Auto Leases
Germany
New Issue

Bumper 2 S.A.

Analysts

Uli Maute
+49 69 768076 238
uli.maute@fitchratings.com

Bettina Weihbrecht
+49 69 768076 298
bettina.weihbrecht@fitchratings.com

Performance Analytics
Uli Maute
+49 69 768076 238
uli.maute@fitchratings.com

Related Research

Applicable Criteria

- *Global Structured Finance Rating Criteria (August 2010)*
- *Rating Criteria for European Granular Corporate Balance-Sheet Securitisations (SME CLOs) (July 2009)*
- *EMEA Consumer ABS Rating Criteria (September 2009)*
- *EMEA Consumer ABS Rating Criteria - Auto Residual Value Addendum (October 2010)*
- *Counterparty Criteria for Structured Finance Transactions (March 2011)*

Ratings

Class	Amount (EURm)	Final maturity	Rating	LSR	CE (%)	Outlook
A	602.4	Feb 2023	AAAsf	LS1	33.5	Stable
B	47.3	Feb 2023	AAsf	LS3	28.1	Stable
C	225.9	Feb 2023	NRsf	NR	2.3	n.a.
Total issuance	**875.6**					
Default and liquidity reserve	20.0					

Ratings are not a recommendation to buy, sell or hold any security. The offering circular and other material should be reviewed prior to any purchase

Transaction Summary

This transaction is a securitisation of operating auto lease receivables and their residual values (RVs) originated by LeasePlan Deutschland GmbH (LPD), a wholly-owned subsidiary of LeasePlan Corporation (LPC; rated 'A-'/Stable/'F2'). The transaction was initially launched in March 2008 and was re-structured effective March 2011; it features a revolving period until March 2013.

The leases are extended to German corporate, SME and public-sector obligors. The issuer financed the portfolio by issuing three classes of notes totalling EUR875.6m, that were used to redeem the previously outstanding class A, B and C notes on the closing date. The initial portfolio (as of 28 February 2011) consists of 46,887 lease agreements to 1,897 lessees, with an aggregate discounted principal balance of EUR875.6m and an average balance of EUR18,675 per lease. EUR509.3m of the aggregated discounted balance of the initial portfolio relates to the RV component.

The ratings address timely payment of interest and ultimate repayment of principal on the class A and B notes, in accordance with the terms and conditions of the notes.

Key Rating Drivers

- **Lease Receivables' Performance:** The performance of the notes will be affected by the default and recovery rate on the lease receivables. These risks have been analysed by modelling the transaction cash flows under stressed scenarios.
- **Residual Value Performance:** This transaction also securitises the RV component of the leases and the RV portion may make up to 60% of the total asset balance. LPD has entered into a purchase commitment with the issuer under which the issuer may sell the vehicles to LPD at the contractual RV at contract maturity, ie with no loss to the transaction. However, to be able to assign 'AAAsf' and 'AAsf' ratings to the notes, Fitch Ratings has assumed in its analysis that the seller has defaulted. Therefore, no credit was given to the purchase commitment in the agency's analysis, which subsequently focused on the market risk. This risk has been analysed by stressing expected sale proceeds in line with the agency's criteria for RV risk.
- **Obligor Concentrations:** The transaction has certain obligor concentration, with around 49.2% of the initial pool's discounted balance being contributed by the largest 50 lessee groups and each of the top five groups contributing up to 2.0% (per replenishment criteria). Fitch has reflected these concentrations in its stressed default rate assumptions by using the higher of the default rate derived

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using its Portfolio Credit Model (PCM) — based on a deteriorated portfolio (see *Revolving Transaction* section below) — and the results of top obligor coverage tests, in line with its criteria based on the concentrations allowed in the replenishment criteria.

