation have been duly paid, the difference, if positive, between (x) the balance then standing to the credit of such account and (y) Euro 1,650,000 (one million, six hundred and fifty thousand), will be applied in accordance with the relevant Priority of Payments; and

(d) a euro-denominated cash account No. 33373702 with the English Account Bank (the "**Expenses Reserve Account**") (i) *into which*, (A) on the Business Day following the Issue Date, the Initial Expenses Reserve Amount will be credited from the Payments Account, and (B) all money deriving from disinvestment of Eligible Investments purchased with money standing on the balance of such account will be credited, and (ii) *out of which*, (A) the balance standing to the credit of such account could be invested by the English Account Bank (upon instruction of the Cash Manager as directed by the Issuer) in Eligible Investments and (B) any Issuer's unforeseen expenses, other than the amounts due to the Issuer Secured Creditors, will be paid when due and, if due on an Interest Payment Date, in accordance with the applicable Priority of Payment.

Pursuant to the Cash Management and Agency Agreement *inter alia*:

(a) each of the Issuer's Banks has agreed to provide the Issuer with certain services in connection with account handling and reporting requirements in relation to the monies from time to time standing to the credit of the Accounts; and

(b) each of the Issuer's Banks has agreed to prepare and deliver on each Reporting Date to, *inter alios*, the Calculation Agent and the Issuer statements of account relative to the Accounts (the "**Statements of the Accounts**").

If any of the Issuer's Banks ceases to be an Eligible Institution it will promptly notify the Issuer and the Representative of the Noteholders thereof and the Issuer will within 30 days (i) terminate the appointment of such Issuer's Bank and close the Accounts opened with it and, simultaneously, (ii) open replacement Accounts with a replacement Issuer's bank which is an Eligible Institution and which will agree to act as Issuer's Bank.

The Issuer will appoint a successor Italian Account Bank or English Account Bank, as the case may be, following the termination of the appointment of any of the Issuer's Banks in accordance with the Cash Management and Agency Agreement and will notify the Moody's of the appointment of a successor Issuer's Banks.

"**Eligible Institution**" means any depository institution organised under the laws of any state which is a member of the European Union or of the United States of America, the short-term, unsecured, unsubordinated and unguaranteed debt obligations of which are rated at least "P-1" by Moody's and the long-term, unsecured, unsubordinated and unguaranteed debt obligations of which are rated at least "A1" by Moody's.

USE OF PROCEEDS

Monies available to the Issuer on the Issue Date consisting of the net proceeds deriving from the issue of the Notes, being Euro 327,375,000, and deriving from the Swap Counterparties, amounting to Euro 6,336,567.22 will be applied by the Issuer on the Issue Date:

(a) in or towards full repayment of the Bridge Loan which was drawn down by the Issuer to pay the Purchase Price of the Claims; and

(b) to credit € 550,000 (five hundred and fifty thousand) to the Expenses Reserve Account and to deposit the residual amount on the Expenses Account in order to meet upfront and on-going fees, expenses due to third parties and to pay the upfront fees of the Securitisation, including those due to the Arrangers, to the legal advisors of the Arrangers and to the legal advisor of the Originator.

THE TRANSACTION DOCUMENTS

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

The Transfer Agreements

Introduction: the First Transfer Agreements

On 14, 15, 16, 19 and 20 December 2005 FIRA entered into 680 transfer agreements with 271 Companies in the form of private deeds authenticated by notary public (*scrittura privata autenticata*), pursuant to which the Originator purchased all the Companies' claims *vis-à-vis* the Health Authorities in respect of the supplies of products and services under the Contracts (the "**First Transfer Agreements**").

The First Transfer Agreements contain representations and warranties, as well as certain undertakings, granted by the Companies in favour of FIRA.

Pursuant to the First Transfer Agreements, in compliance with the provisions set forth by articles 69 and 70 of Decree 2440, FIRA served each of the Health Authorities with a notice of transfer relating to the First Transfer Agreements and each of the Health Authorities duly accepted each of such notices.

The First Transfer Agreements are governed by Italian law.

The Transfer Agreements

FIRA and the Issuer entered into six transfer agreements dated 23 December 2005 and a transfer agreement, dated 3 January 2006 and amended on 11 January 2006 in the form of a private deeds authenticated by notary public (*scrittura privata autenticata*), (the "**Transfer Agreements**"), pursuant to which FIRA transferred without recourse (*pro soluto*) to the Issuer, in accordance with articles 1 and 4 of the Securitisation Law, its legal title to the Claims.

Pursuant to clause 6.2 (a) of the Transfer Agreements, in compliance with the provisions set forth by articles 69 and 70 of Decree 2440, FIRA served each of the Health Authorities with a notice of transfer relating to the Transfer Agreements and each of the Health Authorities duly accepted each of such notices.

Purchase Price of the Portfolio

As consideration for the acquisition of the Claims pursuant to the Transfer Agreements, the Issuer has paid to FIRA a price equal to Euro 327,388,432.78 (the "**Purchase Price**")

The Purchase Price was paid in full by the Issuer through a bridge loan facility (the "**Bridge Loan**"), granted, pursuant the terms of a bridge loan agreement (the "**Bridge Loan Agreement**"), to the Issuer by Banca Intesa Infrastrutture e Sviluppo S.p.A., Banca Caripe S.p.A., Cassa di Risparmio della Provincia dell'Aquila S.p.A. and Dexia Crediop S.p.A. (the "**Bridge Loan Lenders**").

Conditions precedent to the payment of the Purchase Price

Pursuant to the Transfer Agreements, the payment of the Purchase Price is conditional upon the occurrence of certain events in respect of which the Issuer deemed to be satisfied. In particular, such conditions precedents comprise, *inter alia*:

(a) the approval from the Bank of Italy in relation to the offer of the Notes in Italy;

(b) that each representation and warranty made by the Companies under the First Transfer Agreements or by the Originator under the Transfer Agreements shall be true and correct and complied with by the relevant parties and that neither the Companies nor the Originator fail to fulfil any of their obligations undertaken, respectively, under the First Transfer Agreements or the Transfer Agreements;

(c) that the Originator provides the Issuer, also on behalf of the Companies, with (i) the formal waivers in respect of the judicial proceedings currently pending *vis-à-vis* any of the Health Authorities, or (ii) a declaration stating that no judicial proceeding is pending against any of the Health Authorities, and that the Originator provides the Issuer with a certificate, issued by the competent court with respect to each of the Companies, stating that any such Company is not subject to bankruptcy, pre-bankruptcy composition (*concordato preventivo*), supervised management (*amministrazione controllata*), extraordinary management (*amministrazione*

straordinaria), administrative compulsory liquidation (*liquidazione coatta amministrativa*), or any other insolvency proceeding;

(d) the service by the Originator of the First Transfer Agreements and the Transfer Agreements with each of the Health Authorities in compliance with article 69 of Decree 2440 and the acceptance by each of the Health Authorities in relation to each of such transfers in compliance with article 70 of Decree 2440;

(e) that the Originator provides the Issuer with a true copy of the documents, in a form satisfactory to the Issuer, evidencing the existence of the Claims;

(f) that the Originator provides the Issuer with a legal opinion, in a form satisfactory to the Issuer, stating, *inter alia*, (i) the valid existence and the powers of the Originator, (ii) the validity, effectiveness and lawfulness of the obligations undertaken by the Originator under the First Transfer Agreements, the Settlement Agreements and the Transfer Agreements, (iii) that the Claims exist and are due and payable, (iv) the validity and effectiveness of (x) the notification by way of service of the First Transfer Agreements to the Health Authorities and (y) the relevant acceptance by the latters.

(g) that each of the Health Authorities has validly executed the Delegations of Payment and that the Delegations of Payment have been validly accepted by the Region in favour of the Issuer;

(h) the completion by the Region of the expenses accounting procedure (*procedura contabile di spesa*) and the adoption of all necessary administrative actions for the purpose of implementing the Board Resolution, so that the obligation of the Region to pay the Claims constitutes an irrevocable and binding undertaking of the Region;

(i) that each of the Health Authorities, with the prior issuance of a programmatic resolution by its director (*delibera direttoriale*), has validly registered the Claims in its financial statements; and

(j) the confirmation by Moody's that the Issuer may carry out the Securitisation and take the Bridge Loan without negatively affecting the rating of the securities issued by the Issuer itself in the context of prior transactions; and

(k) that all the above events have occurred in relation to the other Transfer Agreements.

Representations and warranties

Pursuant to the Transfer Agreements, the Originator represents and warrants in favour of the Issuer, *inter alia*, the following:

(a) that it is a joint stock company validly incorporated, operating and existing under the applicable provisions of law;

(b) that the registration of the Originator under article 107 of the Banking Act is not necessary for the purpose of the relevant Transfer Agreement;

(c) that it is not subject to bankruptcy, pre-bankruptcy composition (*concordato preventivo*), supervised management (*amministrazione controllata*), extraordinary management (*amministrazione straordinaria*), administrative compulsory liquidation (l*iquidazione coatta amministrativa*);

(d) the entry into and the execution of the relevant Transfer Agreement has been duly authorised and the signatories have full power to sign

(e) that each of the receivables comprised within the Claims (i) is true, existing, due and payable, and constitutes a valid, lawful and unconditionally and irrevocably binding and effective obligation of the Health Authorities to pay the Claims, (ii) has been duly certified by the relevant Health Authority in compliance with the applicable administrative and accounting procedure and registered in the financial statements of each Health Authority, and (iii) has arisen out of supply of products and services actually furnished by the Companies to the Health Authorities;

(f) the service by the Originator of the First Transfer Agreements each of the Health Authorities in compliance with article 69 of Decree 2440 and the acceptance by each of the Health Authorities in relation to each of such transfers in compliance with article 70 of Decree 2440;

(g) that under no existing circumstance the irrevocable and unconditional existence, lawfulness, validity and enforceability of the Claims may anyhow be questioned;

(h) that the obligations arising out of the Settlements Agreements are lawful, valid and binding in respect to the Originator, the Region and each of the Health Authorities and may fully and immediately be enforced *vis-à-vis* the Originator, the Region and each of the Health Authorities in compliance with the relevant terms and conditions;

(i) that the Region and each of the Health Authorities have duly adopted all relevant necessary resolutions for the purpose of validly entering into the Settlement Agreements and the Delegations of Payment and that any and all signatories which have executed such documents were duly authorised by the relevant entity to undertake, on the latter's behalf, valid, lawful and binding obligations in favour of the Issuer;

(j) that no whatsoever existing, pending or threatened action of proceeding or judicial proceeding *vis-à-vis* the Originator, the Region or each of the Health Authorities (i) may prevent the Originator from transferring, unconditionally and irrevocably, the Claims in compliance with the provisions of the Transfer Agreements, or (ii) may expose such transfer to a revocation judicial action or any other judicial action aimed at the declaration of its nullity, or (iii) may anyhow negatively affect the possibility for the Originator to comply with its obligations undertaken under the Transfer Agreements, the Settlement Agreements the Delegations of Payment and any other document connected thereto; and

(k) that, further to (a) the acceptance by the Region of the Delegations of Payment and (b) the subsequent approval by the Region of a multiannual expenses commitment (*impegno di spesa pluriennale*) the relevant administrative accounting procedure with respect to such expenses shall is as validly and effectively completed, so that the Issuer's right to receive the payment of the Claims at the terms and conditions set forth in the Delegations of Payment is fully binding and irrevocable on the part of the Region.

Undertakings

Pursuant to the Transfer Agreements, the Originator expressly waives any and all its current or future rights or claims *vis-à-vis* any of the Health Authorities in respect of principal, interest (including default interest), currency appreciation, litigation legal expenses and any other cost or expenses anyhow related to the Claims, and undertakes in favour of the Issuer, *inter alia*:

(a) to procure the Companies' waiver with respect to the pending judicial proceedings relating to the Claims;

(b) to provide, upon request of the Issuer or other subject appointed by the latter, any information and/or document evidencing the existence of the Claims and to furnish any information and/or document which may reasonably be required by the Issuer for the purpose of enforcing the Issuer's rights in relation to the Claims;

(c) to promptly notify to the Issuer the occurrence of any breach relating to the representations, warranties and/or undertakings set forth in the Transfer Agreements, the First Transfer Agreements and/or the Settlement Agreements, of which the Issuer may have acquired knowledge;

(d) to cooperate with the Issuer in the fulfilment of all the formalities required by the applicable provisions of law for the validity, effectiveness and enforceability *vis-à-vis* the Health Authorities and other third parties of the transfer of Claims, as well as to cooperate with the Issuer in the performance of any act, the perfection of any action or activity and the execution of any and all documents necessary or reasonably appropriate in respect to the execution of the Transfer Agreements and the perfection of the related activities;

(e) if, notwithstanding the payment instructions given to the Region and the Health Authorities under the Delegations of Payment, the Originator receives payments from the Region or the Health Authorities in relation to the Claims, to transfer such payments to the Issuer within five Business Days from the day on which the undue amounts were received by the Originator with value as on the date of receipt of the undue payment, under the terms and conditions set forth in the Transfer Agreements;

(f) to refrain from carrying out any activity which may adversely affect the Claims or may cause the invalidity of the Claims, or of a part of them, or the limitation of the rights arising therefrom or connected thereto; and

(g) to repeat, in favour of the Issuer on the Issue Date, the representations and warranties set forth in article 5 of the Transfer Agreements, accepting its responsibility thereunder.

Indemnity

Pursuant to the Transfer Agreements, the Originator undertakes to indemnify and to hold the Issuer and each of the Arrangers harmless, on their first request and expressly waiving any exception, from any claims, losses, damages, costs or expenses (including legal expenses) arising out of or relating to the Transfer Agreements and/or the First Transfer Agreements and/or the Settlement Agreements and/or the Delegations of Payment, as a result of an activity or event ascribable to the Originator also

with respect to the representations and undertakings set forth in the Transfer Agreements which may result false, incorrect or incomplete.

Governing law

The Transfer Agreements are governed by Italian law.

The Servicing Agreement

On the Signing Date, the Issuer, the Representative of the Noteholders and the Servicer, entered into a servicing agreement (the "**Servicing Agreement**"), pursuant to which the Servicer has agreed to administer and service the Portfolio on behalf of the Issuer and, following the giving of a Trigger Notice, the Representative of the Noteholders.

Duties of the Servicer

The Servicer is responsible for the management of the Portfolio and for cash and payment services (*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento*) pursuant to article 2, paragraph 6, of the Securitisation Law and the Servicer of the Portfolio is also responsible for ensuring that such activities comply with the provisions and regulations of Italian law.

The Servicer has undertaken, *inter alia,* under the Servicing Agreement:

(a) to administer, manage and collect the Claims and the claims arising under the Delegations of Payment in accordance with the terms of the Servicing Agreement (the "**Collection Policies**") and the Securitisation Law;

(b) to carry out the administration and management of the Claims and the claims arising from the Delegations of Payment and to manage any possible legal proceedings (*procedura giudiziale*) against the Region or the Health Authorities (the "**Proceedings**") in accordance with the best professional standards;

(c) to initiate any Proceedings in respect of such Claims and the claims arising from the Delegations of Payment, if necessary;

(d) to comply with any requirements of laws and regulations applicable in carrying out activities under the Servicing Agreement;

(e) to maintain effective accounting and auditing procedures so as to ensure compliance with the provisions of the Servicing Agreement; and

(f) other than in certain limited circumstances specified in the Servicing Agreement, not to consent to any waiver or cancellation of or other change prejudicial to the Issuer's interests in or to such Claims and the claims arising from the Delegations of Payment unless it is ordered to do so by an order of a competent judicial or other authority or authorised to do so by the Issuer and the Representative of the Noteholders;

(g) maintain and implement administrative and operating procedures (including, without limitation, copying recordings in case of destruction thereof), keep and maintain all books, records and all the necessary or advisable documents (i) in order to collect all the Claims and all the other amounts which are to be paid for any reason whatsoever in connection with the Claims (including, without limitation, records which make it possible to identify the nature of any payment and the precise allocation of payment and collected amounts to capital and interest), and (ii) in order to check the amount of all the Collections and recoveries received also and under the Delegations of Payment.

The Issuer and the Representative of the Noteholders have the right to inspect and copy the documentation and records relating to the Claims and the Delegations of Payment in order to verify the activities undertaken by the Servicer pursuant to the Servicing Agreement, provided that the Servicer has been informed three Business Days in advance of any such inspection.

Following the termination of the appointment of FIRA, the Servicer is authorized to delegate certain services and activities under the Servicing Agreement to other entities in accordance with the *Istruzioni di Vigilanza per gli Intermediari Finanziari iscritti nell'«Elenco Speciale»* issued by the Bank of Italy with resolution no. 216 of 5 August 1996, as subsequently amended.

Pursuant to the terms of the Servicing Agreement, the Servicer will indemnify the Issuer from and against any and all damages and losses incurred or suffered by the Issuer as a consequence of a default by the Servicer of any obligation of the Servicer under the Servicing Agreement.
The Issuer has undertaken to indemnify the Servicer against all losses, liabilities, costs, claims, actions, damages, expenses or demands which it may incur or which may be made against it as a result of or in connection with its appointment of or the exercise of its powers and duties, as may result from the Issuer's wilful default (*dolo*) or gross negligence (*colpa grave*).

Reporting requirements

The Servicer has undertaken to prepare and submit to the Issuer, to the Corporate Services Provider, to the Representative of the Noteholders and to the Calcultation Agent, on each Reporting Date, the Servicer Report in the form set out in the Servicing Agreement and which will contain information on the Portfolio and any relevant Collections in respect of the preceding Collection Period.
Moreover, the Servicer has undertaken to furnish to, *inter alios*, the Issuer, the Corporate Services Provider, the Representative of the Noteholders, and the Calculation Agent such further information as the Issuer and/or the Corporate Services Provider and/or the Calculation Agent and/or the Representative of the Noteholders may reasonably request with respect to the relevant Claims and/or the related Proceedings.

Remuneration of the Servicer

In return for the services provided by the Servicer in relation to the ongoing management of the Portfolio, on each Interest Payment Date and in accordance with the Priority of Payments, the Issuer will pay to the Servicer an annual fee (the "**Servicing Fee**").
The Servicing Fee does not include any expenses (including, without limitation, the rights and fees of any external counsels) incurred by the Servicer. All costs relating to the recoveries of the Claims and the claims under the Delegations of Payment (such as legal costs) will be directly borne by the Issuer.

Subordination and limited recourse

The Servicer has agreed that the obligations of the Issuer under the Servicing Agreement are subordinated and limited recourse obligations and will be payable only in accordance with the applicable Priority of Payments.

Termination and resignation of the Servicer and withdrawal of the Issuer

The Issuer may terminate the appointment of the Servicer (*revocare il mandato*), pursuant to article 1725 of the Italian civil code, or withdraw from the Servicing Agreement (*recesso unilaterale*), pursuant to article 1373 of the Italian civil code, upon the occurrence *inter alia* of any of the following events:

(a) the Servicer is declared insolvent or an order is made by any competent judicial authority providing for the winding-up or dissolution of the Servicer, or for the appointment of a liquidator or receiver, or the Servicer is admitted to any of the proceedings referred to in Title IV of the Banking Act, or a resolution is passed by the Servicer with the intention of applying for such proceedings to be initiated;

(b) failure on the part of the Servicer (in its role as Italian Paying Agent or Italian Account Bank) to perform or comply with, for a period of two Business Days from the receipt of the first written request for performance, any of its obligations pursuant to the Cash Management and Agency Agrement;

(c) the representations and warranties given by the Servicer pursuant to this Agreement are found to be untrue or misleading in any material respect;

(d) the Servicer changes significantly the services involved in the activity of management of the Claims and/or of the Proceedings, if such services may, severally or jointly, prevent the Servicer from performing the obligations undertaken by it pursuant to this Agreement;

(e) the Issuer fails to receive the auditors' certificate within fifteen days from the date of certification of the Issuer's balance sheet, unless such non-receipt is caused by the auditors; or

(f) the Servicer fails to comply with the requirements requested (i) by any supervisory or regulatory authority to which the Servicer is subject or (ii) to act as servicer under the Securitisation Law.

Moreover, the Servicer shall have the right, at any time after the first Interest Payment Date, to terminate the Servicing Agreement and to renounce to the appointment granted to it by the Servicing Agreement, by giving the Issuer, the Representative of the Noteholders and Moody's at least a 6 (six) months' prior written notice.
Such resignation shall become effective only upon the Issuer having appointed a Substitute Servicer and the Substitute Servicer having accepted such appointment and having become bound by the obligations undertaken by the Servicer under the Servicing Agreement and the Intercreditor Agreement.
The substitute Servicer shall:

(a) be a bank operating for at least three years and having one or more branches in the territory of the Republic of Italy; or

(b) be a financial intermediary registered pursuant to article 107 of the Banking Act operating and having offices in the Republic of Italy:

  (i) having consolidated experience in the management of claims towards public entities in the Republic of Italy;

  (ii) has software that is compatible with that used by the previous Servicer; and

  (iii) is a reliable and creditworthy financial institution.

The substitute Servicer must execute a servicing agreement with the Issuer substantially in the form of the Servicing Agreement and must accept all the provisions and obligations set out in the Intercreditor Agreement. In case of substitution of the Servicer, the Substitute Servicer shall use the services of the Sub-servicer at the same terms and conditions of the agreement entered into with the Servicer.
The Servicer, upon termination of its appointment, will continue to cooperate, until the date on which the then next Servicer Report is due, with the substitute Servicer in order to allow the substitute Servicer to duly perform its obligations under the new servicing agreement.
The Servicing Agreement is governed by Italian law.

The Sub-servicing Agreement

The Issuer appointed FIRA as sub-servicer (in this capacity, the "**Sub-servicer**") under a sub-servicing agreement (the "**Sub-servicing Agreement**") in order to assist the Servicer in the performance of certain of the activities to be carried out under the Servicing Agreement. Pursuant to the terms of the Sub-servicing Agreement, the Sub-servicer has agreed to provide certain services to the Issuer. The Sub-servicer will indemnify the Issuer and/or the Servicer from and against any and all damages and losses incurred or suffered by the Issuer and/or the Servicer as a consequence of a default by the Sub-servicer of any obligation of the Sub-servicer under the Sub-servicing Agreement.
The Sub-servicer has agreed that the obligations of the Issuer under the Sub-servicing Agreement are subordinated and limited recourse obligations and will be payable only in accordance with the applicable Priority of Payments.
In return for the services provided by the Sub-servicer in relation to the collections of the Portfolio and the claims under the Delegations of Payment, on each Interest Payment Date and in accordance with the Priority of Payments, the Issuer will pay to the Sub-servicer an annual fee *plus* all amounts remaining and available to the Issuer after payments of all creditors pursuant to the applicable Priority of Payments.

The Cash Management and Agency Agreement

On the Signing Date, the Issuer entered into a cash management and agency agreement (the "**Cash Management and Agency Agreement**"), pursuant to which the Issuer has appointed:

(a) the Calculation Agent , for the purpose of, *inter alia*, determining certain of the Issuer's liabilities and the funds available to pay the same (subject to the receipt of certain information and in reliance thereon) and instructing the Issuer's Banks to make certain payments into and out of the Accounts;

(b) the Italian Paying Agent, for the purpose of, *inter alia*, determining the Rate of Interest payable in respect of the Notes;

(c) the Paying Agents, for the purpose of, *inter alia*, making payments in respect of the Notes;

(d) the Issuer's Banks, for the purpose of, *inter alia*, providing the account holding services in respect of the Accounts; and

(e) the Luxembourg Listing Agent, for the purpose of, *inter alia*, providing certain listing services in respect of the Notes.

Duties of the Cash Manager

The Cash Manager shall direct, upon the Issuer's instructions, the English Account Bank to invest the amounts standing to the credit of the Expenses Account and Expenses Reserve Account, in the name and on behalf of the Issuer, in investments which qualify as Eligible Investments.

Without prejudice to the provisions of the English Deed of Charge, the Cash Manager, in accordance with the Payment Report, shall direct the English Account Bank to (i) liquidate, in whole or in part, the Eligible Investments purchased with the amounts standing to the credit of the Expenses Account or the Expenses Reserve Account, as the case may be, on or before the immediately following Liquidation Date and (ii) credit any proceeds upon maturity or any sums arising from the disposal or maturity of the Eligible Investments on such date (including profit generated thereby or interest matured thereon) to the Expenses Account and Expenses Reserve Account as applicable.

The Cash Manager shall maintain records of each Eligible Investment acquired and shall provide, on any Liquidation Date, the Calculation Agent, the Servicer and the Representative of the Noteholders a notice indicating type, maturity and coupons of all the Eligible Investments acquired and liquidated since the previous Liquidation Date.

The duties of the Cash Manager also include calculating:

(i) the Revenue Eligible Investments Amount in respect of the immediately preceding Liquidation Date;

(ii) the amount invested in Eligible Investments out of the Expenses Account and the Expenses Reserve Account on the immediately preceding investment date.

On each Liquidation Date, the Cash Manager will deliver to the Calculation Agent, the Servicer and the Representative of the Noteholders a notice reporting the above mentioned calculations and indicating type, maturity and coupons all the Eligible Investments acquired and liquidated since the previous Liquidation Date.

Duties of the Calculation Agent

The duties of the Calculation Agent include the making of certain calculations in respect of the Securitisation. The Calculation Agent will make such calculations based on:

(a) the statements of accounts in relation to the Accounts prepared by the Issuer's Banks on each Reporting Date;

(b) the Servicer Reports prepared by the Servicer on each Reporting Date;

(c) the determinations received from the Italian Paying Agent concerning the Rate of Interest, Interest Amount and Interest Payment Date;

(d) the calculations made by each Swap Counterparty under the relevant Swap Agreement; and

(e) the instructions and determinations of the Issuer and Monte Titoli,

and the Calculation Agent shall not be liable for any omission or error in so doing save as caused by its own gross negligence (*colpa grave*) or wilful misconduct (*dolo*).
The Calculation Agent will calculate, *inter alia*, on each Calculation Date:

(i) the Issuer Available Funds;

(ii) the applicable Scheduled Repayment Amount and the Principal Payments (if any) due on the Notes on the next following Interest Payment Date;

(iii) the Principal Amount Outstanding of the Notes on the next following Interest Payment Date;

(iv) the amounts to be debited to the Expenses Account or the Expenses Reserve Account;

(v) the payments (if any) to be made to each of the parties to the Intercreditor Agreement under the relevant Transaction Documents;

and will determine how the Issuer's funds available for distribution pursuant to the Conditions will be applied, on the immediately following Interest Payment Date pursuant to the applicable Priority of Payments, and will deliver to the Issuer, the Servicer, the Joint Lead Managers, the Corporate Services Provider, Moody's, the Issuer's Banks, the Cash Manager, the Swap Counterparties and the Representative of the Noteholders a report (the "**Payments Report**") setting forth such determinations and amounts, and the information on Eligible Investments received by the Cash Manager.

In addition, the Calculation Agent agreed to prepare and deliver (by no later than 5 (five) Business Days following each Interest Payment Date) to, *inter alios*, the Issuer, the Representative of the Noteholders, the Servicer, the Joint Lead Managers, Moody's and the Luxembourg Stock Exchange, a report substantially in the form set out in the Cash Management and Agency Agreement (the "**Investor Report**") containing details of, *inter alia*, the outstanding Portfolio, the claims outstanding under the Delegations of Payment, amounts received by the Issuer from any source during the preceding Collection Period (including any payments received by the Swap Counterparties), amounts paid by the Issuer during such Collection Period and amounts paid by the Issuer on the immediately preceding Interest Payment Date. The Investor Report will be available free of charge at the Specified Office of the Luxembourg Paying Agent. The first Investor Report will be available on 28 July 2006.

The Investor Report will contain summaries of the following items in respect of the preceding Collection Period: (i) the Principal Amounts Outstanding under the Notes and the interest rates applicable thereto; (ii) the revenues received by the Issuer; (iii) the payments of principal, interest and other costs and expenses paid by the Issuer; (iv) an analysis of the performance of the Portfolio, including information on recoveries.

Duties of the Italian Paying Agent

On each Interest Determination Date, the Italian Paying Agent will, in accordance with Condition 6 (*Interest*), determine EURIBOR and the Rate of Interest applicable to the Notes during the following Interest Period, as well as the Interest Amount and the Interest Payment Date in respect of such following Interest Period, all subject to and in accordance with the Conditions, and will notify such amounts to the Issuer, the Representative of the Noteholders, the Servicer, Monte Titoli, the Calculation Agent and the Luxembourg Stock Exchange.

The Italian Paying Agent shall act as paying agent of the Issuer in respect of the Notes and pay or cause to be paid on behalf of the Issuer, on and after each date on which any payment becomes due and payable in respect of the Notes, the amounts of principal and/or interest then payable in respect of the Notes.

The Italian Paying Agent will keep a record of all Notes and of their redemption, purchase, cancellation and repayment and will make such records available for inspection during normal business hours by the Issuer, the Representative of the Noteholders, the Servicer and the Calculation Agent.

In performing their obligations, the Paying Agents may rely on the instructions and determinations of the Issuer, Monte Titoli and the Calculation Agent, and will not be liable for any omission or error in so doing.

Duties of the Luxembourg Listing Agent

The Luxembourg Listing Agent will act as intermediary between the Noteholders and the Issuer for certain purposes and make available for inspection during normal business hours at its Specified Office such documents as may from time to time be required by the Luxembourg Stock Exchange and, upon reasonable request, will allow copies of such documents to be taken.

General Provisions

The Paying Agents, the Luxembourg Listing Agent, the Cash Manager, the Issuer's Banks and the Calculation Agent (hereinafter collectively referred to as the "**Agents**") will act as agents solely of the Issuer and will not assume any obligation towards or relationship of agency or trust for or with, any of the Noteholders. Each of the Issuer and the Representative of the Noteholders has agreed that it will not consent to any amendment to the Conditions that materially affects the obligations of any of the Agents without such Agent's prior written consent (such consent not to be unreasonably withheld).

The Issuer has undertaken to indemnify each of the Agents and its respective directors, officers, employees and controlling persons against all losses, liabilities, costs, claims, actions, damages, expenses or demands which any of them may incur or which may be made against any of them as a result of or in connection with the appointment of or the exercise of the powers and duties by any Agent, as may result from the Issuer's wilful default (*dolo*) or gross negligence (*colpa grave*).
In return for the services so provided, the Agents will receive a fee payable by the Issuer in accordance with the Priority of Payments.
The appointment of any Agent may be terminated by the Issuer (with the prior written approval of the Representative of the Noteholders) upon 30 days' written notice or upon the occurrence of certain events of default or insolvency or of similar events occurring in relation to such Agent.
The Cash Management and Agency Agreement is governed by Italian law.

The Intercreditor Agreement

On or about the Signing Date, the Issuer, the Representative of the Noteholders on its own behalf and on behalf of the Noteholders, the Paying Agents, the Luxembourg Listing Agent, the Cash Manager, the Calculation Agent, the Corporate Services Provider, the Stichting Corporate Services Provider, the Swap Counterparties, the Issuer's Banks, the Sub-servicer, the Joint Lead Managers, the Bridge Loan Lenders and the Servicer entered into an intercreditor agreement (the "**Intercreditor Agreement**").
The Intercreditor Agreement contains provisions in respect to the application of the proceeds of collections in respect of the Claims and as to the circumstances in which the Representative of the Noteholders will be entitled to exercise certain rights in relation to the Claims. The Intercreditor Agreement also sets out the order of priority for payments to be made by the Issuer in connection with the Securitisation.
Pursuant to the Intercreditor Agreement, following the service of a Trigger Notice, the Representative of the Noteholders will be entitled (as an agent of the Issuer and to the extent permitted by applicable laws), until the Notes have been repaid in full or cancelled in accordance with the Conditions, to take possession of all Collections and of the Claims and to sell or otherwise dispose of the Claims or any of them in such manner and upon such terms and at such price and such time or times as the Representative of the Noteholders shall, in its absolute discretion, deem appropriate and to apply the proceeds in accordance with the Post-Enforcement Priority of Payments.
Pursuant to the Intercreditor Agreement, following the service of a Trigger Notice, the Issuer shall not take any action to transfer, assign or otherwise dispose of any of the Claims, the Delegations of Payment, any of its rights under any of the Transaction Documents or any of its rights to any of the Accounts without the prior written consent of the Representative of the Noteholders; provided, however, that the Issuer may take any urgent action solely for purposes of preserving or protecting the Issuer's right, title or interest therein. Any action taken by the Issuer shall be in any case promptly notified to the Representative of the Noteholders.
The Intercreditor Agreement is governed by Italian law.

The English Deed of Charge

On or about the Signing Date, the Issuer will execute an English law deed of charge (the "**English Deed of Charge**") pursuant to which the Issuer will create in favour of the Representative of the Noteholders and to be held by it as security trustee upon trust for itself and for and on behalf of the Noteholders and the other Issuer Secured Creditors, *inter alia*: (i) an assignment by way of first fixed security of all of the Issuer's rights under the Swap Agreements; (ii) a first fixed charge over the Expenses Account and the Expenses Reserve Account and all amounts and balances and/or Eligible Investment which stand to the credit thereof and the debts represented thereby; (iii) and a first floating charge over all of the Issuer's property, assets and undertakings relating to or deriving from the Securitisation which are not effectively assigned or charged under any other provision.

The English Deed of Charge is governed by English law.

The Italian Deed of Pledge

On or about the Signing Date, the Issuer will execute an Italian deed of pledge (the "**Italian Deed of Pledge**") pursuant to which the Issuer will create in favour of the Noteholders and the Other Issuer Creditors a pledge over (i) any monetary claims arising from time to time from the Transaction Documents, including, but not limited to, claims for restitution, damages and claims under indemnities or warranties provided for by the Transaction Documents or arising from a breach of any obligations

or the termination, invalidation or annulment of any Transaction Document, but excluding the Claims, the Purchase Price, the Delegations of Payment, the Collections, the Issue Price, the Eligible Investments, any claim arising *vis-à-vis* the Issuer from the Swap Agreements and the claims arising from any positive balances of the Collection Account, the Payments Account, the Expenses Account and the Expenses Reserve Account, (ii) any monetary claims arising from the Delegations of Payment, and (iii) the positive balances (except for that portion of the balances constituted by the Claims) standing to the credit of the Collection Account and the Payments Account.
The Italian Deed of Pledge is governed by Italian law.

The Corporate Services Agreement

On the Signing Date, the Issuer and the Corporate Services Provider entered into a corporate services agreement (the "**Corporate Services Agreement**"), pursuant to which the Corporate Services Provider has agreed to provide certain corporate administration and management services to the Issuer in connection with the Securitisation. The services will include the safekeeping of the documents pertaining to the meetings of the Issuer's quotaholders, directors and auditors and of the Noteholders, maintaining the quotaholders' register, preparing tax and accounting records, preparing the Issuer's annual financial statements and liaising with the Representative of the Noteholders.
The Corporate Services Agreement is governed by Italian law.

The Stichting Corporate Services Agreement

On the Signing Date, the Issuer, the Stichting Corporate Services Provider and Stichting Notturno Finance (the "**Stichting**"), in its capacity as the sole shareholder of the Issuer, entered into a stichting corporate services agreement (the "**Stichting Corporate Services Agreement**"), pursuant to which the Stichting Corporate Services Provider has agreed to provide certain management and administration services to the Stichting.
The Stichting Corporate Services Agreement is governed by the law of The Netherlands.

The Swap Agreements

On 13 January 2006, the Issuer and each Swap Counterparty entered into five swap transactions, documented under a 1992 ISDA Master Agreement (Multicurrency-Cross Border), as published by the International Swaps and Derivatives Association, Inc. and as supplemented by a Schedule, as amended and restated on or about the Signing Date (among the Issuer, the relevant Swap Counterparty and the Representantive of the Noteholders) and a confirmation (each a "**Swap Agreement**" and, collectively, the "**Swap Agreements**") in order, amongst other things, to hedge against the variance between the fixed payments received by the Issuer in relation to the Portfolio and the interest rate exposure of the Issuer in relation to its floating rate interest obligations under the Notes. Under each Swap Agreement the Issuer will pay to each Swap Counterparty fixed amounts in accordance with a schedule attached to the relevant Swap Agreement. Each Swap Counterparty will pay to the Issuer floating amounts calculated by reference to the six month Euribor and the relevant outstanding notional amount, plus a spread and two additional fixed payments, as specified in the relevant Swap Agreement. The payments made by the Swap Counterparties to the Issuer will also be used to pay, amongst other things, the floating rate interest payable by the Issuer to the Noteholders on the Notes.

All payments due under the relevant Swap Agreement from each Swap Counterparty to the Issuer will be made net on each 18 January and 18 July, subject to the Following Business Day Convention (as defined in the relevant Swap Agreement), starting from 18 July 2006.

Each Swap Agreement is entered into between the Issuer, the relevant Swap Counterparty and the Representative of the Noteholders and is governed by English law.

In the event of withholding tax being imposed on payments required to be made under any Swap Agreement, which are: (a) due to be made by the Issuer to the relevant Swap Counterparty, the Issuer will not be obliged to gross up such payments; or (b) due to be made by the relevant Swap Counterparty to the Issuer, the relevant Swap Counterparty will be obliged to gross up such payments. Each Swap Counterparty will be entitled, under certain circumstances, to terminate the relevant Swap Agreement if (i) it is obliged to gross up payments following any withholding or deduction for or on account of any taxes or (ii) it receives a payment in respect of which an amount is required to be deducted or withheld for or on account of taxes (a "**Tax Event Termination**").

If at any time (i) the long-term, unsecured and unsubordinated debt obligations of a Swap Counterparty cease to be rated at least as high as A2 (or its equivalent) by Moody's, or (ii) the short-term, unsecured and unsubordinated debt obligations of each Swap Counterparty cease to be rated at least as high as P-1 (or its equivalent) by Moody's (either of such cessations being an "**Initial Moody's Rating Event**") then the relevant Swap Counterparty will, within 30 days of the occurrence of such Initial Moody's Rating Event, at its own cost:

(a) transfer all of its rights and obligations with respect to the Swap Agreements to either (x) a replacement third party with the required rating domiciled in the same legal jurisdiction, or (y) a replacement third party as agreed with Moody's;
(b) procure another person to become co-obligor or guarantor in respect of the obligations of each Swap Counterparty under the relevant Swap Agreement;
(c) take such other action as agreed with Moody's; or
(d) provide collateral under a collateral agreement having the form agreed with Moody's.

If at any time (i) the the long-term, unsecured and unsubordinated debt obligations of the relevant Swap Counterparty cease to be rated at least as high as A3 (or its equivalent) by Moody's, or (ii) the short-term, unsecured and unsubordinated debt obligations of such Swap Counterparty cease to be rated at least as high as P-2 (or its equivalent) by Moody's (either of such cessations being a "**Subsequent Moody's Rating Event**") then the relevant Swap Counterparty will:

(a) within 30 days of the occurrence of such event on a reasonable efforts basis, and at its own cost:
    (i) transfer all of its rights and obligations with respect to the relevant Swap Agreement to either (x) a replacement third party with the required ratings, or (y) a replacement third party as agreed with Moody's;
    (ii) procure another person to become co-obligor or guarantor in respect of the obligations of the relevant Swap Counterparty, such co-obligor or guarantor may be either (x) a person with the required ratings, or (y) such other person as agreed with Moody's; or
    (iii) take such other action agreed with Moody's; and
(b) within the later of 10 days of the occurrence of such event and 30 days of the occurrence of an Initial Moody's Rating Event, provide collateral under a mark-to-market collateral agrement having the form agreed with Moody's.

If the relevant Swap Counterparty does not take any of the measures described above as appropriate, then the relevant Swap Agreement may be terminated by the Issuer (a "**Ratings Downgrade Termination**").

Any collateral posted by the relevant Swap Counterparty following a ratings downgrade as described above will be placed by the Issuer in the relevant Collateral Account and dealt with in accordance with the relevant Swap Agreement.

"**Collateral Account**" means each Euro denominated cash account and/or a securities account to be opened by the Issuer with the English Account Bank, pursuant to the Cash Management and Agency Agreement, or other Eligible Institution upon downgrade of each Swap Counterparty's unsecured, unsubordinated obligations rating below the Required Ratings (as defined in the relevant Swap Agreement) in order to deposit the collateral received by such Swap Counterparty pursuant to the terms of the relevant Swap Agreement, and the collateral so deposited may be invested by the English Account Bank or other Eligible Institution, as applicable, in Eligible Investments upon instructions of the relevant Swap Counterparty.

In the event that the relevant Swap Agreement is terminated prior to the enforcement of the security or the final redemption of the Notes, the Issuer shall use its best efforts to enter into a replacement swap on terms acceptable to Moody's and the Representative of the Noteholders and with a replacement swap counterparty whom Moody's has confirmed will not cause the then current ratings of the Notes to be downgraded, withdrawn or qualified.

If a Swap Agreement is terminated early for any reason, the relevant Swap Counterparty or the Issuer may be required to pay an amount to the other party as a result of the termination. The Issuer will make any termination payment in accordance with the applicable Priority of Payments. Accordingly:

(a) any termination payment due to such Swap Counterparty (other than any termination payment due following the occurrence of a Swap Trigger (with the exception of any part of such payment that is paid out of any premium received by the Issuer from a replacement swap counterparty)) will be made in accordance with item (iv) of the Pre-Enforcement Priority of Payments, or, as

applicable, item (v) of the Post-Enforcement Priority of Payments; and

(b) any termination payment due to such Swap Counterparty following the occurrence of a Swap Trigger (other than any part of such payment that has already been paid out of any premium received by the Issuer from a replacement swap counterparty) will be made in accordance with item (vii) of the Pre-Enforcement Priority of Payments, or, as applicable, item (viii) of the Post-Enforcement Priority of Payments.

"**Swap Trigger**" means the occurrence of an early termination of a Swap Agreement due to:

(a) a Ratings Downgrade Termination; or

(b) the occurrence of an Event of Default (as defined in the relevant Swap Agreement (which, for the avoidance of doubt, is not the same as an Event of Default under the Notes)) where the Defaulting Party (as defined in such Swap Agreement) is the relevant Swap Counterparty.

Any such termination payment may be substantial and may therefore significantly affect the amount available to the Issuer to pay Noteholders. Any termination payment will be based on the market value of the terminated swap based on market quotations of the cost of entering into a swap with the same terms and conditions that would have the effect of preserving the full payment obligations of the parties (or based upon loss in the event that no market quotation can be obtained).

Other Transaction Documents

For a description of the Subscription Agreement, see "*Subscription and sale*", below.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions (the "**Conditions**") of the € 327,375,000 Asset-Backed Floating Rate Notes due 2021 (the "**Notes**") which will be issued by D'Annunzio S.r.l. (the "**Issuer**") on 27 April 2006 (the "**Issue Date**") in order to repay a bridge loan facility (the "**Bridge Loan**"), granted, pursuant to a bridge loan agreement (the "**Bridge Loan Agreement**"), to the Issuer by Banca Intesa Infrastrutture e Sviluppo S.p.A., Banca Caripe S.p.A., Cassa di Risparmio della Provincia dell'Aquila and Dexia Crediop S.p.A. (the "**Bridge Loan Lenders**") for the purchase of a portfolio of monetary claims (the "**Claims**" or the "**Portfolio**") arising from the sale and supply of products and services by certain companies operating in the healthcare sector (respectively, the "**Companies**" and the "**Contracts**") to the Aziende Unità Sanitarie Locali of the Region of Abruzzo (respectively, the "**Health Authorities**" and the "**Region**") previously sold by the Companies to FI.R.A. S.p.A. ("**FIRA**" or the "**Originator**") and determined by the settlement agreements entered into between each of the Health Authorities, FIRA and the Region (the "**Settlement Agreements**"). The Issuer purchased the Claims from FIRA by way of six transfer agreements dated 23 December 2005 and a transfer agreement pursuant to article 2, paragraph 3, of the Securitisation Law, dated 3 January 2006 and amended on 11 January 2006, pursuant to article 2, paragraph 3, of the Securitisation Law, (the "**Transfer Agreements**"). The purchase of the Claims was perfected in accordance with the Securitisation Law (as defined below) and articles 69 and 70 of Italian royal decree No. 2440 of 18 November 1923 (the "**Decree 2440**"). In addition, each of the Health Authorities issued a delegation of payment to the Region, accepted by the Region, pursuant to article 1268 and followings of the Italian civil code (the "**Delegations of Payment**").