- **Counterparty Exposure:** The seller acts as initial servicer, realisation agent and maintenance coordinator, and no back-up parties for these roles were appointed at closing. Fitch gained comfort in assigning the ratings based on the credit rating of the seller's owner, LPC, the obligation of LPD to appoint a back-up servicer if the ownership changes or LPC's creditworthiness deteriorates below investment grade. Further, a cash reserve to cover liquidity risk in case of payment disruptions and other structural features that limit commingling, set-off, maintenance disruption and tax risk are in place, from which the agency gained comfort.
- **Revolving Transaction:** The transaction features a revolving period until March 2013. The replenishment possibility leads to higher default risk, as the purchase of additional receivables increases the exposure at risk. In addition, the pool composition may change towards higher-risk borrowers. However, some of this risk is mitigated through concentration limits in the replenishment criteria. The agency has taken the increased risk into account by assuming higher default rates, versus a static portfolio, which is reflected in higher credit enhancement (CE).
- **Asset Outlook:** Germany's economy has weathered the economic cycle relatively well. The latest economic growth, initially driven by exports, has been supported by robust consumption fuelled by decreasing unemployment levels, and Fitch is of the view that the economic growth should also trigger a fall in corporate delinquencies in 2011. Used car prices have stabilised from their lows in 2009-2010. Therefore, the agency's outlook for most asset classes in Germany is stable.

Rating Sensitivity[1]

This section of the report provides a greater insight into the model-implied sensitivities the transaction faces when one risk factor is stressed, while holding others equal.

The modelling process first uses the estimation and stress of base-case assumptions to reflect asset performance in a stressed environment, and secondly, the structural protection was analysed in a customised proprietary cash flow model (see *Financial Structure and Cash Flow Modelling* below). The results below should only be considered as one potential outcome, given that the transaction is exposed to multiple risk factors that are all dynamic variables.

Rating Sensitivity to Default Rates

The change in rating (ie ratings migration) if the rating default rate (RDR) is increased or decreased by a relative amount is demonstrated in the "Rating Sensitivity to Increased Default Rate Assumptions" table. For example, increasing the RDRs by 50% (ie to 45% from 30% in a 'AAAsf' scenario, to 42% from 28% in 'AAsf', etc.) may result in a two-notch downgrade of the class A notes to 'AAsf' from 'AAAsf'.

[1] These sensitivities only describe the model-implied impact of a change in one of the input variables. This is designed to provide information about the sensitivity of the rating to model assumptions. It should not be used as an indicator of possible future performance

Rating Sensitivity to Increased Default Rate Assumptions

	Class A	Class B
Original rating default rate (eg 30% in the ‘AAAsf’ scenario)	AAAsf	AAsf
Increase in rating default rate by 10% (eg 33% in the ‘AAAsf’ scenario)	AA+sf	AA-sf
Increase in rating default rate by 25% (eg 38% in the ‘AAAsf’ scenario)	AAsf	A+sf
Increase in rating default rate by 50% (eg 45% in the ‘AAAsf’ scenario)	AAsf	Asf

Source: Fitch

Rating Sensitivity to Recovery Rates

The change in rating if the base case recovery rates are adjusted is demonstrated in the Rating Sensitivity to Reduced Recovery Rate Assumptions table.

Rating Sensitivity to Reduced Recovery Rate Assumptions

	Class A	Class B
Original base case (75%)	AAAsf	AAsf
Reduce base case by 10% (= 68%)	AA+sf	AA-sf
Reduce base case by 25% (= 56%)	AAsf	A+sf
Reduce base case by 50% (= 38%)	AA-sf	A-sf

Source: Fitch

Rating Sensitivity to Residual Value Loss Assumptions

Rating Sensitivity to Increased Residual Value Loss Assumptions

	Class A	Class B
Expected residual value loss (eg 38% for a ‘AAAsf’ scenario)	AAAsf	AAsf
Increased residual value loss by 10%	AA+sf	AA-sf
Increased residual value loss by 20%	AAsf	A+sf
Increased residual value loss by 30%	AAsf	A+sf

Source: Fitch

As the agency assumes the seller to be insolvent in a ‘AAA’ scenario, one of the major risks for the transaction is car sale proceeds being below the contractually agreed RVs. To test the sensitivity, Fitch has increased its standard assumptions for the RV loss by 10%, 20% and 30% (ie from 38% to 42%, 46% and 50% in a ‘AAA’ scenario).

Rating Sensitivity to Shifts in Multiple Factors

The Rating Sensitivity to Increased Default, Reduced Recovery Rate, and Increased Residual Value Loss Assumptions table summarises the rating sensitivity to stressing multiple factors concurrently. Three scenarios are evaluated to demonstrate the sensitivity of the rating to varying degrees of stress, ie mild, moderate and severe changes to the expected level of defaults and recoveries.