The holders of the Notes (the "**Noteholders**" and each a "**Noteholder**") are entitled to the benefit of, are bound by and are deemed to have notice of, all the provisions of the following agreements:

(a) a cash management and agency agreement (the "**Cash Management and Agency Agreement**") dated 20 April 2006 (the "**Signing Date**") between the Issuer, J.P. Morgan Chase Bank, Luxembourg S.A. as Luxembourg listing agent and the Luxembourg paying agent (the "**Luxembourg Listing Agent**" and the "**Luxembourg Paying Agent**", which expressions include any successor Luxembourg listing agent and Luxembourg paying agent appointed from time to time), JPMorgan Chase Bank, N.A., Milan branch, as Italian account bank (the **"Italian Account Bank"** and the "**Italian Paying Agent**", which expressions include any successor account bank and Italian paying agent appointed from time to time), J.P. Morgan Corporate Trustee Services Limited, as representative of the Noteholders (the "**Representative of the Noteholders**", which expression includes any successor representative of the Noteholders appointed from time to time in respect of the Notes) and JPMorgan Chase Bank N.A., London branch, as the calculation agent, the cash manager and the English account bank ("**Calculation Agent**", the "**Cash Manager**" and the **"English Account Bank"**, which expressions include any successor calculation agent, cash manager and English account bank appointed from time to time);

(b) an intercreditor agreement (the "**Intercreditor Agreement**") entered into on or about the Signing Date between the Issuer, the Representative of the Noteholders (on its own behalf and on behalf of the Noteholders), the Italian Paying Agent, the Luxembourg Paying Agent, the Luxembourg Listing Agent, the Cash Manager, the Swap Counterparties (as defined below), the Calculation Agent, the Corporate Services Provider (as defined below), the Stichting Corporate Services Provider (as defined below), the Issuer's Banks (as defined below), the Joint Lead Managers (as defined below), the Bridge Loan Lenders, the Sub-servicer (as defined below) and the Servicer (as defined below);

(c) a servicing agreement (the "**Servicing Agreement**") dated the Signing Date between the Issuer, the Representative of the Noteholders and JPMorgan Chase Bank, N.A., Milan (the "**Servicer**", which expression includes any successor thereof);

(d) a deed of charge under English law (the "**English Deed of Charge**") entered into on or about the Signing Date between the Issuer, the English Account Bank, the Swap Counterparties (as defined below) and the Representative of the Noteholders, for itself and as security trustee for the Noteholders and the other Issuer Secured Creditors (as defined below);

(e) a deed of pledge under Italian law (the "**Italian Deed of Pledge**") entered into on or about the Signing Date between the Issuer and the Representative of the Noteholders, for itself and on behalf of the Noteholders and the Other Issuer Secured Creditors;

(f) five interest rate swap transactions, documented under the 1992 ISDA Master Agreement (Multicurrency-Cross Border), the schedule thereto, as published by the International Swap & Derivatives Association Inc., and the confirmations thereunder (each a "**Swap Agreement**" and, collectively, the "**Swap Agreements**") entered into on or about the Signing Date between the Issuer and, respectively, Dexia Crediop S.p.A., Banca Intesa S.p.A., UBS Limited, Deutsche Bank Aktiengesellshaft (through its London branch) and Barclays Bank Plc, as the Swap counterparties (the "**Swap Counterparties**", and each of them a "**Swap Counterparty**", which expression includes any successor thereof);

(g) a corporate services agreement (the "**Corporate Services Agreement**") dated on the Signing Date between the Issuer and Structured Finance Management – Italia S.r.l., as corporate services provider (the "**Corporate Services Provider**", which expression includes any successor thereof); and

(h) a stichting corporate services agreement (the "**Stichting Corporate Services Agreement**") dated the Signing Date between the Issuer and Structured Finance Management (Netherlands) B.V., as stichting corporate services provider (the "**Stichting Corporate Services Provider**", which expression includes any successor thereof).

The Noteholders are deemed to have notice of and are bound by and shall have the benefit of, *inter alia*, the terms of the rules of the organisation of the Noteholders (the "**Rules of the Organisation of Noteholders**", which constitute an integral and essential part of these Conditions). The Rules of the Organisation of Noteholders are attached hereto as a schedule. The rights and powers of the Representative of the Noteholders and the Noteholders may be exercised only in accordance with the Rules of the Organisation of Noteholders.

Certain of the statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Cash Management and Agency Agreement, the Intercreditor Agreement and the other Transaction Documents (as defined below). Any reference in these Conditions to a particular Transaction Document is a reference to such Transaction Document as from time to time created and/or modified and/or supplemented in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time so amended and/or modified and/or supplemented.

Copies of the Cash Management and Agency Agreement, the Rules of the Organisation of Noteholders, the Intercreditor Agreement and the other Transaction Documents are available, on reasonable notice, for inspection during normal business hours by the Noteholders at the Specified Office (as defined below) for the time being of the Representative of the Noteholders and at the Specified Offices of each of the Paying Agents.

The Issuer has published to prospective Noteholders the *prospetto informativo* required by article 2 of law No. 130 of 30 April 1999 (*disposizioni sulla cartolarizzazione dei crediti*), as amended from time to time (the "**Securitisation Law**"). Copies of the *prospetto informativo* will be available, upon request, to the holder of any Note during normal business hours at the Specified Offices of the Representative of the Noteholders and at the Specified Offices of the Paying Agents.

References to "**Noteholders**" or to the "**holders**" of Notes are to the beneficial owners of the Notes.

The principal source of funds available to the Issuer for the payment of amounts due on the Notes will be collections and recoveries made in respect of the Claims. The Claims will be segregated from all other assets of the Issuer by operation of the Securitisation Law and, pursuant to the Intercreditor Agreement, amounts deriving therefrom will be available, both before and after a winding-up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders, to pay costs, fees and expenses due to the Other Issuer Creditors (as defined below) under the Transaction Documents and to pay any other creditor of the Issuer in respect of costs, liabilities, fees or expenses payable to any such other creditor in relation to the securitisation of the Claims by the Issuer through the issuance of the Notes (the "**Securitisation**").

In these Conditions:

1. Definitions

"**Accounts**" means the Collection Account, the Expenses Account, the Expenses Reserve Account and the Payments Account, and "**Account**" means any one of them;

"**Bankruptcy Proceedings**" has the meaning attributed to it in Condition 16 (*Limited recourse and non-petition*);

"**Basic Term Modification**" has the meaning attributed to it in the Rules of the Organisation of the Noteholders;
"**Business Day**" means a day which is a TARGET Settlement Day and any day other than is not a day on which banking institutions are authorized or obligated by law, regulation or executive order to close in London and in Milan;
"**Calculation Date**" means the third Business Day preceding each Interest Payment Date;
"**Cancellation Date**" means the last Business Day in 23 January 2031;
"**Collateral Account**" means each Euro denominated cash account and/or a securities account to be opened by the Issuer with the English Account Bank, pursuant to the Cash Management and Agency Agreement, or other Eligible Institution upon downgrade of each Swap Counterparty's unsecured, unsubordinated obligations rating below the Required Ratings (as defined in the relevant Swap Agreement) in order to deposit the collateral received by such Swap Counterparty pursuant to the terms of the relevant Swap Agreement, and the collateral so deposited may be invested by the English Account Bank or other Eligible Institution, as applicable, in Eligible Investments upon instructions of the relevant Swap Counterparty.
"**Clearstream**" means Clearstream Banking, *société anonyme*;
"**Collection Account**" means a euro-denominated cash account No. 00 0000 1170 with the Italian Account Bank (i) *into which* all amounts paid by the Region under the Delegations of Payment, or the Health Authorities in relation to the Claims will be credited, and (ii) *out of which* (A) payments due and payable to the Swap Counterparties under the relevant Swap Agreement are disbursed, and (B) two Business Days prior to each Interest Payment Date, the balance then standing to the credit of such account, together with any interest accrued thereon, will be transferred to the Payments Account;
"**Collection Date**" means the two Business Day after each Region Payment Date;
"**Collection Period**" means each period commencing on (but excluding) a Collection Date and ending on (and including) the next following Collection Date, and in the case of the first Collection Period, commencing on the Issue Date and ending on the Collection Date falling in 5 July 2006 (both included);
"**Collections**" means the monies collectively received under or in respect of the Portfolio;
"**CONSOB**" means the *Commissione Nazionale per le Società e la Borsa*;
"**Credit Support Annex**" means the credit support annex to be entered into on or about the Signing Date among Barclays Bank PLC, the Issuer and the Representative of the Noteholders in accordance with the relevant Swap Agreement;
"**Credit Support Document**" means the mark-to-market collateral agreement to be entered into between each of Dexia Crediop S.p.A., Banca Intesa S.p.A., UBS Limited, Deutsche Bank Aktiengesellshaft (through its London branch) and the Issuer and the Representative of the Noteholders in accordance with the relevant Swap Agreement;
"**Decree 239**" means Italian legislative decree No. 239 of 1 April 1996, as subsequently amended;
"**Decree 239 Withholding**" means any withholding or deduction for or on account of "*imposta sostitutiva*" under Decree 239;
"**Eligible Institution**" means any depository institution organised under the laws of any state which is a member of the European Union or of the United States of America, the short-term, unsecured, unsubordinated and unguaranteed debt obligations of which are rated at least "P-1" by Moody's and the long-term, unsecured, unsubordinated and unguaranteed debt obligations of which are rated at least "A1" by Moody's;
"**Eligible Investments**" means: (A) any euro denominated money market funds which have (i) a long-term rating of "Aaa" and (ii) a short-term rating of "MR1+" from Moody's, and permit daily or weekly liquidation of investments, and (in either case) having a maturity date falling before the next Liquidation Date, provided they are disposable without penalty; (B) any euro denominated senior (unsubordinated) debt securities or other debt instruments providing a repayment in full of principal at maturity provided that, in all cases, such investments (i) have a maturity date falling on or before the next following Liquidation Date and (ii) are issued by, or fully and unconditionally guaranteed on an unsubordinated basis by, an institution whose unsecured and unsubordinated debt obligations are rated at least "A1" and "P-1" by Moodys in respect of long-term and short-term debt, respectively; or (C) deposits (including, for the avoidance of doubt, time deposits) with an Eligible Institution; *provided that* any of such money market funds, senior (unsubordinated) debt securities or other debt instruments is not subject to any deduction,

withholding or substitutive taxes pursuant to the applicable laws in Italy or pertinent to the jurisdictions of the relevant Eligible Investments.

"**EURIBOR**" has the meaning attributed to it in Condition 6 (c) (*Rate of interest on the Notes*);

"**Euro**" or "**euro**" or "**€**" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended;

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

"**Euro-zone**" means the region comprising those member states of the European Union that adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992) and the Treaty of Amsterdam (signed on 2 October 1997);

"**Event of Default**" has the meaning ascribed to it in Condition 10 (*Events of Default*);

"**Excess Swap Collateral**" means an amount equal to the value of any collateral (or the applicable part thereof) transferred by a Swap Counterparty to the Issuer pursuant to a Credit Support Annex or Credit Support Document that is in excess of such Swap Counterparty's liability to the Issuer thereunder (i) as at the date of termination of a transaction thereunder and (ii) that such Swap Counterparty is otherwise entitled to have returned to it in accordance with the terms of such Credit Support Annex or Credit Support Document;

"**Expenses Account**" means a euro-denominated cash account No. 33373701 with the English Account Bank (i) *into which*, (A) on the Business Day following the Issue Date, the Initial Expenses Amount will be credited from the Payments Account and (B) all money deriving from disinvestment of Eligible Investments purchased with money standing on the balance of such account will be credited, and (ii) *out of which*, (A) the balance standing to the credit of such account could be invested by the English Account Bank (upon instruction of the Cash Manager as directed by the Issuer) in Eligible Investments, (B) an amount equal to the on-balance sheet costs, fees and expenses in relation to the Securitisation (excluding any amounts payable by the Issuer to any Swap Counterparty) (the "**On-balance Sheet Expenses**") due and payable by the Issuer (x) on an Interest Payment Date, will be transferred to the Payments Account two Business Days prior to the relevant Interest Payment Date and (y) on date other than an Interest Payment Date, will be transferred to the Payments Account two Business Days prior to the date on which such On-balance Sheet Expenses are due, (C) the upfront fees of the Securitisation will be paid and (D) following the payment of the upfront fees of the Securitisation and the receipt by the Issuer of a written confirmation by the relevant entities that all upfront fees of the Securitisation have been duly paid, the difference, if positive, between (x) the balance then standing to the credit of such account and (y) Euro 1,650,000 (one million, six hundred and fifty thousand), will be applied in accordance with the relevant Priority of Payments;

"**Expenses Reserve Account**" means a euro-denominated cash account No. 33373702 with the English Account Bank (i) *into which*, (A) on the Business Day following the Issue Date, the Initial Expenses Reserve Amount will be credited from the Payments Account, and (B) all money deriving from disinvestment of Eligible Investments purchased with money standing on the balance of such account will be credited, and (ii) *out of which*, (A) the balance standing to the credit of such account could be invested by the English Account Bank (upon instruction of the Cash Manager as directed by the Issuer) in Eligible Investments and (B) any Issuer's unforeseen expenses, other than the amounts due to the Issuer Secured Creditors, will be paid when due and, if due on an Interest Payment Date, in accordance with the applicable Priority of Payment;

"**Extraordinary Resolution**" has the meaning given to it in the Rules of the Organisation of Noteholders;

"**Final Maturity Date**" has the meaning given to it in Condition 7(a) (*Final redemption*);

"**Further Securitisations**" has the meaning given to it in Condition 5(b) (*Further Securitisations*);

"**Initial Moody's Rating Event**" means either of the following cessations: (i) the long-term, unsecured and unsubordinated debt obligations of each Swap Counterparty cease to be rated at least as high as A2 (or its equivalent) by Moody's, or (ii) the short-term, unsecured and unsubordinated debt obligations of each Swap Counterparty cease to be rated at least as high as P-1 (or its equivalent) by Moody's.

"**Insolvency Event**" will have occurred in respect of the Issuer if:

(a) the Issuer becomes subject to any applicable bankruptcy, liquidation, administration,

insolvency, composition or reorganisation (among which, without limitation, *fallimento*, *liquidazione coatta amministrativa*, *concordato preventivo*, *amministrazione straordinaria* and *amministrazione controllata*, each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including also any equivalent or analogous proceedings under the law of the jurisdiction in which the Issuer is deemed to carry on business), 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;

(b) an application for the commencement of any of the proceedings under (a) above is made in respect of or by the Issuer or the same proceedings are otherwise initiated against the Issuer 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) the Issuer 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 the Issuer Secured 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 other than where such action is carried out in connection with the enforcement of any security or security interest in connection with a Prior Securitisation.

"**Insolvent**" means, in respect of the Issuer, that:

(a) the Issuer ceases or threatens to cease to carry on its business or a substantial part of its business;

(b) the Issuer is deemed unable to pay its debts pursuant to or for the purposes of any applicable law; or

(c) the Issuer becomes unable to pay its debts as they fall due;

"**Interest Amount**" has the meaning given to it in Condition 6(c) (*Calculation of Interest Amounts*);

"**Interest Amount Arrears**" means the portion of the relevant Interest Amount for the Notes, calculated pursuant to Condition 6(c) (*Calculation of Interest Amounts*), which remains unpaid on the relevant Interest Payment Date;

"**Interest Determination Date**" has the meaning attributed to it in Condition 6(b) (*Rate of interest on the Notes*);

"**Interest Payment Date**" has the meaning attributed to it in Condition 6(a) (*Interest Payment Dates and Interest Periods*);

"**Interest Period**" has the meaning attributed to it in Condition 6(a) (*Interest Payment Dates and Interest Periods*);

"**Issuer Available Funds**" means, on each Calculation Date, except for item (iv), and in respect of the immediately following Interest Payment Date, an amount equal to the aggregate of:

(a) (A) the Collections and any amount received and recovered by the Issuer from the Portfolio and pursuant to the Delegations of Payment during the preceding Collection Period, (B) any amount received by the Issuer under any of the Transaction Documents (except for the Swap Agreements) during the preceding Collection Period, and (C) all amounts of interest paid on the Accounts (with the exception of the Expenses Reserve Account) during the preceding Collection Period;

(b) up to the Calculation Date preceding (but excluding) the Interest Payment Date on which the Notes will be redeemed in full, an amount standing to the credit of the Expenses Account equal to the on-balance sheet costs, fees and expenses to be paid on the immediately following Interest Payment Date;

(c) to the extent that the Issuer, before the relevant Calculation Date, has received a written confirmation by the relevant entities that all upfront fees of the Securitisation have been

duly paid, the difference, if positive, between (A) the balance of the Expenses Account, and (B) Euro 1,650,000 (one million, six hundred and fifty thousand);

(d) any amount paid immediately prior to the relevant Calculation Date or to be paid to the Issuer by the Swap Counterparties in accordance with the terms of the Swap Agreements in the date specified in such Swap Agreements; and

(e) in relation to the Interest Payment Date on which the Notes will be redeemed in full, all the amount standing to the credit of the Accounts calculated as of such Interest Payment Date;

but excluding any amounts held by the Issuer which properly belong to any Swap Counterparty in respect of any Excess Swap Collateral (as defined below) or Tax Credit (as defined in the relevant Swap Agreement), payable to such Swap Counterparty pursuant the relevant Swap Agreement;

"**Issuer Creditors**" means (i) the Noteholders (represented, as the case may be, by the Representative of the Noteholders); (ii) the Other Issuer Creditors; and (iii) any other third-party creditors in respect of any taxes, costs, fees, liabilities or expenses incurred by the Issuer in relation to the Securitisation;

"**Issuer Secured Creditors**" means the Noteholders and the Other Issuer Creditors;

"**Issuer's Banks**" means collectively the Italian Account Bank and the English Account Bank;

"**Issuer's Rights**" means the Issuer's right, title and interest in and to the Claims, any rights that the Issuer has acquired under the Transaction Documents and any other rights that the Issuer has purchased against the Originator, any Other Issuer Creditors (including any applicable guarantors or successors) or third parties for the benefit of the Noteholders in connection with the securitisation of the Portfolio;

"**Joint Lead Managers**" means Banca Caboto S.p.A and Dexia Crediop S.p.A. and "**Joint Lead Manager**" means any one of them;

"**Liquidation Date**" means the date falling two Business Days before each Interest Payment Date;

"**Meeting**" has the meaning given to it in the Rules of the Organisation of Noteholders;

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

"**Monte Titoli Account Holder**" means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli and includes depository banks appointed by Clearstream and Euroclear;

"**Moody's**" means Moody's Investors Service Inc.;

"**Organisation of Noteholders**" means the organisation of the Noteholders created by the issue and subscription of the Notes and regulated by the Rules of the Organisation of Noteholders attached hereto as the exhibit;

"**Other Issuer Creditors**" means, collectively, the Representative of the Noteholders, the Servicer, the Corporate Services Provider, the Stichting Corporate Services Provider, the Italian Account Bank, the English Account Bank, the Calculation Agent, the Joint Lead Managers, each Swap Counterparty, the Italian Paying Agent, the Luxembourg Paying Agent, the Luxembourg Listing Agent, the Sub-servicer and the Cash Manager;

"**Payments Account**" means a euro-denominated cash account No. 00 0000 1171 with the Italian Account Bank (i) *into which*, (A) the Italian Account Bank will be required to transfer two Business Days prior to each Interest Payment Date the balance standing to the credit of the Collection Account together with the interest accrued thereon, (B) two Business Days prior to the date on which such On-balance Sheet Expenses (as defined below) are due, the English Account Bank will be required to transfer an amount equal to such On-balance Sheet Expenses and (C) each of the Swap Counterparties is required to make any payment due to the Issuer under the relevant Swap Agreement, and (ii) *out of which*, (A) the balance standing to the credit of such account on the Business Day following the Issue Date will be applied on such Business Day to transfer (x) Euro 550,000 (five hundred and fifty thousand) to the Expenses Reserve Account ("**Initial Expenses Reserve Amount**") and (y) the remaining balance, to the Expenses Account (the "**Initial Expenses Amount**") and (B) the Italian Paying Agent shall (x) make payment for interest and principal due and payable in respect of the Notes on each Interest Payment Date in accordance with the applicable Priority of Payments, (y) pay any On-balance Sheet Expenses due and payable on an Interest Payment Date in accordance with the applicable Priority of Payments and (z) pay when due any On-balance Sheet Expenses due and payable on a date other than an Interest Payment Date;

"**Post-Enforcement Priority of Payments**" means the provisions relating to the order of priority of payments as set out in Condition 3 (f) (*Post-Enforcement Priority of Payments*);
"**Pre-Enforcement Priority of Payments**" means the provisions relating to the order of priority of payments as set out in Condition 3 (e) (*Pre-Enforcement Priority of Payments*);
"**Principal Amount Outstanding**" means, at any point in time in relation to a Note, the principal amount of that Note upon issue less the aggregate amount of all Principal Payments in respect of that Note which have become due and payable (and which have been actually paid) on or prior to that date;
"**Principal Payment**" has the meaning given in Condition 7 (d) (*Mandatory redemption of the Notes*);
"**Priority of Payments**" means, as the case may be, the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments;
"**Purchase Price**" means the price equal to Euro 327,388,432.78 paid by the Issuer to FIRA as consideration for the acquisition of the Claims pursuant to the Transfer Agreements;
"**Rate of Interest**" has the meaning given in Condition 6 (c) (*Rate of interest on the Notes*);
"**Ratings Downgrade Termination**" means the failure by any Swap Counterparty to remedy, in accordance with the provisions of the relevant Swap Agreement, the occurrence of an Initial Moody's Rating Event or a Subsequent Moody's Rating Event;
"**Reference Banks**" means, initially, Citibank N.A., Deutsche Bank AG and Royal Bank of Scotland Limited, each through its London office and its successors or assignors and, if the principal London office of any such bank is unable or unwilling to continue to act as a Reference Bank, the principal London office of such other bank as the Issuer shall appoint and as may be approved in writing by the Italian Paying Agent to act in its place (and, each of them, a "**Reference Bank**");
"**Region Payment Date**" means the 5 of each January and July of each year, starting from the 5 July 2006 and ending on the 5 January 2021;
"**Relevant Date**" means, in respect of any payment in relation to the Notes, whichever is the later of:

(a) the date on which the payment in question first becomes due; and

(b) if the full amount payable has not been received by the Italian Paying Agent or the Representative of the Noteholders on or prior to such date, the date on which, the full amount having been so received, notice to that effect has been given to the Noteholders in accordance with Condition 17 (*Notices*);

"**Reporting Date**" means the seventh Business Day preceding each Interest Payment Date;
"**Revenue Eligible Investments Amount**" means, as at each Liquidation Date, any interest or other remuneration on the Eligible Investments bought by or for the account of the Issuer other than repayment of principal or repayment of the initial capital invested, as applicable, in respect of each Eligible Investment;
"**Scheduled Repayment Amount**" means, with respect to each Interest Payment Date the amount indicated under the heading "Scheduled Repayment Amount" in the table below against the corresponding Interest Payment Date:

Interest Payment Date falling in:	**Scheduled Repayment Amount:**
22/01/2008	43,650,000
22/07/2008	10,912,500
22/01/2009	10,912,500
22/07/2009	10,912,500
22/01/2010	10,912,500
22/07/2010	10,912,500
22/01/2011	10,912,500
22/07/2011	10,912,500

22/01/2012	10,912,500
22/07/2012	10,912,500
22/01/2013	10,912,500
22/07/2013	10,912,500
22/01/2014	10,912,500
22/07/2014	10,912,500
22/01/2015	10,912,500
22/07/2015	10,912,500
22/01/2016	10,912,500
22/07/2016	10,912,500
22/01/2017	10,912,500
22/07/2017	10,912,500
22/01/2018	10,912,500
22/07/2018	10,912,500
22/01/2019	10,912,500
22/07/2019	10,912,500
22/01/2020	10,912,500
22/07/2020	10,912,500
22/01/2021	10,912,500

"**Screen Rate**" has the meaning attributed to it in Condition 6 (c) (*Rate of interest on the Notes*);
"**Secured Amounts**" means all the amounts due, owing or payable by the Issuer, whether present or future, actual or contingent, to the Noteholders under the Notes and the Other Issuer Secured Creditors pursuant to the relevant Transaction Documents;
"**Security Interests**" means any mortgage, charge, pledge, lien, right of set-off, special privilege (*privilegio speciale*), assignment by way of security, retention of title or any other security interest whatsoever or any other agreement or arrangement having the effect of conferring security;
"**Security Package**" means collectively the English Deed of Charge and the Italian Deed of Pledge;
"**Specified Offices**" means:

(a) as for the Luxembourg Listing Agent, the Luxembourg Paying Agent: J.P. Morgan Chase Bank, Luxembourg S.A.;
(b) as for the Italian Account Bank and the Italian Paying Agent: JPMorgan Chase Bank N.A., Milan Branch;
(c) as for the English Account Bank, the Cash manager an the Calculation Agent: JPMorgan Chase Bank N.A., London Branch;

"**Subsequent Moody's Rating Event**" means either of the following cessations: (i) the the long-term, unsecured and unsubordinated debt obligations of the relevant Swap Counterparty cease to be rated at least as high as A3 (or its equivalent) by Moody's, or (ii) the short-term, unsecured and unsubordinated debt obligations of such Swap Counterparty cease to be rated at least as high as P-2 (or its equivalent) by Moody's;
"**Sub-servicing Agreement**" means the sub-servicing agreement dated the Signing Date among the Issuer, the Servicer and FIRA;
"**Subscription Agreement**" means the subscription agreement in respect of the Notes dated the Signing Date among the Joint Lead Managers, the Issuer, the Originator and the Representative of the Noteholders;
"**Swap Trigger**"means the occurrence of an early termination of a Swap Transaction due to:

(a) a Ratings Downgrade Termination; or

(b) the occurrence of an Event of Default (as defined in the relevant Swap Agreement (which, for the avoidance of doubt, is not the same as an Event of Default under the Notes)) where the Defaulting Party (as defined in such Swap Agreement) is the relevant Swap Counterparty.

"**TARGET Settlement Day**" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

"**Tax Event Termination**" means any case in which each Swap Counterparty will be entitled, under certain circumstances, to terminate the relevant Swap Agreement, in particular, if (i) it is obliged to gross up payments following any withholding or deduction for or on account of any taxes or (ii) it receives a payment in respect of which an amount is required to be deducted or withheld for or on account of taxes;

"**Termination Date**"means the date of termination of each Swap Agreement;

"**Transaction Documents**" means, collectively, the Transfer Agreements, the Cash Management and Agency Agreement, the Servicing Agreement, the Sub-Servicing Agreement, the Intercreditor Agreement, the Italian Deed of Pledge, the English Deed of Charge, the Swap Agreements, the Subscription Agreement, the Corporate Services Agreement and the Stichting Corporate Services Agreement;

"**Trigger Notice**" has the meaning ascribed to it in Condition 10 (b) (*Delivery of a Trigger Notice*);

"**Written Resolution**" means a resolution in writing signed by or on behalf of all holders of Notes who for the time being are entitled to receive notice of a Meeting of such holders of Notes in accordance with the Rules of the Organisation of Noteholders, whether contained in one document, or several documents in the same form, each signed by or on behalf of one or more such holders of Notes.

2. Form, denomination and title

(a) Form

The Notes are in dematerialised form and will be wholly and exclusively deposited with Monte Titoli in accordance with article 28 of the Legislative Decree No. 213 of 24 June 1998 ("**Decree 213**"), through the authorised institutions listed in article 12 of such decree.

(b) Denomination

The Notes are issued in the denomination of € 75,000.

(c) Title

The Notes are held by Monte Titoli on behalf of the Noteholders until redemption and cancellation for the account of each relevant Monte Titoli Account Holder. The Notes will at all times be in book entry form and title to the Notes will be evidenced by book entries in accordance with the provisions of: (i) article 28 of Decree 213; and (ii) resolution No. 11768 of 23 December, 1998 of CONSOB as subsequently amended. No physical document of title will be issued in respect of the Notes.

3. Status and priority

(a) Limited recourse

The Notes are direct, secured and unconditional limited-recourse obligations of the Issuer and, accordingly, the extent of the obligation of the Issuer to make payments under the Notes is limited to the share of the amounts received or recovered by or on behalf of the Issuer or the Representative of the Noteholders in respect of the Claims, the Delegations of Payment and under the Transaction Documents. The Notes are secured over certain assets of the Issuer pursuant to the Italian Deed of Pledge and the English Deed of Charge. The Noteholders acknowledge that the limited-recourse nature of the Notes produces the effects of a *contratto aleatorio* under Italian law and they accept the consequences thereof, including but not limited to the provisions of article 1469 of the Italian civil code.

(b) Status

The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by, any other parties to the Transaction Documents. The Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes.

(c) *Payments due by the Issuer under the Swap Agreements*

Pursuant to the Swap Agreements, the Issuer will pay to each Swap Counterparty, on each 18 January and 18 July, subject to the Following Business Day Convention (as defined in the relevant Swap Agreement), starting from 18 July 2006, *pari passu* and *pro rata* according to the respective amounts thereof, the amounts due to such Swap Counterparty pursuant to the relevant Swap Agreement in respect of payments scheduled therein (excluding any payment due and payable by the Issuer to such Swap Counterparty under the relevant Swap Agreement which will be paid in accordance with the applicable Priority of Payments) out of item (i) of the Issuer Available Funds.

(d) *Payments due by the Issuer under the Bridge Loan Agreement*

Pursuant to the Bridge Loan Agreement, interest on the Bridge Loan accrued from 31 March 2006 until the Issue Date (excluded) at 3.268% per annum will be paid by the Issuer starting from the first Interest Payment Date using the amounts due and payable to the Issuer under the Swap Agreements, in accordance with the applicable Priority of Payment.

(e) *Pre-Enforcement Priority of Payments*

Prior to the service of a Trigger Notice, the Issuer Available Funds as calculated on each Calculation Date will be applied by the Issuer on the Interest Payment Date immediately following such Calculation Date in making payments or provisions in the following order of priority (the "**Pre-Enforcement Priority of Payments**") (after making payments of certain monies which properly belong to any Swap Counterparty in respect of any Excess Swap Collateral or Tax Credit (as defined in the relevant Swap Agreement), payable to such Swap Counterparty pursuant the relevant Swap Agreement), but, in each case, only if and to the extent that payments or provisions of a higher priority have been made in full:

(i) *first,* in or towards satisfaction of any and all outstanding fees, costs, liabilities, taxes and any other expenses to be paid in order to preserve the corporate existence of the Issuer, to maintain it in good standing, to comply with applicable legislation;

(ii) *second*, in or towards satisfaction, according to the respective amounts thereof, of:

(a) *first*, any and all outstanding fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders or any appointee thereof; and

(b) *second*, any and all outstanding fees, costs, expenses and taxes required to be paid in connection with the listing, deposit or rating of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents;

(iii) *third*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding fees, costs and expenses of, and all other amounts due and payable to, the Paying Agents, the Luxembourg Listing Agent, the Cash Manager, the Calculation Agent, the Corporate Services Provider, the Stichting Corporate Services Provider, the Servicer and each of the Issuer's Banks, each under the relevant Transaction Document(s) to which it is a party;

(iv) *fourth*, in or towards satisfaction, pro rata and pari passu, of (A) any and all amounts due and payable by the Issuer to the Swap Counterparties under the Swap Agreements, except for any amounts payable by the Issuer to a Swap Counterparty upon the occurrence of a Swap Trigger (other than any part of the termination payment that is paid out of any premium received by the Issuer from a replacement swap counterparty), in the case that such amounts due and payable by the Issuer to the Swap Counterparties have not been paid on the day specified in each Swap Agreement and (B) any and all interest amounts due to the Bridge Loan Lenders pursuant to the Bridge Loan Agreement;

(v) *fifth,* in or towards payment, *pro rata* and *pari passu*, of all amounts of interest due and payable on the Notes;

(vi) *sixth*, in or towards repayment, *pro rata* and *pari passu*, of principal on the Notes in an amount equal to the applicable Scheduled Repayment Amount;

(vii) *seventh*, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of any amounts payable by the Issuer to a Swap Counterparty upon the occurrence of a Swap Trigger; and

(viii) *eighth*, in or towards satisfaction of all amounts due and payable to the Sub-servicer under the Sub-servicing Agreement.

(f) Post-Enforcement Priority of Payments

At any time following delivery of a Trigger Notice, or, in the event that the Issuer opts for the early redemption of the Notes under Condition 7(c) (Optional redemption for taxation), all amounts received or recovered by or on behalf of the Issuer or the Representative of the Noteholders in respect of the Claims, the Delegations of Payment, the Security Package and/or any of the other Transaction Documents will be applied by or on behalf of the Representative of the Noteholders in the following order (the "**Post-Enforcement Priority of Payments**") (after making payments of certain monies which properly belong to any Swap Counterparty in respect of any Excess Swap Collateral or Tax Credit (as defined in the relevant Swap Agreement), payable to such Swap Counterparty pursuant the relevant Swap Agreement), but, in each case, only if and to the extent that payments of a higher priority have been made in full:

(i) *first*, in or towards satisfaction of any and all outstanding taxes, fees, costs, liabilities and any other expenses to be paid but only to the extent necessary to preserve the corporate existence of the Issuer to maintain it in good standing and to comply with applicable legislation;

(ii) *second*, in or towards satisfaction of any and all outstanding fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders or any appointee thereof;

(iii) *third*, in or towards satisfaction, according to the respective amounts thereof, of any and all oustanding fees, costs, expenses and taxes required to be paid in connection with the listing, deposit and rating of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents;

(iv) *fourth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding fees, costs and expenses of and all other amounts due and payable to the Paying Agents, the Luxembourg Listing Agent, the Cash Manager, the Calculation Agent, the Servicer, the Corporate Services Provider, the Stichting Corporate Services Provider and each of the Issuer's Banks, each, under the relevant Transaction Document(s) to which it is a party;

(v) *fifth,* in or towards satisfaction, *pro rata* and *pari passu*, of (A) any and all amounts due and payable by the Issuer to the Swap Counterparties under the Swap Agreements, except for any amounts payable by the Issuer to a Swap Counterparty upon the occurrence of a Swap Trigger (other than any part of the termination payment that is paid out of any premium received by the Issuer from a replacement swap counterparty), in the case that such amounts due and payable by the Issuer to the Swap Counterparties have not been paid on the day specified in each Swap Agreement and (B) any and all interest amounts due to the Bridge Loan Lenders pursuant to the Bridge Loan Agreement;

(vi) *sixth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts due and payable in respect of interest (including any interest accrued but unpaid) on the Notes at such date;

(vi) *seventh*, in or towards repayment, *pro rata* and *pari passu*, of the Principal Amount Outstanding of the Notes, until repayment in full of the Notes;

(viii) *eighth*, in or towards satisfaction, *pro rata* and *pari passu,* according to the respective amounts thereof, of any amounts payable by the Issuer to a Swap Counterparty upon the occurrence of a Swap Trigger; and

(ix) *ninth,* in or towards satisfaction of all amounts due and payable to the Sub-servicer under the Sub-servicing Agreement.

In the event that the Issuer redeems any Notes in whole or in part prior to the date which is 18 months after the Issue Date, the Issuer will be required to pay a tax in Italy equal to 20 per cent. of all interest accrued on such principal amount repaid early up to the relevant repayment date. This requirement will apply whether or not the redemption takes place following an Event of Default under the Notes or pursuant to any requirement of the Issuer to redeem Notes following the service of a Trigger Notice in connection with any such Event of Default. Consequently, following an Event of Default, the Issuer may, with the consent of the Representative of the Noteholders, and shall, if so instructed by the Representative of the Noteholders, delay the redemption of the Notes until the end of such 18-month period.

(f) Expenses

From time to time, during an Interest Period, the Issuer shall, in accordance with the Cash Management and Agency Agreement, be entitled to apply amounts standing to the credit of the Expenses Account or the Expenses Reserve Account in payment of sums due to third parties under obligations incurred by the Issuer in the course of the Securitisation or as otherwise referred to in Condition 3 (e) (*Pre-Enforcement Priority of Payments*) and Condition 3 (f) (*Post-Enforcement Priority of Payments*).

4. Security

As security for the discharge of the Secured Amounts, the Issuer created, pursuant to the English Deed of Charge, the following security in favour of the Representative of the Noteholders for itself and to be held by it upon trust for and on behalf of the Issuer Secured Creditors: (i) an assignment by way of first fixed security of all of the Issuer's rights under the Swap Agreements; (ii) a first fixed charge over the Expenses Account and the Expenses Reserve Account and all amounts and balances and/or Eligible Investment which stand to the credit thereof and the debts represented thereby; and (iii) a first floating charge over all of the Issuer's property, assets and undertakings relating to or deriving from the Securitisation which are not effectively assigned or charged under any other provision. Furthermore, the Issuer created, pursuant to the Italian Deed of Pledge, a pledge over (i) any monetary claims arising from time to time from the Transaction Documents, including, but not limited to, claims for restitution, damages and claims under indemnities or warranties provided for by the Transaction Documents or arising from a breach of any obligations or the termination, invalidation or annulment of any Transaction Document, but excluding the Claims, the Purchase Price, the Delegations of Payment, the Collections, the Issue Price, the Eligible Investments, any claim arising *vis-à-vis* the Issuer from the Swap Agreements and the claims arising from any positive balances of the Collection Account, the Payments Account, the Expenses Account and the Expenses Reserve Account, (ii) any monetary claims arising from the Delegations of Payment, and (iii) the positive balances (except for that portion of the balances constituted by the Claims) standing to the credit of the Collection Account and the Payments Account (the Italian Deed of Pledge and the English Deed of Charge, the "**Security Package**").

In addition, by operation of Italian law, the Issuer's right, title and interest in and to the Claims thereunder is segregated from all other assets of the Issuer and amounts deriving therefrom will be available both prior to and following a winding-up of the Issuer only to satisfy the obligations of the Issuer to the Noteholders and the Other Issuer Creditors in accordance with the applicable Priority of Payments.

5. Covenants

(a) *Covenants by the Issuer*

For so long as any Note remains outstanding, the Issuer shall not, save with the prior written consent of the Representative of the Noteholders (having regard to the interests of the Noteholders) or as provided in or envisaged by any of the Transaction Documents:

(i) Negative pledge

create or permit to subsist any Security Interest whatsoever upon, or with respect to the Claims, or any part thereof or any of its present or future business, undertaking, assets or revenues relating to this Securitisation (other than under the Security Package) or sell, lend, part with or otherwise dispose of all or any part of the Claims, or any part thereof or any of its present or future business, undertaking, assets or revenues relating to this Securitisation whether in one transaction or in a series of transactions; provided that for performing any action under this paragraph (i), the Issuer will also need the consent of the Swap Counterparties;

(ii) Restrictions on activities

(A) without prejudice to Condition 5(b) (*Further Securitisations*) below, engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage;

(B) have any subsidiary (*societá controllata*) or affiliate company (*societá 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 is materially prejudicial to the interests of the Noteholders under the Transaction Documents or do, or permit to be done, any act or thing in relation thereto which is materially prejudicial to the interests of the Noteholders under the Transaction Documents.

(iii) Dividends or distributions

pay any dividend or make any other distribution or return or repay any equity capital to its quotaholders or increase its equity capital;

(iv) Borrowings and guarantees

without prejudice to Condition 5(b) (*Further Securitisations*) below, incur any indebtedness in respect of borrowed money whatsoever or give any guarantee in respect of any indebtedness or of any obligation of any person, provided that the Issuer received prior confirmation of Moody's that such indebtedness will not adversely affect the rating of the Notes;

(v) Merger

consolidate or merge with any other person or convey or transfer any of its properties or assets substantially as an entirety to any other person;

(vi) No variation or waiver

permit any of the Transaction Documents to which it is a party (i) to be amended, terminated or discharged (including, but not limited to, (i) consent to, request or agree any modification, change, variation, novation or supplement any of the Transaction Documents to which it is a party, (ii) give any waiver in respect of any of its rights under any of the Transaction Documents, including any waiver of any breach by any party of any Transaction Document and (iii) consent to, or request, the release of any term, provision or other condition of any Transaction Document), if such amendment, termination or discharge may negatively affect the interests of the holders of the Notes or (ii) to become invalid or ineffective or the priority of the Security Interests created thereby to be reduced or consent to any variation thereof or exercise any powers of consent, direction or waiver pursuant to the terms of any of the Transaction Documents or permit any party to the Transaction Documents or any other person whose obligations form part of the Security Package to be released from its respective obligations in a way which may negatively affect the interests of the holders of the Notes;

(vii) Bank accounts

without prejudice to Condition 5(b) (*Further Securitisations*) below, have an interest in any bank account other than the Accounts, the account in which the Issuer's quota capital is deposited and any account required to maintain the Issuer's corporate existence, unless prior written notice is delivered to Moody's;

(viii) Statutory documents

amend, supplement or otherwise modify its by-laws (*statuto*), except where such amendment, supplement or modification is required by any compulsory provision of Italian law or by the competent regulatory authorities or in any manner which is not prejudicial to the interest of the Noteholders;

(ix) Corporate records, financial statements and books of account

cease to maintain corporate records, financial statements and books of account separate from those of the Originator and of any other person or entity;

(x) Compliance with corporate formalities

cease to comply with all necessary corporate formalities; or

(xi) Residency and centre of main interest

become resident, including (without limitation) for tax purposes, in any country outside of the Republic of Italy or cease to be managed and administered in Italy or cease to have its centre of main interest in Italy.

(b) *Further Securitisations*
None of the covenants in Condition 5 (a) (*Covenants by the Issuer*) above shall prohibit the Issuer from carrying 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, subject to the prior written consent of the Representative of the Noteholders and the prior confirmation of Moody's that any such securitisation transaction will not adversely affect the rating of any of the Notes.

6. Interest

(a) Interest Payment Dates and Interest Periods
Each Note bears interest on its Principal Amount Outstanding from (and including) the Issue Date at the applicable rate determined in accordance with this Condition 6, accrued on a daily basis and payable in arrear in Euro on 22 July 2006 and thereafter semi-annually in arrear on 22 January, 22 July in each year or, if any such date is not a Business Day, on the immediately succeeding Business Day (each such date, an "**Interest Payment Date**"), in any case subject as provided in Condition 8 (*Payments*). Each period beginning on (and including) an Interest Payment Date (or, in the case of the first Interest Period, the Issue Date) and ending on (but excluding) the next (or, in the case of the first Interest Period, the first) Interest Payment Date is herein called an "**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 (save that for the first Interest Period the rate shall be equal to 3.208%). Interest shall cease to accrue on any part of the Principal Amount Outstanding of the Notes from (and including) the due date for 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 Notes until the moneys in respect thereof have been received by the Representative of the Noteholders or the Italian Paying Agent on behalf of the relevant Noteholders and notice to that effect is given in accordance with Condition 17.

(b) Rate of interest
The rate of interest payable from time to time in respect of the Notes (the **"Rate of Interest**") for each Interest Period will be determined by the Italian Paying Agent on the basis of the following provisions:

(i) the Italian Paying Agent will determine the rate offered in the euro-zone inter-bank market for six-month deposits in euro ("**EURIBOR**") (save that for the first Interest Period the rate will be equal to 3.208%) which appears on Reuters Euribor 01 (the "**Screen Rate**") or (A) such other page as may replace Reuters Euribor 01 on that service for the purpose of displaying such information or (B) if that service ceases to display such information, such page as displays such information on such equivalent service (or, if more than one, that one which is approved by the Representative of the Noteholders) as may replace the Reuters Euribor 01 at or about 11.00 a.m. (Brussels time) on the second Business Day immediately preceding such Interest Period (the "**Interest Determination Date**"); or

(ii) if the Screen Rate is unavailable at such time for six-month deposits in euro, then the rate for any relevant period shall be the arithmetic mean (rounded to four decimal places with the mid-point rounded upwards) of the rates notified to the Italian Paying Agent at its request by each of the Reference Banks as the rate at which six-month deposits in euro in a representative amount are offered by that Reference Bank to leading banks in the euro-zone inter-bank market at or about 11.00 a.m. (Brussels time) on the relevant Interest Determination Date; or

(iii) if, at that time, the Screen Rate is unavailable and only two or three of the Reference Banks provide such offered quotations to the Italian Paying Agent, the relevant rate shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations; or

(iv) if, at that time, the Screen Rate is unavailable and only one or none of the Reference Banks provides the Italian Paying Agent with such an offered quotation, the relevant rate shall be the rate in effect for the immediately preceding period to which one of sub-paragraphs (i) or (ii) above shall have applied; and

(v) the Rate of Interest for such Interest Period shall be the sum of:

(A) 0.24 per cent. per annum; and

(B) EURIBOR or (as the case may be) the arithmetic mean as determined above.

(c) Calculation of Interest Amounts

The Italian Paying Agent will, as soon as practicable after 11.00 a.m. (Brussels time) on each Interest Determination Date in relation to each Interest Period, but in no event later than the third Business Day thereafter, determine the amount of interest payable in respect of the Notes for the relevant Interest Period (each such amount, the "**Interest Amount**"). The Interest Amount shall be determined by applying the Rate of Interest for such Interest Period to the Principal Amount Outstanding of the Notes during such Interest Period, multiplying the product of such calculation by the actual number of days in the Interest Period concerned divided by 360, and rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

(d) Publication of Rate of Interest and lnterest Amount

The Italian Paying Agent will cause each Rate of Interest and each Interest Amount for each Interest Period and the relative Interest Payment Date, to be notified to the Issuer, the Calculation Manager, the Cash Manager, the Luxembourg Paying Agent, the Luxembourg Listing Agent, the Servicer, the Swap Counterparties, the Representative of the Noteholders, Monte Titoli and any stock exchange or other relevant authority on which the Notes are at the relevant time listed and (if so required by the rules of the relevant stock exchange) to be published in accordance with Condition 17 (*Notices*) as soon as practicable after their determination, but in any event not later than the first Business Day of the relevant Interest Period.