Rating Sensitivity to Increased Default, Reduced Recovery Rate, and Increased Residual Value Loss Assumptions

	Class A	Class B
Original combination	AAAsf	AAsf
Mild stresses: Increase RDR by 10%, reduce recovery base case by 10%, and increase RV loss by 10%	AAsf	A+sf
Moderate stresses: Increase RDR by 25%, reduce recovery base case by 25%, and increase RV loss by 20%	A+sf	BBB+sf
Severe stresses: Increase RDR by 50%, reduce recovery base case by 50%, and increase RV loss by 30%	BBB-sf	BBsf

Source: Fitch

Model, Criteria Application and Data Adequacy

The transaction is backed by a pool of lease and RV receivables. The lessees are a mix of large corporate, public-sector and SME obligors. Given the obligor type and type of exposures, Fitch applied its SME-CDO criteria to size the default risk (see *Rating Criteria for European Granular Corporate Balance-Sheet Securitisations (SME CLOs)*, dated July 2009). As the leased assets are autos, Fitch applied its *EMEA Consumer ABS Rating Criteria*, dated 1 September 2009 to estimate recoveries and analysed the market value risk in accordance with its *EMEA Consumer ABS Rating Criteria – Auto Residual Value Addendum*, dated 4 October 2010.

To assess the ability of the transaction to make timely payments of interest and ultimate payment of principal in advance of final legal maturity, Fitch modelled the transaction using its proprietary ABS cash flow model, configured to replicate the structure of the transaction.

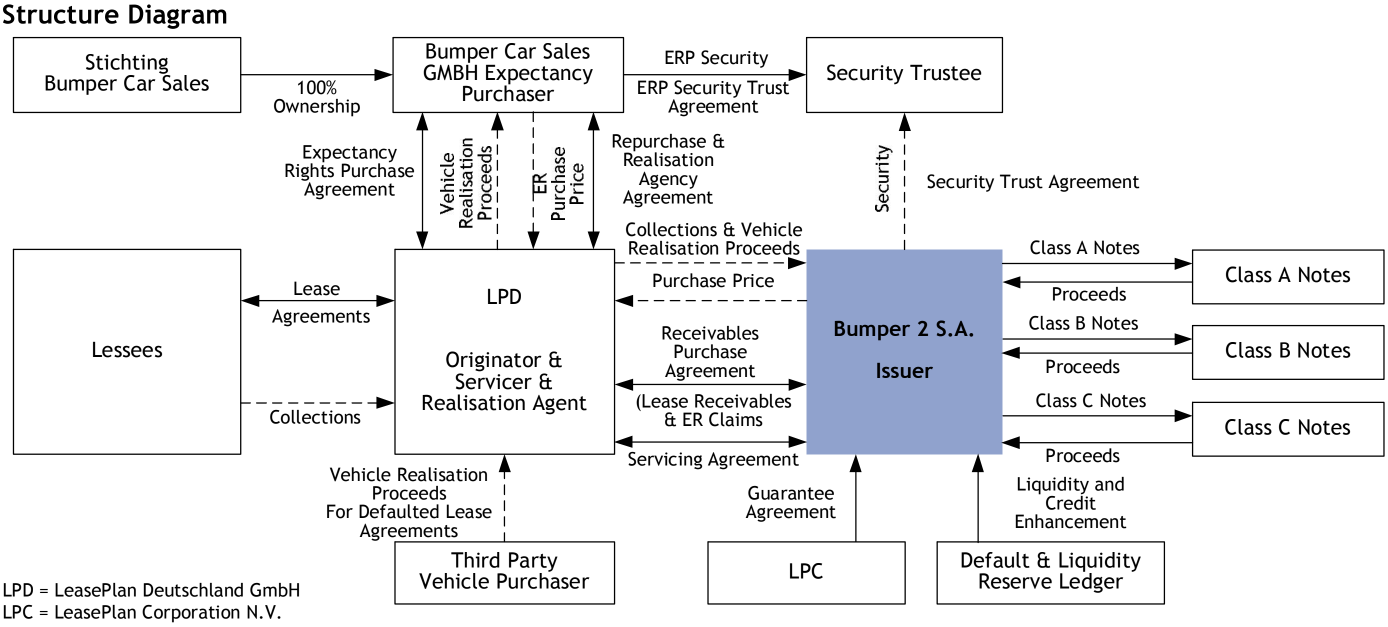
LPD provided the following data:

- historical data from July 2005 to June 2010 covering cumulative defaults, recoveries from defaults and arrears;
- vehicle-level data showing the sale proceeds achieved versus the RVs set from 2005 to 2010;
- stratification tables of the initial pool as at 28 February 2011;
- historic portfolio compositions and obligor concentrations of LPD's overall book;
- prepayment rates from 2005 to 2010;and
- amortisation profile of the initial pool as of 28 February 2011.

The data were accompanied by a rating presentation that contained information about LPD's products, business, underwriting processes, RV setting, and servicing and collection management. Fitch deems the depth of the data set and the related information provided by the originator to be of an adequate standard and quality. The level of detail with respect to the RV performance was high and allowed Fitch to capture the current market performance within its base case assumptions.

Transaction and Legal Structure

Structure Diagram



LPD = LeasePlan Deutschland GmbH
LPC = LeasePlan Corporation N.V.
Source: Transaction documents

Issuer and True Sale

Bumper 2 S.A. is a special-purpose vehicle established for the purpose of issuing asset-backed securities and was incorporated in Luxembourg as a public limited company.

At initial closing in 2008, Bumper 2 issued class A, B and C notes in order to acquire a portfolio of lease and RV receivables from LPD. On the re-issue date (March 2011), Bumper 2 issued new class A, B, and C notes and used the proceeds of the new notes to redeem the notes issued in 2008. During the revolving period, the issuer will purchase further receivables from the seller accordingly.

Purchase of Residual Value Component (Expectancy Right Claims)

The RV component is transferred to the issuer via a so-called expectancy rights (ERS; Anwartschaftsrechte) mechanism under German law. The ER purchaser (Bumper Car Sales GmbH) will purchase the ER, ie the right to the title from LPD. The ER purchaser will, however, pay the purchase price to LPD only at the end of the leasing contract. As a result, LPD has a claim against the ER purchaser. This claim (the ER claim) is sold by LPD to the issuer and represents the RV portion that is due at maturity of a contract. Following termination of the leasing contract, the ER purchased transforms into full legal title of the vehicles.

When considering the ER mechanism, Fitch gained comfort from the legal opinion provided by transaction counsel.

Capital Structure and Credit Enhancement

At re-issuance in March 2011, the balance sheet of the issuer's assets and liabilities are as follows (based on the initial portfolio at 28 February 2011).

Bumper 2 S.A. Balance Sheet
(Excluding commingling, set-off and maintenance reserves)

Asset	Amount (EUR)	Liabilities	Amount (EUR)	Size as % of total balance	CE (%)
Receivables	875,599,253	Class A	602,400,000	68.8	33.5
Cash	747	Class B	47,300,000	5.4	28.1
		Class C	225,900,000	25.8	2.3
Total	**875,600,000**		**875,600,000**		
Default and liquidity reserve	20,000,000				

Source: Fitch, transaction documents

The issuer purchases the receivables at a present value, using a discount rate of 5.81%. As this discount rate is higher than the issuer's expenses — calculated as the sum of the fixed rate payable to the swap (2.1% p.a.), the weighted average (WA) note margin, the senior expenses and the servicing fee — excess spread (of around 1.9% p.a. initially) is created. Defaulted receivables will reduce the asset balance (leading to a asset/liability mismatch), whereupon interest collections would be trapped to reduce class A and B notes in sequential order to reduce this mismatch. Hence, excess spread provides the first layer of protection against losses.

In case excess spread is not sufficient to cover defaulted amounts, the default reserve is used as second layer of protection. The class C notes will suffer losses in case the default reserve is exhausted.