(e) Amendments to publications

The Italian Paying Agent will be entitled to recalculate any Rate of Interest or Interest Amount (on the basis of the foregoing provisions) in the event of an extension or shortening of the relevant Interest Period.

(f) Determination or calculation by the Representative of the Noteholders

If the Italian Paying Agent does not at any time for any reason determine the Rate of Interest or the Interest Amount for any Notes in accordance with this Condition 6, the Representative of the Noteholders shall (but without incurring any liability to any person as a result):

(i) determine the Rate of Interest for the Notes at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedures described in this Condition 6), it shall deem fair and reasonable in all the circumstances; and/or (as the case may be);

(ii) calculate the relevant Interest Amount in the manner specified in this Condition 6, and any determination and/or calculation shall be deemed to have been made by the Italian Paying Agent.

7. Redemption, purchase and cancellation

(a) Final redemption

Unless previously redeemed in full and cancelled as provided in this Condition 7, the Issuer shall redeem the Notes in full at their Principal Amount Outstanding, plus any accrued but unpaid interest, on the Interest Payment Date falling in 22 January 2021 (the "**Final Maturity Date**"), subject as provided in Condition 8 (*Payments*).

(b)

If the Notes cannot be redeemed in full on the Final Maturity Date, as a result of the Issuer having insufficient funds for application in or towards such redemption, any amount unpaid shall remain outstanding and these Conditions shall continue to apply in full in respect of the Notes until the , at which date, in the absence of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Issuer, any amount outstanding, whether in respect of interest, principal or other amounts in respect of the Notes, shall be finally and definitively cancelled.

(c) Optional 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 the Issuer would be required to deduct or withhold (other than in respect of any withholding or deduction for or on account of *imposta sostitutiva* under Decree 239 from any payment of principal or interest on the Notes, (or that amounts payable to the Issuer in respect of the Claims would be subject to withholding or deduction), of 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, 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 17 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 Notes and any amounts required under the Intercreditor Agreement to be paid in priority to or pari passu with the Notes, redeem all but not some only of the Notes at their Principal Amount Outstanding together with accrued but unpaid interest up to and including the relevant Interest Payment Date.

Any redemption for taxation made prior to eighteen months from the Issue Date may result in the Issuer having to pay an additional amount equal to 20.0% (twenty per cent.) of interest accrued on the Notes up to the time of the early redemption.

(d) Mandatory redemption of the Notes

(i) Prior to the service of a Trigger Notice, on the Interest Payment Date falling on 22 January 2008 and on each Interest Payment Date thereafter, the Issuer shall redeem the Notes in an amount equal to the applicable Scheduled Repayment Amount.

(ii) The principal amount redeemable in respect of each Note on any Interest Payment Date (each, a "**Principal Payment**") shall be a *pro rata* share of the Issuer Available Funds determined in accordance with the provisions of this Condition 7 and the Pre-Enforcement Priority of Payments to be available to redeem Notes on such date, calculated by reference to the ratio borne by the then Principal Amount Outstanding of such Note to the then Principal Amount Outstanding of the Notes (rounded down to the nearest cent), provided always that no such Principal Payment may exceed the Principal Amount Outstanding of the relevant Note.

(e) Calculation of Issuer Available Funds, Principal Payments and Principal Amount Outstanding

On each Calculation Date, the Issuer will procure that the Calculation Agent determines, in accordance (where applicable) with Condition 3 (*Status and priority*):

(i) the Issuer Available Funds;

(ii) (starting from the Collection Date preceding the Interest Payment Date falling in January 2008) the applicable Scheduled Repayment Amount and the Principal Payments (if any) due on the Notes on the next following Interest Payment Date;

(iii) (starting from the Collection Date preceding the Interest Payment Date falling in January 2008) the Principal Amount Outstanding of the Notes on the next following Interest Payment Date;

(iv) the amount to be debited to the Expenses Account or the Expenses Reserve Account; and

(v) the payments (if any) to be made to each of the parties to the Intercreditor Agreement under the relevant Transaction Document,

and will determine how the Issuer's funds available for distribution pursuant to these Conditions shall be applied, on the immediately following Interest Payment Date, pursuant to the Pre-Enforcement Priority of Payments, and will deliver to the Representative of the Noteholders, the Paying Agents, Moody's, the Luxembourg Listing Agent and each of the Issuer's Banks a report setting forth such determinations and amounts and the information on the Eligible Investments received by the Cash Manager.

At any time following the delivery of a Trigger Notice, the Calculation Agent, at the request of the Rapresentative of Noteholders, will determine how the Issuer's funds available for distribution pursuant to these Conditions shall be applied, pursuant to the Post-Enforcement Priority of Payments and will deliver to the Representative of the Noteholders, the Paying Agents, Moody's, the Luxembourg Listing Agent and the Issuer's Banks a report setting forth such determinations and amounts and the information on the Eligible Investments received by the Cash Manager.

(f) Calculations final and binding

Each determination by or on behalf of the Issuer under Condition 7(e) (*Calculation of Issuer Available Funds, Principal Payments and Principal Amount Outstanding*) will in each case (in the absence of wilful default, bad faith or manifest error) be final and binding on all persons.

(g) Notice of determination and redemption

The Issuer will cause each determination of any Interest Amounts, Principal Payments (if any) and Principal Amount Outstanding in relation to the Notes to be notified immediately after the calculation to the Representative of the Noteholders, the Paying Agents, the Calculation Agent, Monte Titoli and (for so long as any Notes are listed on any stock exchange) each stock exchange on which the Notes are then listed and will immediately cause details of each determination of any Interest Amounts, Principal Payments (if any) and Principal Amount Outstanding in relation to the Notes to be published in accordance with Condition 17 (*Notices*) by not later that one Business Day prior to such Interest Payment Date if required by the rules of the Luxembourg Stock Exchange.

(h) Notice irrevocable

Any such notice as is referred to in Condition 7(g) (*Notice of determination and redemption*) shall be irrevocable and the Issuer shall, in the case of a notice under Condition 7(g) (*Notice of determination and redemption*), be bound to redeem the relevant Notes to which such notice refers (in whole or in part, as applicable) in accordance with this Condition 7.

(i) Determinations by the Representative of the Noteholders

If the Issuer does not at any time for any reason determine or cause to be determined a Principal Payment or the Principal Amount Outstanding in accordance with the preceding provisions of this Condition 7, such Principal Payment and/or, as applicable, Principal Amount Outstanding shall be determined by the Representative of the Noteholders in accordance with this Condition (but without the Representative of the Noteholders incurring any liability to any person as a result) and each such determination shall be deemed to have been made by the Issuer.

(j) No purchase by the Issuer

The Issuer will not purchase any of the Notes.

(k) Cancellation

All Notes redeemed in full will forthwith be cancelled upon redemption and accordingly may not be reissued or resold.

8. Payments

(a) Payments through Monte Titoli, Euroclear and Clearstream

Payments of principal and interest in respect of the Notes will be credited, according to the instructions of Monte Titoli, by the Italian Paying Agent on behalf of the Issuer to the accounts of those banks and authorised brokers whose accounts with Monte Titoli are credited with those Notes and thereafter credited by such banks and authorised brokers from such aforementioned accounts to the accounts of the beneficial owners of those Notes or through Euroclear and Clearstream to the accounts with Euroclear and Clearstream of the beneficial owners of those Notes, in accordance with the rules and procedures of Monte Titoli, Euroclear or Clearstream, as the case may be.

(b) Payments subject to tax laws

Payments of principal and interest in respect of the Notes are subject in all cases to any fiscal or other applicable laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation in the Republic of Italy*).

(c) Payments on Business Days

If the due date for payment of amount in respect of any Note is not a Business Day on the place where payment is to be made, the Noteholders shall not be entitled to payment until the next succeeding Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(d) Notification to be final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of Condition 6 (*Interest*) or Condition 7 (*Redemption, purchase and cancellation*), whether by the Reference Banks (or any of them), the Paying Agents, the Luxembourg Listing Agent, the Cash Manager, the Calculation Agent or the Representative of the Noteholders, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agents, all Noteholders and all Other Issuer Creditors and (in the absence of wilful default, bad faith or manifest error) no liability to the Representative of the Noteholders, the Noteholders or the Other Issuer Creditors shall attach to the Reference Banks, the Paying Agents, the Luxembourg Listing Agent, the Cash Manager, the Calculation Agent or the Representative of the Noteholders in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under Condition 6 (*Interest*) or Condition 7 (*Redemption, purchase and cancellation*).

9. Taxation in the Republic of Italy

All payments in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatsoever nature other than a Decree 239 Withholding or any other withholding or deduction required to be made by applicable law. The Issuer shall not be obliged to pay any additional amount to any Noteholder on account of such withholding or deduction.

10. Events of Default

(a) Events of Default

Subject to the other provisions of this Condition 10, each of the following events shall be treated as an "**Event of Default**":

(i) *Non-payment*: the Issuer fails to repay principal in respect of the Notes in an amount equal to the applicable Scheduled Repayment Amount and/or fails to pay any Interest Amount in respect of the Notes, in each case within 15 Business Days of the relevant Interest Payment Date; or

(ii) *Non-payment under the Delegations of Payment*: the Region fails to pay any amounts when due and payable under the Delegations of Payment within 10 Business Days from the date of such amounts becoming due; or

(iii) *Breach of other obligations*: the Issuer fails to perform or observe any of its other obligations under or in respect of the Notes, the Intercreditor Agreement or any other Transaction Document to which it is a party and such default is, in the sole opinion of the Representative of the Noteholders having actual knowledge thereof, (A) incapable of remedy or (B) capable of remedy, but remains unremedied for 30 days or such longer period as the Representative of the Noteholders may agree (in its sole discretion) after the Representative of the Noteholders has given written notice of such default to the Issuer, certifying that such default is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Noteholders and requiring the same to be remedied; or

(iv) *Failure to take action*: any action, condition or thing at any time required to be taken, fulfilled or done in order:

(A) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes and the Transaction Documents to which the Issuer is a party; or

(B) to ensure that those obligations are legal, valid, binding and enforceable,

is not taken, fulfilled or done at any time and the Representative of the Noteholders, having actual knowledge of such breach, has given written notice of such default to the Issuer, certifying that such default is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Noteholders and requiring the same to be remedied; or

(v) *Insolvency Event*: an Insolvency Event occurs in relation to the Issuer or the Issuer becomes Insolvent; or

(vi) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Transaction Documents to which the Issuer is a party; or

(vii) *Termination of a Swap Agreement*: a Swap Agreement is terminated prior to its Termination Date (as defined in the relevant confirmation) and the Issuer does not, within 30 Business Days after such termination, enter into a replacement swap transaction (having substantially the same terms and conditions as the terminated Swap Agreement) with a replacement swap counterparty (i) the short-term, unsecured and unsubordinated debt obligations of which are rated at least "P-1" by Moody's and (ii) the long-term, unsecured and unsubordinated debt obligations of which are rated at least "A2" by Moody's; or

(viii) *Others*:

(A) the Delegations of Payment are revoked, invalidated or rescinded; or

(B) any laws, decrees and resolutions enacted by the Region, which are relevant to the Securitisation, are revoked or amended or new laws, decrees and resolutions are enacted so that, in each case, in the sole opinion of the Representative of the Noteholders, having actual knowledge thereof, (which may be based on such legal or other advice as the Representative of the Noteholders shall deem appropriate and which opinion shall not be called into question as a result of relying on such advice or otherwise) negatively impact the performance of the Securitisation in any material respect.

(b) Delivery of a Trigger Notice

If an Event of Default occurs, then (subject to Condition 10(c) (*Consequences of delivery of a Trigger Notice*) the Representative of the Noteholders may, at its sole discretion, and shall,

(i) if so directed in writing by the holders of at least 75 per cent. of the Principal Amount Outstanding of the Notes; or

(ii) if so directed by an Extraordinary Resolution of the holders of the Notes,

give written notice (a "**Trigger Notice**") to the Issuer and to the Servicer declaring the Notes to be due and payable, provided that:

(A) in the case of the occurrence of any of the events mentioned in Condition 10(a)(iii) (*Breach of other obligations*) and Condition 10(a)(iv) (*Failure to take action*), the service of a Trigger Notice has been approved either in writing by the holders of at least 75 per cent. of the Principal Amount Outstanding of the Notes or by an Extraordinary Resolution of the holders of the Notes; and

(B) in each case, the Representative of the Noteholders 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.

(c) Consequences of delivery of a Trigger Notice

Upon the service of a Trigger Notice as described in this Condition 10, (i) the Notes shall become immediately due and repayable at their Principal Amount Outstanding, together with any Interest Amount Arrears, without further action, notice or formality; (ii) the Security Package shall become immediately enforceable; and (iii) the Representative of the Noteholders may, subject to Condition 11(b) (*Restrictions on disposal of Issuer's assets*) dispose of the Claims in the name and on behalf of the Issuer. The Noteholders hereby irrevocably appoint, as from the date hereof and with effect on and from the date on which the Notes shall become due and payable following the service of an Trigger Notice, the Representative of the Noteholders as their exclusive agent (*mandatario esclusivo*) to receive on their behalf from the Issuer any and all monies payable by the Issuer to the Noteholders and the Other Issuer Creditors from and including the date on which the Notes shall become due and payable, such monies to be applied in accordance with the Post-Enforcement Priority of Payments.

11. Enforcement

(a) Proceedings

The Representative of the Noteholders may, at its discretion and without further notice, institute such proceedings as it thinks fit at any time after the delivery of a Trigger Notice to enforce repayment of the Notes and payment of accrued interest thereon or at any time to enforce any other obligation of the Issuer under the Notes or any Transaction Document, but, in either case, it shall not be bound to do so unless it shall have been so directed by an Extraordinary Resolution of the holders of the Notes and only if it shall have been previously 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.

(b) Restrictions on disposal of Issuer's assets

If a Trigger Notice has been delivered by the Representative of the Noteholders otherwise than by reason of non-payment of any amount due in respect of the Notes, the Representative of the Noteholders will not be entitled to dispose of the assets of the Issuer or any part thereof unless either:

(i) a sufficient amount would be realised to allow payment in full of all amounts owing to the holders of the Notes after payment of all other claims ranking in priority to the Notes in accordance with the Post-Enforcement Priority of Payments; or

(ii) the Representative of the Noteholders is of the opinion, which shall be binding on the Issuer Secured Creditors, reached after considering at any time and from time to time the advice of a merchant or investment bank or other financial adviser selected by the Representative of the Noteholders (and if the Representative of the Noteholders is unable to obtain such advice having made reasonable efforts to do so, this Condition 11(b)(ii) shall not apply), that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts due in respect of the Notes after payment of all other claims ranking in priority to the Notes in accordance with the Post-Enforcement Priority of Payments, and

the Representative of the Noteholders shall not be bound to make the determination contained in Condition 11(b)(ii) unless the Representative of the Noteholders 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.

12. Representative of the Noteholders

(a) Legal representative

The initial Representative of the Noteholders is J.P. Morgan Corporate Trustee Services Limited, and is the legal representative (*rappresentante legale*) of the Noteholders in accordance with these Conditions, the Rules of the Organisation of Noteholders and the Transaction Documents.

(b) Powers of the Representative of the Noteholders

The duties and powers of the Representative of the Noteholders are set forth in the Rules of the Organisation of Noteholders and, as security trustee in respect of the Security Package, the English Deed of Charge.

(c) Meetings of Noteholders

The Rules of the Organisation of Noteholders contain provisions for convening Meetings of Noteholders as well as the subject matter of the Meetings and the relevant quorums.

(d) Individual action

The Rules of the Organisation of Noteholders contain provisions limiting the powers of the Noteholders, *inter alia*, to bring individual actions or take other individual remedies to enforce their rights under the Notes. In particular, such actions will be subject to the Meeting of the Noteholders approving by way of Extraordinary Resolution such individual action or other remedy. No individual action or remedy can be taken or sought by a Noteholder to enforce his or her rights under the Notes before the Meeting of the Noteholders has approved such action or remedy in accordance with the provisions of the Rules of the Organisation of Noteholders.

(e) Resolutions binding

The resolutions passed at any Meeting of the Noteholders under the Rules of the Organisation of Noteholders will be binding on all Noteholders whether or not they are absent or dissenting and whether or not voting at the Meeting.

(f) Written Resolutions

A Written Resolution will take effect as if it were an Extraordinary Resolution passed at a Meeting of the Noteholders.

13. Modification and waiver

(a) Modification

The Representative of the Noteholders may, on behalf of the Noteholders but without their consent and subject to the Representative of the Noteholders giving prior written notice thereof to Moody's, authorise the Issuer (subject to the agreement of the relevant parties thereto) in making:

(i) any amendment or modification to these Conditions (other than in respect of a Basic Terms Modification as defined in the Rules of the Organisation of Noteholders) or any of the Transaction Documents which, in the opinion of the Representative of the Noteholders, it may be proper to make and will not be materially prejudicial to the interests of the holders of the Notes; or

(ii) any amendment or modification to these Conditions or to any of the Transaction Documents if, in the opinion of the Representative of the Noteholders, such amendment or modification is of a formal, minor or technical nature; is made to correct a manifest error or an error which is, in the opinion of the Representative of the Noteholders, proven; or is necessary or desirable for the purposes of clarification.

(b) Waiver

In addition, the Representative of the Noteholders may, on behalf of the Noteholders but without their consent and subject to the Representative of the Noteholders giving prior written notice thereof to Moody's, authorise or waive any proposed breach or breach of the Notes (including an Event of Default) or of the Intercreditor Agreement or of any other Transaction Document if, in

the opinion of the Representative of the Noteholders, the interests of the holders of the Notes will not be materially prejudiced by such authorisation or waiver.

(c) *Restriction on power of waiver*
The Representative of the Noteholders shall not exercise any powers conferred upon it by Condition 13(b) (*Waiver*) in contravention of any express direction by an Extraordinary Resolution (as defined in the Rules of the Organisation of Noteholders) or of a request in writing made by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Notes (but so that no such direction or request shall affect any authorisation, waiver or determination previously given or made) or so as to authorise or waive any proposed breach or breach relating to a Basic Terms Modification.

(d) *Notification*
Unless the Representative of the Noteholders agrees otherwise, any such authorisation, waiver, modification or determination shall be notified to the Noteholders, in accordance with Condition 17 (*Notices*), as soon as practicable after it has been made.

14. Representative of the Noteholders and Agents

(a) *Organisation of Noteholders*
The Organisation of Noteholders is created by the issue and subscription of the Notes and will remain in force and effect until full repayment and cancellation of the Notes.

(b) *Appointment of Representative of the Noteholders*
Pursuant to the Rules of the Organisation of Noteholders, for as long as any Note is outstanding, there will at all times be a Representative of the Noteholders. The appointment of the Representative of the Noteholders, as legal representative of the Organisation of Noteholders, is made by the Noteholders subject to and in accordance with the Rules of the Organisation of Noteholders. However, the initial Representative of the Noteholders has been appointed at the time of issue of the Notes by the Joint Lead Managers pursuant to the Subscription Agreement. Each Noteholder is deemed to accept such appointment.

(c) *Paying Agents, Cash Manager, Calculation Agent, Luxembourg Listing Agent and Issuer's Banks sole agents of Issuer*
In acting under the Cash Management and Agency Agreement and in connection with the Notes, the Italian Paying Agent, the Calculation Agent, the Luxembourg Paying Agent, the Luxembourg Listing Agent, the Issuer's Banks and the Cash Manager act as agents solely of the Issuer and (to the extent provided therein) the Representative of the Noteholders and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

(d) *Initial Agents*
The Issuer reserves the right (with the prior written approval of the Representative of the Noteholders) at any time to vary or terminate the appointment of the Paying Agents, the Calculation Agent, the Luxembourg Listing Agent, the Issuer's Banks and the Cash Manager and to appoint a successor Italian paying agent, calculation agent, Luxembourg paying agent, Luxembourg listing agent, Italian account bank, English account bank or agent bank and additional or successor paying agents at any time, in accordance with the terms of the Cash Management and Agency Agreement and these Conditions. The notice of variation or termination of the appointment of any of the Paying Agents, the Calculation Agent, the Luxembourg Listing Agent, the Issuer's Banks and the Cash Manager shall be made by the Issuer pursuant to Condition 17 (*Notices*) below.

15. Prescription

Claims against the Issuer for payments in respect of the Notes will be barred and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the Relevant Date in respect thereof.

16. Limited recourse and non-petition

(a) *Limited recourse*
The recourse of the Noteholders against the Issuer is limited, as more particularly described in the Transaction Documents, to the Security Package and the Portfolio. Once the Security Package has

been realised and each of the Issuer Secured Creditors and the Noteholders has been paid the relevant *pro rata* share of the proceeds in accordance with the provisions of Condition 3:

(i) neither the Representative the Noteholders nor any other Issuer Secured Creditor shall be entitled to take any further steps or other action against the Issuer to recover any sums due but unpaid; and

(ii) all claims in respect of any sums due but unpaid shall be deemed to be discharged in full, shall cease to be capable of becoming due and shall be extinguished.

(b) *Non-petition*

Without prejudice to the right of the Representative of the Noteholders to enforce the Security Package or to exercise any of its other rights, no Noteholder shall be entitled to institute against, or join any other person in instituting against, the Issuer any Bankruptcy Proceedings or reorganisation or winding up proceedings, any reorganisation, liquidation, bankruptcy, insolvency or similar proceedings, until one year plus one day has elapsed since the redemption of all the notes issued by the Issuer, including any notes issued under the Securitisation, any Further Securitisation.

17. Notices

(a) *Valid notices*

So long as the Notes are held by Monte Titoli on behalf of the authorised financial intermediaries and/or their customers, notices to the Noteholders may be given through the systems of Monte Titoli. In addition, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, any notice regarding the Notes to such Noteholders shall be deemed to have been duly given if published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *D'Wort*) or if this is not practicable, in another appropriate English language newspaper having general circulation in Europe. Notices can also be published on the Luxembourg Stock Exchange website (www.bourse.lu).

(b) *Date of publication*

Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made in the manner required in a newspaper as referred to above.

(c) *Other methods*

The Representative of the Noteholders may sanction some other method of giving notice to the Noteholders if, in its opinion, such other method is reasonable having regard to market practices then prevailing and to the rules of the stock exchange on which the Notes are listed and provided that notice of such other method is given to the Noteholders in such manner as the Representative of the Noteholders shall require.

18. Governing law and jurisdiction

(a) *Governing law*

The Notes are governed by, and shall be construed in accordance with, Italian law.

(b) *Jurisdiction*

The Courts of Milan are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with these Notes.

SCHEDULE
RULES OF THE ORGANISATION OF NOTEHOLDERS

TITLE I
GENERAL PROVISIONS

Article 1
General

The Organisation of Noteholders is created by the issue and subscription of the Notes, and shall remain in force and in effect until full repayment and cancellation of the Notes.
The contents of these rules are deemed to form part of each Note issued by the Issuer.

Article 2
Definitions

In these rules, the following terms shall have the following meanings:
"**Basic Terms Modification**" means:

(a) a modification of the date of maturity of the Notes;

(b) a modification which would have the effect of postponing any date for payment of interest or principal on the Notes;

(c) a modification which would have the effect of reducing or cancelling the amount of principal payable in respect of the Notes or the rate of interest applicable in respect of the Notes;

(d) a modification which would have the effect of altering the majority required to pass a specific resolution or the quorum required at any Meeting;

(e) a modification which would have the effect of altering the currency of payment of the Notes or the order of priority of payments due in respect of the Notes;

(f) a modification which would have the effect of altering the authorisation or consent by the Noteholders, to applications of funds as provided for in the Transaction Documents;

(g) the appointment and removal of the Representative of the Noteholders; and

(h) an amendment of this definition;

"**Blocked Notes**" means the Notes which have been blocked in an account with a clearing system for the purposes of obtaining a Voting Certificate or a Blocked Voting Instruction and will not be released until the conclusion of the Meeting;
"**Blocked Voting Instruction**" means, in relation to any Meeting, a document:

(a) certifying that the Blocked Notes have been blocked in an account with a clearing system and will not be released until the conclusion of the Meeting;

(b) certifying that the holder of each Blocked Note or a duly authorised person on its behalf has instructed the Proxy that the votes attributable to such Blocked Note are to be cast in a particular way on each resolution to be put to the Meeting and that, during the period of 48 Hours before the time fixed for the Meeting, such instructions may not be amended or revoked;

(c) listing the total number of the Blocked Notes, distinguishing for each resolution between those in respect of which instructions have been given to vote for, or against, the resolution; and

(d) authorising a named individual or individuals to vote in respect of the Blocked Notes in accordance with such instructions;

"**Chairman**" means, in relation to any Meeting, the individual who takes the chair in accordance with Article 9 (*Chairman of the Meeting*);
"**Extraordinary Resolution**" means a resolution of a Meeting duly convened and held in accordance with the provisions contained in these rules on any of the subjects covered by Article 21 (*Powers exercisable by Extraordinary Resolution*);
"**Issuer's Rights**" means the Issuer's right, title and interest in and to the Portfolio, any rights that the Issuer has acquired under the Transaction Documents and any other rights that the Issuer has acquired against the Originator, any Other Issuer Creditors (including any applicable guarantors or successors) or third parties for the benefit of the Noteholders in connection with the Securitisation;
"**Meeting**" means a joint meeting of all Noteholders (whether originally convened or resumed following an adjournment);
"**Monte Titoli Account Holder**" means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli;

"**Proxy**" means, in relation to any Meeting, a person appointed to vote under a Blocked Voting Instruction;
"**Relevant Fraction**" means:

(a) for all business other than voting on an Extraordinary Resolution, one-tenth of the Principal Amount Outstanding of the Notes;

(b) for voting on any Extraordinary Resolution other than one relating to a Basic Terms Modification, two-thirds of the Principal Amount Outstanding of the Notes; and

(c) for voting on any Extraordinary Resolution relating to a Basic Terms Modification three-quarters of the Principal Amount Outstanding of the Notes;

provided, however, that, in the case of a Meeting which has resumed after adjournment for want of a quorum, it means:

(d) for all business other than voting on an Extraordinary Resolution relating to a Basic Terms Modification, the fraction of the Principal Amount Outstanding of the Notes represented at such Meeting or the fraction of the Principal Amount Outstanding of the Notes; and

(e) for voting on any Extraordinary Resolution relating to a Basic Terms Modification, one-third of the Principal Amount Outstanding of the Notes;

"**Voter**" means, in relation to any Meeting, the holder of a Blocked Note;
"**Voting Certificate**" means, in relation to any Meeting, a certificate request by the interested Noteholder issued, in accordance with articles 33 and 34 of Consob Regulation No. 11768 of 23 december 1998 as subsequently and integrated, by depositary intermediary of the Notes and dated, stating, *inter alia*:

(a) that the Blocked Notes have been blocked in an account with the Monte Titoli Account Holder and will not be released until the conclusion of the Meeting; and

(b) that the bearer of such certificate is entitled to attend and vote at the Meeting in respect of the Blocked Notes;

"**24 Hours**" means a period of 24 hours including all or part of a day upon which banks are open for business in the place where the Meeting is to be held and in the place where the Italian Paying Agent has its Specified Office (disregarding for this purpose the day upon which such Meeting is to be held) and such period shall be extended by one or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of a day upon which banks are open for business as aforesaid; and
"**48 Hours**" means two consecutive periods of 24 Hours.
Capitalised terms not defined herein shall have the meaning attributed to them in the terms and conditions of the Notes.

Article 3

Organisation purpose

Each holder of the Notes is a member of the Organisation of Noteholders.
The purpose of the Organisation of Noteholders is to co-ordinate the exercise of the rights of the Noteholders and the taking of any action for the protection of their interests.

TITLE II
THE MEETING OF NOTEHOLDERS

Article 4

General

Subject to the proviso of Article 21 (*Powers exercisable by Extraordinary Resolution*), any resolution passed at a Meeting, duly convened and held in accordance with these rules, shall be binding upon all the Noteholders, whether or not absent or dissenting and whether or not voting and, in each case, all the Noteholders shall be bound by such resolution irrespective of its effect upon such Noteholders and such Noteholders shall be bound to give effect to any such resolution accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof.
Notice of the result of every vote on a resolution duly passed by the Noteholders shall be published by and at the expenses of the Issuer, in accordance with the Conditions and given to the Italian Paying Agent (with a copy to the Issuer and the Representative of the Noteholders) within 14 days of the conclusion of the Meeting.

Article 5

Issue of Voting Certificates and Blocked Voting Instructions

Noteholders may obtain a Voting Certificate or require the issue of a Voting Certificate or Blocked Voting Instruction shall be valid until the release of the Blocked Notes to which it relates. So long as a Voting Certificate or Blocked Voting Instruction is valid, the bearer thereof (in the case of a Voting Certificate) or any Proxy named therein (in the case of a Blocked Voting Instruction) shall be deemed to be the holder of the

Blocked Notes to which it relates for all purposes in connection with the Meeting. A Voting Certificate and a Blocked Voting Instruction cannot be outstanding simultaneously in respect of the same Note.

Article 6

Validity of Blocked Voting Instructions

A Blocked Voting Instruction shall be valid only if it is deposited at the Specified Office of the Italian Paying Agent, or at some other place approved by the Italian Paying Agent, at least 24 Hours before the time fixed for the Meeting and if not deposited before such deadline, the Blocked Voting Instruction shall not be valid unless the Chairman decides otherwise before the Meeting proceeds to business. If the Italian Paying Agent so requires, a notarised copy of each Blocked Voting Instruction and satisfactory proof of the identity of each Proxy named therein shall be produced at the Meeting, but the Italian Paying Agent shall not be obliged to investigate the validity of any Blocked Voting Instruction or the authority of any Proxy.

Article 7

Convening of Meeting

The Issuer or the Representative of the Noteholders may convene a Meeting at any time, and the Issuer shall be obliged to do so upon the request in writing of Noteholders holding not less than one-tenth of the Principal Amount Outstanding of the Notes. If the Issuer fails to convene a Meeting when obliged to do so, the Meeting may be convened by the Representative of the Noteholders.

Whenever the Issuer is about to convene any such Meeting, it shall immediately give notice in writing to the Representative of the Noteholders of the date thereof and of the nature of the business to be transacted thereat. Every such Meeting shall be held at such time and place as the Representative of the Noteholders may designate or approve.

Article 8

Notice

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the Meeting is to be held) specifying the date, time and place of the Meeting shall be given to the Noteholders and the Monte Titoli Account Holder (with a copy to the Issuer and to the Representative of the Noteholders). Any notice to Noteholders shall be given in accordance with Condition 17 (*Notices*). The notice shall set out the full text of any resolutions to be proposed and shall state that the Notes must be blocked in an account with a clearing system for the purpose of obtaining Voting Certificates or appointing Proxies not later than 48 Hours before the time fixed for the Meeting.

Article 9

Chairman of the Meeting

Any individual (who may, but need not, be a Noteholder) nominated in writing by the Representative of the Noteholders may take the chair at any Meeting but: (i) if no such nomination is made; or (ii) if the individual nominated is not present within 15 minutes after the time fixed for the Meeting; those present shall elect one of themselves to take the chair, failing which the Issuer may appoint a Chairman. The Chairman of an adjourned Meeting need not be the same person as the Chairman of the original Meeting.

The Chairman co-ordinates matters to be transacted at the Meeting and monitors the fairness of the Meeting's proceedings.

Article 10

Quorum

The quorum at any Meeting shall be at least one Voter representing or holding not less than the Relevant Fraction relative to the Notes.

Article 11

Adjournment for want of quorum

If within 15 minutes after the time fixed for any Meeting the quorum is not present, then:

(a) in the case of a Meeting requested by Noteholders, it shall be dissolved; and

(b) in the case of any other Meeting, it shall be adjourned for such period (which shall be not less than 14 days and not more than 42 days) and to such place as the Chairman determines; provided, however, that:

(c) the Meeting shall be dissolved if the Issuer so decides; and

(d) no Meeting may be adjourned by resolution of a Meeting that represents less than the Relevant Fraction applicable in the case of Meetings which have been resumed after adjournment for want of quorum.

Article 12

Adjourned Meeting

The Chairman may, with the consent of (and shall if directed by) any Meeting, adjourn such Meeting from time to time and from place to place, but no business shall be transacted at any adjourned Meeting except business which might lawfully have been transacted at the Meeting from which the adjournment took place.

Article 13

Notice following adjournment

Article 8 (*Notice*) shall apply to any Meeting adjourned for want of quorum save that:

(a) at least 10 days' notice (exclusive of the day on which the notice is given and of the day on which the Meeting is to be resumed) shall be given; and

(b) the notice shall specifically set out the quorum requirements which will apply when the Meeting resumes.

(c) It shall not be necessary to give notice of the convening of a Meeting which has been adjourned for any other reason.

Article 14

Participation

The following may attend and speak at a Meeting:

(a) Voters;

(b) the Issuer or its representative and the Italian Paying Agent;

(c) the financial advisers to the Issuer;

(d) the legal counsel to each of the Issuer, the Representative of the Noteholders and the Italian Paying Agent;

(e) the Representative of the Noteholders; and

(f) such other person as may be resolved by the Meeting and as may be approved by the Representative of the Noteholders.

Article 15

Passing of resolution

A resolution is validly passed when the majority of votes cast by the Voters attending the relevant Meeting have been cast in favour of it.

Article 16

Show of hands

Every question submitted to a Meeting shall be decided in the first instance by a show of hands. Unless a poll is validly demanded before or at the time that the result of the show of hands is declared, the Chairman's declaration that on a show of hands a resolution has been passed, passed by a particular majority, rejected or rejected by a particular majority shall be conclusive, without proof of the number of votes cast for, or against, the resolution.

Article 17

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 holding a Voting Certificate or being a Proxy. The poll may be taken immediately or after such adjournment as the Chairman directs, but any poll demanded on the election of the Chairman or on any question of adjournment shall be taken at the Meeting without adjournment. A valid demand for a poll shall not prevent the continuation of the Meeting for any other business.

Article 18

Votes

Every Voter shall have:

(a) on a show of hands, one vote; and

(b) on a poll, one vote in respect of each Euro 75,000 in aggregate face amount of the outstanding Note(s) represented by the Voting Certificate produced by such Voter or in respect of which he is a Proxy.

In the case of equality of votes, the Chairman shall both on a show of hands and on a poll have a casting vote in addition to the votes (if any) to which he may be entitled as a Noteholder or as a holder of a Voting Certificate or a Proxy.

Unless the terms of any Blocked Voting Instruction state otherwise, a Voter shall not be obliged to exercise all the votes to which he is entitled or to cast all the votes which he exercises in the same manner.

Article 19

Vote by Proxies

Any vote by a Proxy in accordance with the relevant Blocked Voting Instruction shall be valid even if such Blocked Voting Instruction or any instruction pursuant to which it was given has been amended or revoked, provided that the Italian Paying Agent has not been notified in writing of such amendment or revocation by the

time being 24 Hours before the time fixed for the Meeting. Unless revoked, any appointment of a Proxy under a Blocked Voting Instruction in relation to a Meeting shall remain in force in relation to any Meeting resumed following an adjournment except for any appointment of a Proxy in relation to a Meeting which has been adjourned for want of a quorum. Any person appointed to vote at such a Meeting must be re-appointed under a Blocked Voting Instruction to vote at the Meeting when it is resumed.

Article 20

Exclusive powers of the Meeting

The Meeting shall have exclusive powers on the following matters:

(a) to approve any Basic Terms Modification;

(b) to approve any proposal by the Issuer for any alteration, abrogation, variation or compromise of the rights of the Representative of the Noteholders or the Noteholders against the Issuer or against any of its property or against any other persons whether such rights shall arise under these rules, the Notes, or arrangements in respect of the Conditions, any of the Transaction Documents or otherwise;

(c) to approve the substitution of any person for the Issuer (or any previous substitute) as principal obligor under the Notes;

(d) to direct the Representative of the Noteholders to serve a Trigger Notice under Condition 10(b) (*Delivery of a Trigger Notice*);

(e) without prejudice to the Rapresentative of the Noteholders' rights under the Conditions, to waive any breach or authorise any proposed breach by the Issuer of its obligations under or in respect of the Notes or any Transaction Document or any act or omission which might otherwise constitute an Event of Default;

(f) to direct the Representative of the Noteholders to concur in and execute and do all such documents, acts and things as may be necessary to carry out and give effect to any resolution of the Noteholders; and

(g) to exercise, enforce or dispose of any right and power on payment and application of funds deriving from any claims on which a pledge or other security interest is created in favour of the Noteholders, otherwise than in accordance with the Transaction Documents.

Article 21

Powers exercisable by Extraordinary Resolution

Without limitation to the exclusive powers of the Meeting listed in Article 20 (*Exclusive powers of the Meeting*), each Meeting shall have the following powers exercisable only by way of an Extraordinary Resolution:

(a) approval of any Basic Terms Modification;

(b) (without prejudice to the discretionary powers vested in the Representative of the Noteholders under these rules, the Conditions, the Transaction Documents, or otherwise) approval of any proposal by the Issuer for any alteration, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Representative of the Noteholders or the Noteholders against the Issuer or against any of its property or against any other person whether such rights shall arise under these rules, the Notes, the Conditions, any of the Transaction Documents or otherwise;

(c) approval of any scheme or proposal for the exchange or substitution of any of the Notes for, or the conversion of the Notes into, or the cancellation of the Notes in consideration of, shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or of any other body corporate formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash;

(d) (without prejudice to the discretionary powers vested in the Representative of the Noteholders under these rules, the Conditions, the Transaction Documents, or otherwise), approval of any alteration of the provisions contained in these rules, the Notes, the Conditions, the Intercreditor Agreement or any other Transaction Document which shall be proposed by the Issuer and/or the Representative of the Noteholders or any other party thereto;

(e) discharge or exoneration of the Representative of the Noteholders from any liability in respect of any act or omission for which the Representative of the Noteholders may have become responsible under or in relation to these rules, the Notes, the Conditions or any Transaction Document;

(f) giving any direction or granting any authority or sanction which under the provisions of these rules, the Conditions or the Notes, is required to be given by Extraordinary Resolution;

(g) authorisation and sanctioning of actions of the Representative of the Noteholders under these rules, the Notes, the Conditions, the terms of the Intercreditor Agreement or any other Transaction Documents and in

particular power to sanction the release of the Issuer by the Representative of the Noteholders.

Article 22

Challenge of resolution

Any Noteholder can challenge a resolution which is not passed in conformity with the provisions of these rules.

Article 23

Minutes

Minutes shall be made of all resolutions and proceedings at each Meeting. The Chairman shall sign the minutes, which shall be conclusive evidence of the resolutions and proceedings recorded therein. Unless and until the contrary is proved, every such Meeting in respect of the proceedings of which minutes have been made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed or transacted.

Article 24

Written Resolution

A Written Resolution shall take effect as if it were an Extraordinary Resolution.

Article 25

Individual actions and remedies

The right of each Noteholder to bring individual actions or seek other individual remedies to enforce his or her rights under the Notes will be subject to the Meeting passing an Extraordinary Resolution authorising such individual action or other remedy. In this respect, the following provisions shall apply:

(a) the Noteholder intending to enforce his or her rights under the Notes will notify the Representative of the Noteholders in writing of his or her intention;

(b) the Representative of the Noteholders will, within 30 days of receiving such notification, convene a Meeting of the Noteholders in accordance with these rules at the expenses of such Noteholder;

(c) if the Meeting does not pass a resolution authorising the individual enforcement or remedy, the Noteholder will be prevented from seeking such enforcement or remedy (provided that the same matter can be submitted again to a further Meeting after a reasonable period of time has elapsed); and

(d) if the Meeting does pass an Extraordinary Resolution authorising the individual enforcement or remedy, the Noteholder will be permitted to seek such individual enforcement or remedy in accordance with the terms of the Extraordinary Resolution.

TITLE III
THE REPRESENTATIVE OF THE NOTEHOLDERS

Article 26

Appointment, removal and remuneration

Each appointment of a Representative of the Noteholders must be approved by an Extraordinary Resolution of the holders of the Notes in accordance with the provisions of this Article 26, save in respect of the appointment of the first Representative of the Noteholders which will be J.P. Morgan Corporate Trustee Services Limited.
Save for J.P. Morgan Corporate Trustee Services Limited as first Representative of the Noteholders, the Representative of the Noteholders shall be:

(a) a bank incorporated in any jurisdiction of the European Union or a bank incorporated in any other jurisdiction, in either case provided it is licensed to conduct banking business in Italy; or

(b) a financial institution registered under article 107 of the Banking Act; or

(c) any other entity which may be permitted to act in such capacity under any Italian law applicable to the securitisation of monetary rights and/or by any regulations, instructions, guidelines and/or specific approvals issued by the competent Italian supervising authorities.

The Representative of the Noteholders shall be appointed for an unlimited term and can be removed by way of an Extraordinary Resolution of the Noteholders at any time by giving written notice to that effect, but such revocation shall not become effective until a substitute representative of the Noteholders has been appointed and such appointment has become effective. If a new representative of the Noteholders is not appointed by the Meeting of the Noteholders sixty days after such notice of resignation, the removed Representative of the Noteholders will be entitled to appoint its own successor.
The powers and authority of the Representative of the Noteholders whose appointment has been terminated shall be limited, without prejudice to any rights of the Representative of the Noteholders to accrued fees, reimbursements of costs and similar, to those necessary for the performance of the essential functions which are required to be complied with in connection with the Notes.

The Issuer shall pay to the Representative of the Noteholders a fee for its services as Representative of the Noteholders as from the date hereof. Such remuneration shall be payable in accordance with the Subscription Agreement and the Priority of Payments up to (and including) the date when the Notes have been repaid in full and cancelled in accordance with the Conditions.

Article 27

Duties and powers

The Representative of the Noteholders is the legal representative of the Organisation of Noteholders subject to and in accordance with the Conditions, these rules, the Subscription Agreement and the other Transaction Documents to which it is a party (together, the "**Relevant Provisions**").

Subject to the Relevant Provisions, the Representative of the Noteholders is responsible for implementing the directions of a Meeting and for representing the interests of the Noteholders as one class *vis-à-vis* the Issuer. The Representative of the Noteholders has the right to attend Meetings. The Representative of the Noteholders may convene a Meeting in order to obtain the authorisation or directions of the Meeting in respect of any action proposed to be taken by the Representative of the Noteholders.

All actions taken by the Representative of the Noteholders in the execution and exercise of its powers and authorities and of the discretions vested in it shall be taken by duly authorised officer(s) for the time being of the Representative of the Noteholders. The Representative of the Noteholders may also, whenever it considers it expedient, whether by power of attorney or otherwise, delegate to any person(s) all or any of its duties, powers, authorities or discretions vested in it as aforesaid. Any such delegation may be made upon such terms and conditions, and subject to such regulations (including power to sub-delegate), as the Representative of the Noteholders may think fit in the interests of the Noteholders. The Representative of the Noteholders shall not be bound to supervise the proceedings of any such delegate or sub-delegate and shall not in any way or to any extent be responsible for any loss incurred by any misconduct or default on the part of such delegate or sub-delegate. The Representative of the Noteholders shall, as soon as reasonably practicable, give notice to the Issuer of the appointment of any delegate and of any renewal, extension or termination of such appointment, and shall make it a condition of any such delegation that any delegate shall also, as soon as reasonably practicable, give notice to the Issuer of any sub-delegate.

The Representative of the Noteholders shall be authorised to represent the Organisation of Noteholders in judicial proceedings, including proceedings involving the Issuer in court-supervised administration (*amministrazione controllata*), creditors' agreement (*concordato preventivo*), forced liquidation (*fallimento*) or compulsory administrative liquidation (*liquidazione coatta amministrativa*).

The Representative of the Noteholders shall have regard to the interests of all the Issuer Secured Creditors as regards the exercise and performance of all powers, authorities, duties and discretions of the Representative of the Noteholders under these rules, the Intercreditor Agreement or under the Subscription Agreement (except where expressly provided otherwise), but, notwithstanding the foregoing, the Representative of the Noteholders shall have regard to the interests only: (i) of, for so long as any Notes are outstanding, the Noteholders, and (ii) subject to item (i), of whichever Issuer Creditor ranks higher in the Priority of Payments hereof for the payment of the amounts therein specified if, in its opinion, there is or may be a conflict between the Noteholders and any other Issuer Creditors. The foregoing provision shall not affect the payment order set forth in the applicable Priority of Payments.

Article 28

Resignation of the Representative of the Noteholders

The Representative of the Noteholders may resign at any time upon giving not less than three calendar months' notice in writing to the Issuer without assigning any reason therefore 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 Meeting of the Noteholders has appointed a new Representative of the Noteholders provided that if a new Representative of the Noteholders has not been so appointed within 60 days of the date of such notice of resignation, the Representative of the Noteholders may appoint a new Representative of the Noteholders.