Default and Liquidity Reserve

A cash reserve (the default and liquidity reserve) was fully funded to EUR20m by LPD on the re-issue date and serves two purposes: liquidity and CE. The liquidity portion of the reserve (initially EUR12m) will always amount to 1.847% of the outstanding class A and B notes and is topped up in the priority of payments in each period directly after payment of interest on class A and B. This amount is sufficient to cover around five months of senior fees, net swap payments and interest margin on the rated notes in case of payment disruptions. Amounts released from the liquidity reserve can be used to cover defaults via the waterfall and hence serves as CE.

The default portion of the reserve (ie EUR8m at re-issuance in March 2011) is topped up (to the extent moneys are available) after payment of the required principal redemption amount to the class A and B notes. The required principal redemption amount is sized to reduce mismatches between the asset balance and the liability balance caused by defaults. As soon as the portfolio is amortised to zero, any amounts standing on the reserve will be released and routed through the waterfall, ie will be used to repay principal on the notes if needed.

Interest Rate Swap

To mitigate the interest rate mismatch between the assets that will yield a fixed rate of interest equal to the discount rate and the floating-rate notes, the issuer has entered into two interest rate swaps (the senior and the junior swap). The senior swap covers the rated notes (ie class A and B), whereas the junior swap covers the unrated class C notes. The junior swap was of less relevance in Fitch's analysis, as all payments to the class C notes and the junior swap are subordinate to interest and principal on the rated notes and the reserves.

Under the senior interest rate swap, the issuer pays a fixed interest rate (2.1% p.a.) on the outstanding balance of the class A and class B notes. In return, the issuer receives a floating amount equal to the current one-month Euribor rate on the outstanding balance of the class A and B notes.

Revolving Period

During the revolving period, the seller has the right to sell additional receivables to the issuer on a monthly basis. The issuer only purchases additional receivables that meet the eligibility/replenishment criteria and portfolio concentration limits outlined below.

The revolving period ends on the earlier of the payment date falling in March 2013 and the date on which an early amortisation event has occurred. Due to the relatively short term of car lease contracts (usually 36 or 48 months) around 70% of the aggregate outstanding amount could be replenished until the scheduled end of the revolving period. Fitch therefore had a focus on the transaction's replenishment criteria in order to consider potential deterioration in pool composition caused by replenishments.

Key Eligibility Criteria and Concentration Limits

On the re-issue date and during the revolving period, the issuer acquires lease and RV receivables from LPD. These acquisitions are subject to eligibility and replenishment criteria. Key eligibility criteria include:

- the lease and RV receivables are freely assignable;
- at least one lease instalment has been received and the lease is not in arrears for more than 30 calendar days;
- the lessee is not part of LeasePlan group;
- the original term is not longer than 90 months;
- lessees are merchants have their registered office in Germany or German public-sector entities;
- the lease agreements give rise to monthly instalments and are denominated in euro; and
- the lease contracts comply with the credit and collections policy of LPD.

The replenishment criteria focus on the pool's composition in terms of concentrations. Key replenishment criteria for Fitch's analysis are:

- each of the top one to five lessees does not account for more than 2.0%;
- each of the top five to 10 lessees does not account for more than 1.5%;
- each of the top 11 to 20 lessees does not account for more than 1.25%;
- each of the top 21 to 30 lessees does not account for more than 1.0%;
- each of the top 31 to 50 lessees does not account for more than 0.7%;
- all other lessees do not account for more than 0.5%;
- the maximum amount of RV receivables is 60.0% of the total pool;
- the aggregate amount of leases secured by vans does not exceed 1.0%;
- the aggregate amount of leases secured by trucks does not exceed 6.0%;
- the aggregate amount of leases secured by forklifts and trailers does not exceed 1.0%;
- the aggregate amount of sale-and-lease-back contracts does not exceed 2.0%;
- the aggregate amount of leases to lessees within one industry does not exceed 20.0%; and
- the aggregate amount of top 50 lessees which were not part of the top 50 lessees as of March 2011 and which have a rating below 'BBB+' does not exceed 10%.

Fitch is of the opinion that the replenishment criteria mitigate the risk of potential portfolio deterioration during the revolving period to a certain extent. In particular, there is limited risk of increasing obligor concentrations and replacement of the relatively good rated top obligors with lessees having a poor credit quality.

Priority of Payments

The transaction features a combined waterfall. Notes will be amortised in sequential order as soon as the replenishment period is over.

Normal Amortisation Period Priority of Payments

1	Taxes (if any)
2	Amounts received as services collections to LPD
3	Amounts payable to the security trustee
4	Senior expenses
5	Net amounts due to the senior swap counterparty (other than subordinated payments)
6	Interest class A
7	Interest class B
8	Payment to the default and liquidity reserve (up to the required liquidity reserve amount)
9	Principal class A (up to the Required Principal Redemption Amount)
10	Principal class B (up to the Required Principal Redemption Amount)
11	Payment to the default and liquidity reserve (up to the required default reserve amount)
12	Interest class C
13	Principal class C (up to the Required Principal Redemption Amount)
14	Subordinated payments to the senior swap counterparty
15	Payments to the junior swap counterparty
16	Indemnity payments payable under the transaction documents
17	Payments to LPD resulting from contract re-calculations
18	Payment of reserve release amounts to LPD
19	Servicer success fee to LPD

Source: Transaction documents, Fitch

During the revolving period, positions 9 and 10 (principal payments to class A and B) are replaced by payments to the replenishment ledger. The amounts will be used to purchase additional lease and corresponding RV receivables.

Note Amortisation - Required Principal Redemption Amount

The structure aims for the notes to be amortised in line with the asset balance. The principal needed to do so is defined as "required principal redemption amount". As long as excess spread and reserve release amounts exceed the defaulted amounts, excess amounts will be paid to positions junior to class A and B principal.

Recalculations

LPD is allowed to recalculate lease contracts (eg when the actual mileage significantly differs from the contractually agreed mileage). This can lead to different monthly instalments, which then lead to a higher or lower net present value (NPV) of the contract.

In case of lower NPVs, LPD is obliged to pay the difference as deemed collection to the issuer. Such an amount is then part of the available distribution amount and is used to reduce the note balance.

In case of higher NPVs, the issuer will pay the difference to LPD. Such payment is, however, only made in position 17 of the waterfall, hence is subordinate to any payments to the rated notes.

Performance Triggers - Early Amortisation Events

The structure contains several early amortisation events which, upon breach, would end the revolving period. These include, for example, if the originator defaults or if no back-up parties are found after a downgrade of LPC below certain rating triggers.

The early amortisation events also include three performance-related triggers:

- the cumulative default ratio exceeds 2.5% by end-March 2012, or exceeds 3.0% before March 2013;
- the delinquency ratio exceeds 0.4%; and
- the assets balance falls short of the notes balance on one payment date (asset/liability test).

Fitch considered the delinquency and cumulative default triggers as relatively ineffective for scenarios where the performance of the more granular part of the portfolio starts to deteriorate. The trigger levels are set high compared with historic levels — bearing in mind, however, that historic defaults have been very low. In scenarios where a few of the large obligors would default, the triggers would be breached.

Fitch got most comfort from the asset/liability trigger, which would be breached both if one or two of the largest obligors defaulted and if a general performance deterioration of the portfolio would arise.

Disclaimer

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Asset Analysis

Originator Overview

Fitch performed an on-site review of the origination, underwriting and servicing capabilities of LPD in November 2010. In the agency's view, both the policies and procedures of the company and its implementation and control are in line with expectations.

LPC was founded in the Netherlands in 1963. LPC is the current European market leader in fleet and vehicle management with around 1.3 million vehicles under management, a consolidated lease portfolio worth EUR13.7bn, and around 6,100 employees globally as of June 2010.

LPD is a fully owned subsidiary of LPC. LPD was founded in 1973 and engages in the operational vehicle leasing business in Germany. As of December 2010 LPD had total assets of around EUR1.3bn, owned 83,023 vehicles and had 338 full-time employees. LPD has branches in Hamburg, Berlin, Munich, Stuttgart, Frankfurt and Neuss. The branches focus on customer service, sales and rental cars. The headquarters, which is located in Neuss, covers credit management and approval, RV setting, risk policy setting and financial business.

Lease Products to be Securitised

The portfolio mainly consists of operational auto leases extended to corporate and professional German obligors and German public-sector entities. LPD has four types of lease contracts in the portfolio: open calculation (53.3% by balance in initial portfolio), closed-end contracts (44.1%), open calculation with client risk (2.1%), and sale-and-lease-back (0.5%).