Article 29

Exoneration of the Representative of the Noteholders

The Representative of the Noteholders shall not assume any other obligations in addition to those expressly provided herein and in the Transaction Documents to which it is a party.

Without limiting the generality of the foregoing, the Representative of the Noteholders:

(a) shall not be under obligation to take any steps to ascertain whether an Event of Default 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 or any Noteholder hereunder or under any of the Transaction Documents has happened and, until it shall have actual knowledge or express notice to the contrary, the Representative of the Noteholders shall be entitled to assume that no Event of Default or such other event, condition or act has occurred;

(b) shall not be under any obligation to monitor or supervise the observance or performance by the Issuer or

any other party to the Transaction Documents of the provisions of, and its obligations under, these rules, the Notes, the Conditions or any Transaction Document, and, until it shall have actual knowledge or express notice to the contrary, it shall be entitled to assume that the Issuer and each such other party is observing and performing all such provisions and obligations;

(c) shall not be under any obligation to give notice to any person of the execution of these rules, the Notes, the Conditions or any of the Transaction Documents or any transaction contemplated hereby or thereby;

(d) shall not be responsible for, or for investigating, the legality, validity, effectiveness, adequacy, suitability or genuineness of these rules, the Notes, the Conditions, any Transaction Document, or any other document, or any security 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 or any other party to the Transaction Documents; (ii) the existence, accuracy or sufficiency of any legal or other opinions, searches, reports, certificates, valuations or investigations delivered or obtained or required to be delivered or obtained at any time in connection herewith or with any Transaction Document; (iii) the suitability, adequacy or sufficiency of any collection or recovery procedures operated by the Servicer or compliance therewith; (iv) the failure by the Issuer to obtain or comply with any licence, consent or other authority in connection with the purchase or administration of the Claims; or (v) any accounts, books, records or files maintained by the Issuer, the Servicer, the Sub-servicer, the Italian Paying Agent or any other person in respect of the Portfolio;

(e) 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;

(f) shall have no responsibility for the maintenance of any rating of the Notes by Moody's;

(g) shall not be responsible for, or for investigating, any matter which is the subject of any recitals, statements, warranties or representations of any party, other than the Representative of the Noteholders contained herein or in any Transaction Document;

(h) shall not be bound or concerned to examine, or enquire into, or be liable for, any defect or failure in the right or title of the Issuer to the Claims or any part thereof, whether such defect or failure was known to the Representative of the Noteholders or might have been discovered upon examination or enquiry, or whether capable of remedy or not;

(i) 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, the Notes or any Transaction Document;

(j) shall not be under any obligation to insure the Claims or any part thereof;

(k) shall not have regard to the consequences of any modification of these rules, the Notes, the Conditions or any of the Transaction Documents for individual Noteholders or any relevant persons resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to, the jurisdiction of any particular territory;

(l) shall not (unless and to the extent ordered so to do by a court of competent jurisdiction) be under any obligation to disclose to any Noteholder, any Other Issuer Creditor or any other person any confidential, financial, price sensitive or other information made available to the Representative of the Noteholders by the Issuer or any other person in connection with these rules, the Notes or any Transaction Document, and none of the Noteholders, Other Issuer Creditors nor any other person shall be entitled to take any action to obtain from the Representative of the Noteholders any such information; and

(m) shall not be responsible for reviewing or investigating any report relating to the Portfolio provided by any person; and

(n) shall not be responsible for investigating or verifying the contents of any auditor's report or certificate and the Representative of the Noteholders is entitled to rely on such report or certificate.

The Representative of the Noteholders, notwithstanding anything to the contrary contained in these rules:

(a) may, on behalf of the Noteholders but without their consent and subject to the Representative of the Noteholders giving prior written notice thereof to Moody's, authorise the Issuer and any other relevant parties in making any amendment or modification to these rules, the Conditions (other than a Basic Terms Modification) which, in the opinion of the Representative of the Noteholders, it is expedient to make or is to correct a manifest error or an error which is, in the opinion of the Representative of the Noteholders, proven, or is of a formal, minor or technical nature or is necessary or desirable for the purposes of clarification. Any such amendment or modification shall be binding on the Noteholders and, unless the

Representative of the Noteholders otherwise agrees, the Issuer shall cause such amendment or modification to be notified to the Noteholders as soon as practicable thereafter;

(b) may, on behalf of the Noteholders but without their consent and subject to the Representative of the Noteholders giving prior written notice thereof to Moody's, authorise the Issuer and any other relevant parties in making any amendment or modification (other than in respect of a Basic Terms Modification) to these rules, the Conditions or to any of the Transaction Documents, which, in the opinion of the Representative of the Noteholders is of a formal, minor or technical nature, is made to correct a manifest error or an error which is, in the opinion of the Representative of the Noteholders, proven, or is necessary or desirable for the purposes of clarification; provided that the Representative of the Noteholders is of the opinion that such amendment or modification will not be materially prejudicial to the interests of the Noteholders;

(c) may, on behalf of the Noteholders but without their consent and subject to the Representative of the Noteholders giving prior written notice thereof to Moody's, authorise or waive any proposed breach or breach of the Notes (including an Event of Default) or of the Intercreditor Agreement or any other Transaction Document if, in the opinion of the Representative of the Noteholders, the interests of the Noteholders will not be materially prejudiced by such authorisation or waiver; provided that the Representative of the Noteholders shall not exercise any of such powers in contravention of any express direction by an Extraordinary Resolution or of a request in writing made by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Notes (but so that no such direction or request shall affect any authorisation, waiver or determination previously given or made) or so as to authorise or waive any proposed breach or breach relating to a Basic Terms Modification;

(d) may act on the advice, certificate, opinion or information (whether or not addressed to the Representative of the Noteholders) obtained from any lawyer, accountant, banker, broker, credit or rating agency or other expert whether obtained by the Issuer, the Representative of the Noteholders or otherwise and shall not, in the absence of gross negligence (*colpa grave*) or wilful default (*dolo*) on the part of the Representative of the Noteholders, be responsible for any loss incurred by so acting. Any such advice, certificate, opinion or information may be sent or obtained by letter, telex, telegram, facsimile transmission or cable and, in the absence of gross negligence (*colpa grave*) or wilful default (*dolo*) on the part of the Representative of the Noteholders, the Representative of the Noteholders shall not be liable for acting on any advice, certificate, opinion or information contained in, or purported to be conveyed by, any such letter, telex, telegram, facsimile transmission or cable, notwithstanding any error contained therein or the non-authenticity of the same;

(e) may call for, and shall be at liberty to accept as sufficient evidence of any fact or matter or as to the expediency of any dealing, transaction, step or thing, a certificate duly signed by or on behalf of the sole director or the chairman of the board of directors of the Issuer, as the case may be, and the Representative of the Noteholders shall not be bound, in any such case, to call for further evidence or be responsible for any loss that may be occasioned as a result of acting on such certificate;

(f) save as expressly otherwise provided herein, shall have absolute and unfettered discretion as to the exercise, or non-exercise, of any right, power and discretion vested in the Representative of the Noteholders by these rules, the Notes, any Transaction Document or by operation of law and the Representative of the Noteholders shall not be responsible for any loss, costs, damages, expenses or other liabilities that may result from the exercise, or non-exercise thereof except insofar as the same are incurred as a result of its gross negligence (*colpa grave*) or wilful default (*dolo*);

(g) shall be at liberty to leave in custody these rules, the Transaction Documents and any other documents relating thereto or to the Notes in any part of the world with any bank, financial institution or company whose business includes undertaking the safe custody of documents, or with any lawyer or firm of lawyers considered by the Representative of the Noteholders to be of good reputation and the Representative of the Noteholders shall not be responsible for or required to insure against, any loss incurred in connection with any such custody and may pay all sums required to be paid on account of, or in respect of, any such custody;

(h) in connection with matters in respect of which the Representative of the Noteholders is entitled to exercise its discretion hereunder, the Representative of the Noteholders is entitled to convene a Meeting of the Noteholders in order to obtain instructions as to how the Representative of the Noteholders should exercise such discretion provided that nothing herein shall be construed so as to oblige the Representative of the Noteholders to convene such a Meeting. The Representative of the Noteholders shall not be obliged to take any action in respect of these rules, the Notes, the Conditions or any Transaction Document unless it (including each of its officers, directors or employees) is indemnified and/or provided 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 (provided that supporting documents are

delivered) which it may incur by taking such action;

(i) in connection with matters in respect of which the Noteholders are entitled to direct the Representative of the Noteholders, the Representative of the Noteholders shall not be liable for acting upon any resolution purported to have been passed at any Meeting of Noteholders in respect of which minutes have been drawn up and signed notwithstanding that subsequent to so acting, it transpires that the Meeting was not duly convened or constituted, such resolution was not duly passed or that the resolution was otherwise not valid or binding upon the relevant Noteholders;

(j) may call for, and shall be at liberty to accept and place full reliance on as sufficient evidence of the facts stated therein, a certificate or letter of confirmation certified as true and accurate and signed on behalf of any common depository as the Representative of the Noteholders considers appropriate, or any form of record made by any such depository, to the effect that at any particular time or throughout any particular period any particular person is, was, or will be, shown in its records as entitled to a particular principal amount of Notes;

(k) may certify whether or not an Event of Default is, in its opinion, materially prejudicial to the interests of the Noteholders and any such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other relevant person;

(l) may determine whether or not a default in the performance by the Issuer of any obligation under the provisions of these rules, the Notes, the Conditions or any other Transaction Document is capable of remedy and, if the Representative of the Noteholders certifies that any such default is, in its opinion, not capable of remedy, such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any relevant person;

(m) may assume, without enquiry, that no Notes are for the time being held by, or for the benefit of, the Issuer;

(n) shall be entitled to call for, and to rely upon, a certificate or any letter of confirmation or explanation reasonably believed by it to be genuine, of any party to the Intercreditor Agreement, any Other Issuer Creditor or Moody's in respect of any matter and circumstance for which a certificate is expressly provided for hereunder or under any Transaction Document or in respect of the ratings of the Notes and it shall not be bound, in any such case, to call for further evidence or be responsible for any loss, liability, costs, damages, expenses or inconvenience that may be incurred by its failing to do so; and

(o) shall be entitled to assume, for the purposes of exercising any power, authority, duty or discretion under or in relation hereto or to the Notes, the Conditions or any Transaction Document, that such exercise will not be materially prejudicial to the interests of the Noteholders having regard, along with any other relevant factors, to whether Moody's has confirmed that the then current ratings of the Notes would not be adversely affected by such exercise, or have otherwise given their consent.

Any consent or approval given by the Representative of the Noteholders under these rules, the Notes, the other Conditions or any Transaction Document may be given on such terms and subject to such conditions (if any) as the Representative of the Noteholders thinks fit and, notwithstanding anything to the contrary contained herein, in the Conditions or in any Transaction Document, such consent or approval may be given retrospectively.
No provision of these rules, the Notes, the Conditions or any Transaction Document shall require the Representative of the Noteholders to do anything which may be illegal or contrary to applicable law or regulations, or expend or risk its own funds, or otherwise incur any financial liability in the performance of any of its duties, or in the exercise of any of its powers or discretions, and the Representative of the Noteholders may refrain from taking any action if it has reasonable grounds to believe that it will not be reimbursed for any funds, or that it will not be indemnified against any loss or liability which it may incur as a result of such action.

Article 30

Security Package

The Representative of the Noteholders shall be entitled to exercise all the rights granted by the Issuer in favour of the Representative of the Noteholders on behalf of the Noteholders and the other Issuer Secured Creditors under the Security Package.
The Representative of the Noteholders, acting on behalf of the Issuer Secured Creditors, may:

(a) prior to enforcement of the Security Package, appoint and entrust the Issuer to collect, in the Issuer Secured Creditors' interest and on their behalf, any amounts deriving from the Security Package and may instruct, jointly with the Issuer, the obligors whose obligations form part of the Security Package to make any payments to be made thereunder to an Account of the Issuer;

(b) acknowledge that the Accounts to which payments have been made in respect of the Security Package shall be operated in compliance with the provisions of the Cash Management and Agency Agreement and the Intercreditor Agreement;

(c) agree that all funds credited to the Accounts from time to time shall be applied prior to enforcement of the Security Package, in accordance with the Conditions and the Intercreditor Agreement; and

(d) agree that cash deriving from time to time from the Security Package and the amounts standing to the credit of the Accounts and, save as provided below, each Collateral Account, if any, shall be applied prior to enforcement of the Security Package, in and towards satisfaction not only of amounts due to the Issuer Secured Creditors, but also of such amounts due and payable to the other Issuer Creditors (i) that rank *pari passu* with, or higher than, the Issuer Secured Creditors, according to the applicable Priority of Payments or (ii) that are not included in the applicable Priority of Payments and, to the extent that all amounts due and payable to the Issuer Secured Creditors have been paid in full, also towards satisfaction of amounts due to the other Issuer Creditors that rank below the Issuer Secured Creditors. The Issuer Secured Creditors irrevocably waive any right which they may have hereunder in respect of cash deriving from time to time from the Security Package and amounts standing to the credit of the Accounts which is not in accordance with the foregoing. The Representative of the Noteholders shall not be entitled to collect, withdraw or apply, or issue instructions for the collection, withdrawal or application of, cash deriving from time to time from the Security Package, under the Security Package, except in accordance with the foregoing, the Conditions and the Intercreditor Agreement.

The Representative of the Noteholders, on behalf of the Issuer Secured Creditors, acknowledges and agrees that the sums representing the net subscription price of the Notes will be applied in and towards repayment of the Bridge Loan on the Issue Date in accordance with the Subscription Agreement.

Article 31

Indemnity

It is hereby acknowledged that the Issuer has covenanted and undertaken under the Subscription Agreement to reimburse, pay or discharge (on a full indemnity basis) all costs, liabilities, losses, charges, expenses (provided, in each case, that supporting documents are delivered), damages, actions, proceedings, claims and demands (including, without limitation, legal fees and any applicable value added tax or similar tax) properly incurred by or made against the Representative of the Noteholders or by any person to whom the Representative of the Noteholders has delegated any power, authority or discretion or any appointee thereof, in relation to the preparation and execution of, the exercise or the purported exercise of, its powers, authority and discretion and performance of its duties under and in any other manner in relation to these rules, the Notes, the Conditions, the Intercreditor Agreement or any other Transaction Document, 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 these rules, the Notes, the Conditions or any Transaction Document, against the Issuer or any other person for enforcing any obligations under these rules, the Notes or the Transaction Documents, except insofar as the same are incurred as a result of gross negligence (*colpa grave*) or wilful default (*dolo*) on the part of the Representative of the Noteholders.

TITLE IV
THE ORGANISATION OF NOTEHOLDERS UPON SERVICE OF AN TRIGGER NOTICE

Article 32

Powers

It is hereby acknowledged that, upon service of an Trigger Notice and/or failure by the Issuer to exercise its rights, the Representative of the Noteholders shall be entitled, in its capacity as legal representative of the Organisation of Noteholders, also in the interest and for the benefits of the Other Issuer Creditors, pursuant to article 1411 and article 1723, second paragraph, of the Italian civil code, to exercise certain rights in relation to the Portfolio and the Delegations of Payment. Therefore, the Representative of the Noteholders, in its capacity as legal representative of the Organisation of Noteholders, will be authorised to exercise, in the name and on behalf of the Issuer, all and any of the Issuer's Rights, including the right to give directions and instructions to the relevant parties to the Transaction Documents.

In particular and without limiting the generality of the foregoing, following the service of an Trigger Notice, the Representative of the Noteholders will be entitled, until the Notes have been repaid in full or cancelled in accordance with the Conditions:

(a) to request, in the case of the Expenses Account and the Expenses Reserve Account, the English Account Bank or, in the case of the Collection Account and the Payments Account, the Italian Account Bank, to transfer all monies and securities standing to the credit of the Collection Account, Payments Account, Expenses Account or the Expenses Reserve Account to, respectively, a replacement Collection Account, a replacement Payments Account, a replacement Expenses Account or a replacement Expenses Reserve Account opened for such purpose by the Representative of the Noteholders in the name of the Issuer with a replacement English Account Bank or Italian Account Bank, as applicable;

(b) to require performance by any Issuer Creditor of its obligations under the relevant Transaction Document to which such Issuer Creditor is a party, to bring any legal actions and exercise any remedies in the name

and on behalf of the Issuer that are available to the Issuer under the relevant Transaction Document against such Issuer Creditor in case of failure to perform and generally to take 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, the Delegations of Payment and the Issuer's Rights;

(c) to instruct the Servicer or the Sub-servicer, as the case may be, in respect of the recovery of the Issuer's Rights;

(d) to take possession, as an agent of the Issuer and to the extent permitted by applicable laws, of all Collections and of the Claims and to sell or otherwise dispose of the Claims or any of them in such manner and upon such terms and at such price and such time or times as the Representative of the Noteholders shall, in its absolute discretion, deem appropriate and to apply the proceeds in accordance with the Post-Enforcement Priority of Payments; and

(e) to distribute the monies from time to time standing to the credit of the Accounts and such other accounts as may be opened by the Representative of the Noteholders pursuant to paragraph (a) above to the Noteholders and the Other Issuer Creditors in accordance with the Priority of Payments. For the purposes of this Article 32, all the Noteholders and the Other Issuer Creditors irrevocably appoint, as from the date hereof and with effect on the date on which the Notes will become due and payable following the service of an Trigger Notice, the Representative of the Noteholders as their exclusive agent (*mandatario esclusivo*) to receive on their behalf from the Issuer any and all monies payable by the Issuer to the Noteholders and the Other Issuer Creditors from and including the date on which the Notes will become due and payable, such monies to be applied in accordance with the applicable Priority of Payments.

TITLE V
GOVERNING LAW AND JURISDICTION

Article 33
Governing law and jurisdiction

These rules are governed by, and will be construed in accordance with, the laws of Italy.

All disputes arising out of or in connection with these rules, including those concerning their validity, interpretation, performance and termination, shall be exclusively settled by the Courts of Milan.

THE EXPECTED MATURITY AND AVERAGE LIFE OF THE NOTES

The expected final maturity of the Notes is 22 January 2021 and the weighted average life of the Notes is 7,59 years.

TAXATION IN THE REPUBLIC OF ITALY

The following is a general summary 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 your decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of prospective beneficial owners of the Notes, some of which may be subject to special rules. The following summary does not discuss the treatment of the 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.

Pursuant to Law No. 80 of April 7, 2003 ("**Law No. 80**"), the Italian Government was empowered to implement widespread tax reforms by issuing, within two years from the entering into force of Law No. 80, on May 3, 2003, of legislative decrees providing for, inter alia, a general reform of the tax treatment of financial income and of the taxation of corporations and individuals, that could have impacted on the tax regime of the Notes. Through the enactment of the Legislative Decree No. 344 of December 12, 2003 ("**Decree No. 344**") as currently applicable, the Italian Government introduced a reform of the taxation of corporations and other amendments affecting the taxation of financial income. Decree No. 344 has also a direct impact on the tax regime applicable to financial income, but the greater part of the expected tax reform affecting financial income earned by resident individuals and non-residents was not enacted in due time under the terms provided by Law No. 80. This summary is based upon tax laws and practice of Italy in effect on the date of this Offering Circular which are however subject to a potential retroactive change.

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 should in any event seek their own professional advice regarding the Italian or other tax consequences of the subscription, purchase, ownership and disposition of the Notes in these circumstances, including the effect of any state, local or foreign tax laws.

INCOME TAX

Under the current legislation, pursuant to the combined provision of Article 1, paragraph 2 and Article 2 of Legislative Decree No. 239 of 1 April 1996, as amended and restated ("**Law 239**"), payments of interest and other proceeds in respect of the Notes:

(a) will be subject to imposta sostitutiva at the rate of 12.5 per cent. in the Republic of Italy if made to beneficial owners who are: (i) individuals resident in the Republic of Italy for tax purposes; (ii) Italian resident non-commercial partnerships; (iii) Italian resident public and private entities, other than companies, not carrying out commercial activities as their exclusive or principal purpose (including the Italian State and public entities); (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 Law 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 be reduced under double taxation treaties entered into by Italy, where applicable.

The 12.5 per cent. final *imposta sostitutiva* will be applied by the Italian resident or non resident qualified financial intermediaries that will intervene, in any way, in the collection of interest and other proceeds on the Notes or in the transfer of the Notes;

(b) will not be subject to the *imposta sostitutiva* at the rate of 12.5 per cent. if made to beneficial owners who are: (i) Italian resident corporations, commercial partnerships, individual entrepreneurs holding Notes in connection with entrepreneurial activities or permanent establishments in Italy of non resident corporations to which the Notes are effectively connected; (ii) Italian resident collective investment funds, SICAVs, Italian resident pension funds referred to in Legislative Decree No. 124 of 21 April 1993 and

Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of February 24, 1998 and Article 14-bis of law No. 86 of January 1, 1994; (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 so-called *risparmio gestito regime* according to Article 7 of Legislative Decree No. 461 of 21 November 1997 - the "**Asset Management Option**" and (iv), according to Decree No. 350 of 25 September 2001, converted into law with amendments by Law No. 409 of 23 November 2001 ("**Law No. 409**") as to interest and other proceeds in respect of the Notes payable starting from January 1, 2002, pursuant to Law No. 409, and according to Law Decree No. 269 of 30 September 2003, converted into law with amendments by Law No. 326 of 24 November 2003 ("**Law No. 326**") as to interest and other proceeds in respect of the Notes payable starting from January 1, 2004, pursuant to Law No. 326, to non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected, provided that:

(a) they are (i) resident of a country which allows an adequate exchange of information with Italy or, in the case of qualifying institutional investors not subject to tax, they are established in such a country, (ii) supranational entities set up in accordance with an international treaty executed by Italy, or (iii) central banks of foreign countries, or other entities also managing the official reserves of such countries;

(b) in general, the debt securities are deposited directly or indirectly: (i) with a bank or an Italian securities dealing firm ("SIM") resident in Italy; (ii) with the Italian permanent establishment of a non-resident bank or brokerage company which is electronically connected with the Italian Ministry of Economy and Finance; or (iii) with a non-resident entity or company which has an account with a centralised clearance and settlement system (such as Euroclear or Clearstream Luxembourg) which has a direct relationship with the Italian Ministry of Economy and Finance;

(c) as for recipients characterizing under category (a)(i) above, the banks or brokers mentioned in (b) above receive a self-declaration from the beneficial owner of the interest which states that the beneficial owner is a resident of that country. The self-declaration, which must be in conformity with the model approved by the Ministry of Economy and Finance (approved with Decree of the Ministry of Economy and Finance 12 December 2001, published on the Ordinary Supplement No. 287 to the Official Journal No. 301 of 29 December 2001) and its further amendments is valid until revoked by the investor and does not have to be filed if an equivalent self-declaration (including Form 116/IMP) has already been submitted to the same intermediary for the same or different purposes; in the case of institutional investors not subject to tax, the institutional investor shall be regarded as the beneficial owner and the relevant self-declaration shall be produced by the management company; and

(d) the banks or brokers mentioned in (b) and (c) above receive all necessary information to identify the non-resident beneficial owner of the deposited debt securities, and all necessary information in order to determine the amount of interest that such beneficial owner is entitled to receive.