For all products, the lease balance is formed of a lease receivables component and an expected RV component. During the life of the lease, the lease balance amortises on an annuity basis to the RV as estimated at inception or recalculated from time to time.

Open Calculation Contracts

This product is similar to standard operational lease contracts, with the difference that pricing and actual costs are transparent to the lessee. If the actual costs of running the vehicle are less than the rentals paid, the lessee might be entitled to a refund. LPD's income is derived from the monthly management fee and a margin on the interest rate applied.

At the end of each lease, actual RV and maintenance costs are compared against the respective budget, providing a net surplus or loss per ended vehicle. Annual settlement with the client takes place on the basis of a pool of all in previous year ended cars. Positive results are for the client; negative results are for LPD.

Closed End Contracts

These are typical operational lease contracts, where LPD retains the RV risk. The lessee will not receive any surplus from LPD for cases where actual costs are lower than expected.

Open Calculation with Client Risk and Sale-and-Lease-Back

These contracts are identical to open calculation contracts but the lessee bears the RV risk. The share of sale-and-lease-back contracts in the Bumper 2 portfolio is limited to 2.0%.

Origination and Underwriting

The leases are originated through a direct sales force, with active account management to encourage existing clients to order new cars for their fleet with LPD. The credit proposals are initiated by the sales department, the customer service department or the credit department. The credit department initiates only proposals regarding renewals, ie for new credit checks at the yearly expiry date or if the customer service requests an increase of a running facility. A credit review is done at least annually for all existing clients with an exposure of more than five cars.

A proposal, once finalised, is sent to the credit department within LPD, which will conduct a risk evaluation and subsequently issue a recommendation. As part of the internal approval process, the following factors, among others, are taken into account:

1. the exposure (number of cars, amount);
2. the maximum risk involved (book value, order value, outstanding amounts);
3. the key financial ratios of the company;
4. payment behaviour for existing clients;
5. Bürgel and/or Creditreform score and additional information from these credit bureaus; and
6. S&P and Moody's rating (if applicable).

Depending on the exposure, the proposal will be signed by local credit committees. Should the requested exposure exceed the number of 250 vehicles or EUR8.75m, the proposal has to be signed by LPC.

Servicing and Collections

Approximately 70% of the lessees pay via direct debit. The remaining portion either uses e-invoicing with LPD or the client initiates the money transfer. All lease instalments are due monthly in advance.

Dunning and Workout

In case of missed instalments, reminder letters are sent depending on type of missed payment. Concurrently LPD contacts customers with an overdue payment by phone and asks for payment on a permanent basis. According to LPD, it aims to contact every customer by phone, ask for payment, and get a payment promise. If the lessee does not pay, LPD may repossess the leased vehicle.

If every possibility of the (out of court) debt collection process is exhausted, the legal dunning process will be introduced. LPD has no own legal department, but the complete legal debt collection process is carried out by an external lawyer.

If no more recoveries are expected, LPD works together with two external debt collection agencies. These companies receive commission in case of success.

Matured Contracts

When a contract is due, the car is collected and brought to one of three collection sites in Germany. There, a damage assessment is done by a third-party expert company.

Vehicle remarketing is then exercised via different channels. Historically, around 60% of returned cars have been sold via LPD's internal auctions. The internal auction is a platform where registered users can bid for the cars. External auctions (eg via British Car Auctions) are partly used. LPD also installed an outlet (a big car park) in Neuss, where returned cars are sold to private persons or dealers. It took LPD around 30 days on average from collection to sale of the cars in the past three years.

Residual Value Setting

LPC's main risk position is the taking of RV risk. As specialist for operational lease business, LPC entities specialise in RV setting and car remarketing. On average around 1,500 contracts of LPD expire per month, for which LPD receives back the cars and has to remarket these.

LPD underlies the "residual value risk policy" of LPC. Key (minimum) requirements defined in this policy include that local RV committees are held periodically and must consist of members of various departments (eg risk management, finance, sales, operations and commercial department), and that fleet valuations and fleet risk assessments are completed quarterly.