Non-resident holders are subject to the 12.5 per cent. substitute tax on interest and other proceeds on the Notes if any of the above conditions (a), (b), (c) and (d) are not satisfied.

Italian resident individuals holding Notes not in connection with an entrepreneurial activity who have opted for the Asset Management Option are subject to a 12.5 per cent. annual substitute tax (the "**Asset Management Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include 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 held by Italian resident corporations, commercial partnerships, individual entrepreneurs holding Notes in connection with entrepreneurial activities or permanent establishments in Italy of non-resident corporations to which the Notes are effectively

connected, are included in the taxable base for the purposes of: (i) corporate income tax (*imposta sul reddito delle società*, "**IRES**") at 33 per cent.; or (ii) individual income tax (*imposta sul reddito delle persone fisiche*, "**IRPEF**"), at progressive rates, plus local surtaxes, if applicable; under certain circumstances, such interest is included in the taxable basis of the regional tax on productive activities (*imposta regionale sulle attività produttive*, "**IRAP**"), at a rate of 4.25 per cent. (regions may vary the rate up to 1 per cent.).

Italian resident collective investment funds and SICAVs are subject to a 12.5 per cent. or, under specific conditions, to a reduced 5 per cent. annual substitute tax (the "**Collective Investment Fund Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include interest and other proceeds accrued on the Notes). The reduced rate regime is however subject to possible repeal in the near future, due to the alleged violation of the EU state aid rules, as resolved by the EU Commission on last 7 September, 2005

Starting from 1 January 2001, Italian resident pension funds are subject to an 11 per cent. annual substitute tax (the "**Pension Fund Tax**") on the increase in value of the managed assets accrued at the end of each tax year.

The tax regime of interest in respect of the Notes received by real estate funds depends on the funds status and the applicable legislation. Under the regime provided by Law Decree No. 351 of September 25, 2001 converted into law with amendments by Law No. 410 of November 23, 2001, payments of interest in respect of the Notes made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of February 24, 1998 and Article 14-bis of Law No. 86 of January 1, 1994, are not subject to the 12.5 per cent. substitute tax. Pursuant to Article 41-bis of Law No. 326 of November 24, 2003, as of January 1, 2004 a 12.5 per cent. withholding tax may apply upon distribution of the profits realised by the real estate investment funds.

Any positive difference between the nominal redeemable amount of the Notes and their issue price is deemed to be interest for tax purposes.

Without prejudice to the above provisions, in the event that the Notes are redeemed in full or in part prior to the end of the Initial Period, the Issuer may be required to pay an additional amount equal to twenty per cent. (20%) of interest and other proceeds accrued on the Notes up to the time of the early redemption.

CAPITAL GAINS

Any capital gain realised upon the sale for consideration or redemption of the Notes would be treated for the purpose of corporate income tax and of individual income tax as part of the taxable business income of Noteholders (and, in certain cases, depending on the status of the Noteholders, may also be included in the taxable basis of the regional tax on productive activities), and therefore subject to tax in Italy according to the relevant tax provisions, if derived by Noteholders who are:

(a) Italian resident corporations;
(b) Italian resident commercial partnerships;
(c) permanent establishments in Italy of foreign corporations to which the Notes are effectively connected; or
(d) Italian resident individuals carrying out a commercial activity, as to any capital gains realised within the scope of their commercial activity.

Pursuant to Legislative Decree No. 461 of 21 November 1997, any capital gain realised by Italian resident individuals holding Notes not in connection with an entrepreneurial activity and by certain other persons upon the 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 an entrepreneurial activity, imposta sostitutiva on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by Italian resident individual noteholders holding Notes not in connection with an entrepreneurial activity pursuant to all disposals of Notes carried out during any given fiscal year. These individuals must report the overall amount of capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax declaration to be filed with the Italian tax authorities for such year and pay imposta sostitutiva on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident individual noteholders holding Notes not in connection with an entrepreneurial activity may elect to pay imposta sostitutiva separately on the capital gains realised upon 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. The financial intermediary, on the basis of the information provided by the taxpayer, accounts for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of Notes (as well as in respect of capital gains realised at revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian fiscal authorities on behalf of the taxpayer, deducting a corresponding amount from proceeds to be credited to the Noteholder. Under the Risparmio Amministrato regime, where a sale or redemption of Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised in the same tax year or in the following tax years up to the fourth. Under the Risparmio Amministrato regime, the Noteholder is not required to declare capital gains in its annual tax declaration and remains anonymous.

Any capital gains realised by Italian resident individuals holding Notes not in connection with an entrepreneurial activity, who have elected for the Asset Management Option, will be included in the computation of the annual increase in net 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 an increase in the net value of the managed assets accrued in any of the four succeeding tax years. Under the Asset Management Option, the Noteholder is not required to report capital gains realised in its annual tax declaration and remains anonymous.

Any capital gains realised by Noteholders who are Italian resident collective investment funds and SICAVs will be included in the computation of the taxable basis of the Collective Investment Fund Tax.

Any capital gains realised by Noteholders who are Italian resident pension funds will be included in the computation of the taxable basis of Pension Fund Tax.

The tax regime of capital gains in respect of the Notes received by real estate funds depends on the funds status and the applicable legislation. Capital gains realised by Italian real estate funds set up after 26 September 2001 on the disposal of the Notes contribute to determine the fund net asset value increase, which is subject to a withholding tax at 12.5% upon distribution or redemption.

The 12.5 per cent. final *imposta sostitutiva* may in certain circumstances be payable on capital gains realised upon sale for consideration or redemption of the by non-Italian resident persons 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 of 22nd December 1986, No. 917, 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 Notes are exempt from taxation in Italy to the extent that the Notes are listed on a regulated market in Italy or abroad (including the Luxembourg Stock Exchange) and in certain cases subject to filing of required documentation, even if the Notes are held in Italy 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:

(1) as to capital gains, non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from *imposta sostitutiva* in the Republic of 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 this case, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected are within the *Risparmio Amministrato* regime or the Asset Management Option, exemption from Italian capital gains tax will apply upon condition that they file in time with the authorised financial intermediary an appropriate self-declaration stating that they meet the requirements indicated above; and

(2) in any event, non-Italian resident persons or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with the Republic of Italy, providing that capital gains realised upon the sale or redemption of the Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to imposta sostitutiva in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of Notes; in this case, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected are within the Risparmio Amministrato regime or the Asset Management Option, exemption from Italian capital gains tax will apply upon the condition that they file in time with the authorised financial intermediary appropriate documents which include, inter alia, a statement issued by the competent tax authorities of the country of residence of the non-Italian residents.

INHERITANCE AND GIFT TAXES

Italy no longer applies inheritance and gift taxes.
However, according to Law 18 October 2001, No. 383, for donees other than spouses, direct descendants or ancestors and other relatives within the fourth degree, if and to the extent that the value of gift attributable to each such donee exceeds Euro 180,759.91, a gift of Notes is subject to the ordinary transfer taxes provided for the transfer thereof for consideration.

SECURITIES TRANSFER TAX

General

Pursuant to Italian Legislative Decree No. 435 of 21 November 1997, 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 Euro 0.0083 for every Euro 51.65 (or a fraction thereof) of the price at which the Notes are transferred;

(ii) contracts between private parties through banks, SIMs or other authorised professional intermediaries or stockbrokers, or between private parties and banks, SIMs or other authorised intermediaries or stockbrokers, are subject to a transfer tax of Euro 0.00465 for every Euro 51.65 (or a fraction thereof) of the price at which the Notes are transferred; and

(iii) contracts between banks, SIMs or other authorised professional intermediaries or stockbrokers are subject to a transfer tax of Euro 0.00465 for every Euro 51.65 (or a fraction thereof) of the price at which the Notes are transferred.

In the cases listed above under (ii) and (iii), however, the amount of transfer tax cannot exceed Euro 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 a regulated market (e.g. the Luxembourg Stock Exchange);

(ii) contracts relating to securities which are admitted to listing on a regulated market and finalised outside such markets and entered into:

a. between banks or 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 among themselves; or

b. between authorised intermediaries as referred to in paragraph (a) above and non-Italian residents; or

c. between authorised intermediaries as referred to in paragraph (a) above, including also non-Italian residents, and undertakings for collective investment in transferable securities;

(iii) contracts relating to public sale offers for the admission to listing on regulated markets or relating to financial instruments already admitted to listing on said markets;

(iv) contracts for a consideration of less than Euro 206.58; and

(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.

EU DIRECTIVE ON THE TAXATION OF SAVINGS INCOME

On June 3, 2003, the European Council of Economics and Finance Ministers adopted a Directive on the taxation of savings income under which Member States are required starting since July 1, 2005, to provide to the tax authorities of another Member State the details of payments of interest (or similar income) paid by a person within its jurisdiction, qualifying as paying agent under the Directive, to an individual resident in that other Member State, except that, for a transitional period, Belgium, Luxembourg, Austria and five European Third Countries (Switzerland, Andorra, Liechtenstein, Monaco and San Marino) and certain Member States' relevant dependent or associated territories (the Channel Islands, the Isle of Man and the dependent or associated territories in the Caribbean) will instead be required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain Third Countries). Belgium, Luxembourg or Austria may however elect to introduce automatic exchange of information during the transitional period, in which case they will no longer apply the withholding tax.
The Council Directive was implemented in Italy with the enactment of Legislative Decree no. 84 of 18 April 2005, applicable to all payments made by Italian resident qualifying paying agents on or after July 1, 2005, with the regulatory provisions issued by the Italian Revenue Agency ("*Agenzia delle Entrate*") on July 8 and July 25, 2005 and the guidelines from the same Agency of 30 December, 2005.

LUXEMBOURG TAXATION

Under Luxembourg legislation (law of 21 June 2005) implementing the EU Directive on the taxation of savings income (the "**Directive**") and the bilateral agreements with certain dependent or associated territories and with certain third countries introducing measures equivalent to those of the Directive (the "**Bilateral Agreements**"), interest on the Notes or similar income may be subject to withholding tax if paid by a paying agent (as defined by the Directive) located in Luxembourg to (i) an individual resident in another EU member state or in Jersey, Guernsey, the Isle of Man, the Netherlands Antilles, the British Virgin Islands, Aruba or Montserrat, or (ii) a residual entity as defined by the Directive or a Bilateral Agreement. The above amounts are subject to withholding tax to the extent they have accrued since 1 July, 2005. The rate of withholding tax is 15% during the three first years of the transitional period, increasing to 20% for the three subsequent years and to 35% thereafter until the end of the transitional period. By law December 23, 2005, effective as of January 1, 2006, Luxembourg introduced a withholding tax of 10% for interest payments made to Luxembourg individual residents by a Luxembourg paying agent (as defined by the law of June 21, 2005). For an individual holder of Notes who is resident in Luxembourg and who acts in the course of the management of his private wealth, the 10% withholding tax is a final flat tax. Interest on the Notes paid by a Luxembourg paying agent to residents in Luxembourg who are not individuals will not be subject to any withholding tax.

SUBSCRIPTION AND SALE

Banca Caboto S.p.A. and Dexia Crediop S.p.A. (together, the "**Joint Lead Managers**" and, any one of them, the "**Joint Lead Manager**") have, pursuant to a subscription agreement dated the Signing Date between the Issuer, the Joint Lead Managers, the Representative of the Noteholders and FIRA in its capacity as originator (the "**Subscription Agreement**"), jointly and severally agreed to subscribe and pay for or procure subscribers for the Notes at the issue price of 100 per cent. of the aggregate principal amount of Notes.
On the Issue Date, the Issuer will pay to the Joint Lead Managers combined selling, management and underwriting commissions as set out in the Subscription Agreement.
On the Issue Date, the Issuer will also reimburse the Joint Lead Managers in respect of certain of their expenses and has agreed to indemnify the Joint Lead Managers against certain liabilities incurred in connection with the issue, offering and sale of the Notes.
The Subscription Agreement is subject to a number of conditions and may be terminated in certain circumstances prior to payment to the Issuer.

GENERAL

The Joint Lead Managers acknowledge that no action has been or will be taken in any jurisdiction by the Issuer that would permit a public offering of the Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction

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, pledged or otherwise transferred, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act.
The Notes are in bearer form and are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.
Each Joint Lead Manager has represented and agreed that, except as permitted by the Subscription Agreement to which it is a party, it will not offer, sell or deliver Notes: (i) as part of their distribution at any time; or (ii) otherwise until 40 days after the later of the date of commencement of the offering of the Notes and the Issue Date (the "**distribution compliance period**"), within the United States or to, or for the account or benefit of, U.S. persons. Each Joint Lead Manager has also agreed that they will send to each dealer to which they sell any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.
In addition, until the expiration of 40 days after the commencement of the offering, an offer or sale of the Notes within the United States by any dealer distributor or other person (whether or not participating in this offering) may violate the requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

REPUBLIC OF ITALY

No prospectus has been submitted to the clearance procedure of *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian legislative decree No. 58 of 24 February 1998 (the "**Financial Services Act**") and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Offering Circular or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(i) to professional investors (*operatori qualificati*), as defined in article 31, second paragraph, of CONSOB regulation No. 11522 of 1 July 1998, as successively amended; or

(ii) in circumstances which are exempted from the rules on solicitation of investments pursuant to article 100 of Financial Service Act and article 33, first paragraph, of CONSOB Regulation No. 11971 of 14 May 1999, as successively amended.

Any offer, sale or delivery of the Notes or distribution of copies of the Offering Circular or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

(a) made by (i) Italian banks, investment firms or financial companies enrolled in the special register provided for in Article 107 of the Legislative Decree no. 385 of 1 September 1993 (the "**Banking Law**"), to the extent duly authorised to engage in the placement and/or underwriting of financial instruments in the Italian Republic in accordance with the Banking Law, the Financial Services Act and the relevant implementing regulations; or by (ii) foreign banks, investment firms or financial institutions (the controlling shareholding of which is owned by one or more banks located in the same European Union Member State) authorised to place and distribute securities in the Republic of Italy pursuant to Articles 14, 15, 16 and 18 of the Banking Law, and Articles 27 and 28 of the Financial Service Act in each case acting in compliance with every applicable law and regulation;

(b) in compliance with article 129 of the Banking Law and the implementing guidelines of the Bank of Italy pursuant to which the issue or the offer of securities in the Republic of Italy may need to be preceded and followed by an appropriate notice to be filed with the Bank of Italy depending on, inter alia, the aggregate value of the securities issued or offered in the Republic of Italy and their characteristics and, even when an exemption from the prior notification applies, may need to be followed by a subsequent communication reporting to the Bank of Italy the results of the issue and of the placement; and

(c) in accordance with any other applicable laws and regulations, including notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

A person may be deemed to be a "qualified investor" as defined in Article 31.2 of CONSOB Regulation no. 11522 of 1 July 1998, as amended, pursuant to Article 30.2 and Article 100 of the Financial Services Act, if it falls within one of the following categories:

(i) investment companies, banks, stockbrokers, asset management companies (so called "*Società di Gestione del Risparmio*"), variable capital investment companies (so called "*Società di Investimento a Capitale Variabile*"), pension funds, insurance companies, banking group holding companies and persons registered in the lists under Articles 106, 107 and 113 of Banking Law;

(ii) foreign persons authorised to carry out, by virtue of regulations in force in their countries of origin, the same activities carried out by the persons described above;

(iii) banking foundations (*fondazioni bancarie*); and

(iv) individuals and legal persons and other entities in possession of specific competence and experience in operations relating to financial instruments. The possession of such specific competence and experience must be expressly declared in writing by the legal representatives of such legal persons or other entities. Individuals must provide evidence concerning the relevant professional experience requirements.

Notwithstanding paragraph (iv) above, in any case the Notes will not be offered, sold or delivered, either in the primary market or in the secondary market, to individuals residing in Italy.

UNITED KINGDOM

Each Joint Lead Manager represents and agrees with the Issuer that:

(a) it has not offered or sold and, prior to the expiry of the period of six months from the Issue Date, will not offer or sell any Notes to any person in the United Kingdom, unless (i) such person is one whose ordinary activities involve him in acquiring, holding, managing or disposing of investments (whether as principal or agent) for the purposes of their business or (ii) in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995, as amended;

(b) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") with respect to anything done or to be done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and

(c) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

EEA

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Joint Lead Managers represents and agrees with the Issuer that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), it has not made and will not make an offer of Notes to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

(i) in the period beginning on the date of publication of a prospectus in relation to those Notes which have been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;

(ii) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(iii) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than Euro 43,000,000 and (3) an annual net turnover of more than Euro 50,000,000, as shown in its last annual or consolidated accounts; or

(iv) at any time in any other circumstances which do not require the publication by the Issuers of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "*offer of Notes to the public*" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

GENERAL

No action has been taken by the Issuer and each Joint Lead Manager agrees that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Joint Lead Manager undertakes that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of their knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

GENERAL INFORMATION

Authorisation

The issue of the Notes was authorised by a quotaholders' resolution of the Issuer on 19 December 2005. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

Funds available to the Issuer

The principal source of funds available to the Issuer for the payment of interest and the repayment of principal on the Notes will be collections made in respect of the Portfolio and the Claims thereunder.

Listing and trading

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

Clearing systems

The Notes have been accepted for clearance through Monte Titoli by Euroclear and Clearstream. Monte Titoli will act as depository for Euroclear and Clearstream. The ISIN and the Common Code for the Notes are as follows:

	Common Code	ISIN
Notes	025112318	IT0004039613

No significant change

There has been no significant change in the financial position or trading position of the Issuer since 31 December 2005, and there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2005.

Litigation

The Issuer is not involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the 12 months preceding the date of this document a significant effect on the financial position of the Issuer.

Accounts

The Issuer will produce, and will make available at its registered office, proper accounts (*ordinata contabilità interna*) and audited (to the extent required) financial statements in respect of each financial year (commencing on 1 January and ending on 31 December the next such accounts to be prepared being those in respect of the financial year ending on 31 December 2005) but will not produce interim financial statements.

Borrowings

Save as disclosed in this document, as at the date of this document, the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor has the Issuer created any mortgages or charges or given any guarantees.

Documents

Copies of the following documents (and the English translations thereof, where the document is not in English) will, when published, be available (and in respect of paragraphs (a), (b), (c), (d)(x) and (d)(xi) below, for collection and free of charge) during usual office hours on any weekday at the registered office of the Issuer and the Specified Offices of the Representative of the Noteholders and the Paying Agents (as set forth in Condition 17 (*Notices*)):

(a) the by-laws (*statuto*) of the Issuer;

(b) the annual audited (to the extent required) financial statements of the Issuer (it is expected that the financial statements for the year ending on 31 December 2005 will be approved no later than the Issue Date;

(c) the Servicer's Reports setting forth the performance of the collection and recoveries made under the Claims and the Delegation of Payment prepared by the Servicer;

(d) copies of the following documents:

(i) the Subscription Agreement;

(ii) the Cash Management and Agency Agreement;

(iii) the Intercreditor Agreement;

(iv) The English Deed of Charge;

(v) The Italian Deed of Pledge;

(vi) The Corporate Services Agreement;

(vii) The Transfer Agreements;

(viii) The Servicing Agreement;

(ix) The Sub-servicing Agreement;

(x) The Stichting Corporate Services Agreement;

(xi) The Investor Reports (the first Investor Report will be available on 28 July 2006); and

(xii) This Offering Circular.

Notes freely transferable

According to Chapter VI, article 3, point A/II/2 of the "Rules and Regulations of the Luxembourg Stock Exchange", the Notes shall be freely transferable and therefore no transaction made on the Luxembourg Stock Exchange shall be cancelled.

Post-Issuance transaction information

The Issuer will not provide post-issuance transaction information regarding securities to be admitted to trading and the performance of the Claims.

Annual fees

The estimated annual fees and expenses payable by the Issuer in connection with the transaction described herein amount to approximately Euro 110.000, excluding all fees payable to the Servicer and the Sub-servicer. The estimated total expenses related to the admission to trading amounts to approximatively Euro 12.600.

INDEX OF DEFINED TERMS

ISSUER
D'Annunzio S.r.l.
Via Romanino, 1
Brescia
Italy

ORIGINATOR AND SUB-SERVICER
FI.R.A.
Via Parini, 21
Pescara
Italy

REPRESENTATIVE OF THE NOTEHOLDERS

J.P. Morgan Corporate Trustee Services Limited, London
Trinity Tower, 9
Thomas More Street
London E1W 1YT
United Kingdom

CALCULATION AGENT, CASH MANAGER AND ENGLISH ACCOUNT BANK

JPMorgan Chase Bank N.A., London

Trinity Tower, 9
Thomas More Street
London E1W 1YT
United Kingdom

LUXEMBOURG PAYING AGENT AND LUXEMBOURG LISTING AGENT

J.P. Morgan Chase Bank, Luxembourg S.A.

Route de Trèves
L-2633, Semingerberg
(Municipality of Niederanven)
Luxembourg
Grand Duchy of Luxembourg

ITALIAN ACCOUNT BANK
JPMorgan Chase Bank N.A., Milan
Via Catena 4,
20121 Milan
Italy

ITALIAN PAYING AGENT

JPMorgan Chase Bank N.A., Milan
Via Catena 4,
20121 Milan
Italy

SERVICER

JPMorgan Chase Bank N.A., Milan
Via Catena 4,
20121 Milan
Italy

CORPORATE SERVICES PROVIDER

Structured Finance Management – Italia S.r.l.
Via Romanino, 1
Brescia

LEGAL ADVISERS

To the Joint Lead Managers as to English law
Orrick Herrington & Sutcliffe
Tower 42, Level 35
25 Old Broad Street
London, EC2N 1HQ,
England

To the Joint Lead Managers as to Italian law
Orrick Herrington & Sutcliffe
Via del Consolato, 6
Rome
Italy

To the Originator as to Italian Law
Anello & Partners
Via Isonzo 34
00198 Rome
Italy

To the Rappresentative of the Noteholders
Clifford Chance Studio Legale Associato
Via Sistina 4
00187 Rome
Italy