The main tasks of the RV committee are to oversee the adequate management of RV risks, including reviewing RV positioning and competitive position, review and agree RV forecasting methodology/policy, watch for any unexpected developments in the second-hand market, and validating LPD's data against external benchmarks. The RV committee holds quarterly meetings. In addition, LPD's risk committee meets on a weekly basis to discuss and decide upon individual requests and other deviations from standard parameters.

Each model is assigned to a depreciation curve (RV matrix). The assignment is based on LPD's experiences with the model and comparable models regarding RV and lifecycle effects. Further, third-party opinions (eg EurotaxSchwacke forecasts) are used as benchmark, but LPD does not set its forecasts according to these external parties; LPD therefore mainly relies its own experiences from historical sales performances. LPD uses 31 matrices for RV setting. Each matrix contains RV forecasts depending on mileage and use term. LPD has stated and showed examples that vehicle models were re-assigned to more conservative RV matrices several times during the crisis (Q408–Q110) but that it made the first upward adjustments in Q210.

LPD's contracts allow charging the client for damages, excessive wear-and-tear, over-mileage and also allows for recalculations. Further, the company allows informal extensions (lessee continues to use the vehicle and continues to pay the same monthly rate).

LPD tries to avoid manufacturer and model concentration. However, bearing in mind the target clients (ie large companies that provide company cars to senior staff and field staff) a certain concentration to larger models and premium brands is natural in LPD's portfolio.

Portfolio Summary

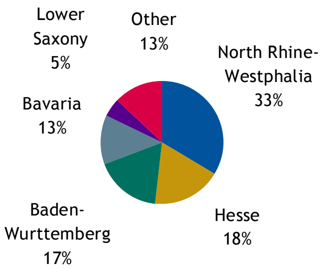
The receivables to be securitised have all been originated by the seller and are against commercial entities or public-sector debtors. The contracts finance the purchase of mainly new vehicles, mainly passenger cars (92.3% by lease balance of the initial pool) but also trucks (6.0%), trailers (0.8%), and vans (0.9%). The leases finance vehicles from literally all manufacturers that sell in Germany, with certain concentrations to Audi (27.3% by lease balance of the preliminary pool), VW (21.9%), BMW (15.4%), Ford (11.9%), and Mercedes-Benz (9.7%).

The initial portfolio comprises 46,887 lease contracts to 1,897 lessees (ie on average 24.7 vehicles per lessee), with an aggregate outstanding discounted principal balance of EUR875.6m and an average outstanding discounted balance of EUR18,675 per contract (including RV).

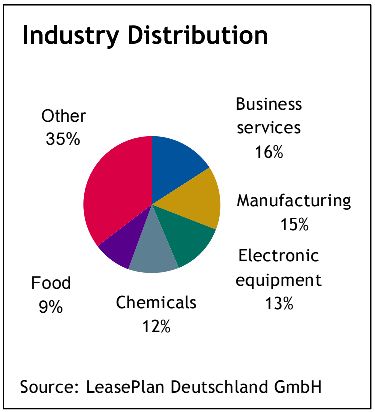
The structure allows for certain top obligor concentrations (see *Key Eligibility Criteria and Concentration Limits* above). The top 50 obligors in the preliminary portfolio contribute 49.2% to the portfolio's balance; the top 10 contribute 16.8%. If increased to the maximum concentration limits during the revolving period, the top 50 will contribute 54%. Fitch considers this as being relatively concentrated, which is why concentration risk was one of the main drivers for the agency's default rate assumptions for this transaction (see *Portfolio Credit Analysis* below).

Regional distribution within Germany is good, with the federal states that have the highest population and/or are economically stronger (such as North Rhine-Westphalia, Hesse, Baden-Wurttemberg, and Bavaria) showing the largest contributions. Industry diversity is also good, with no single industry contributing more than 16.0%.

Regional Distribution



Source: LeasePlan Deutschland GmbH



Portfolio Characteristics of Initial Portfolio (28 February 2011)

Number of leases	46,887
Number of lessees	1,897
Average outstanding discounted balance per lease contract (EUR)	18,675
Average number of lease contracts per lessee	24.7
Contribution top 1 lessee (%)	1.9
Contribution top 10 lessees (%)	16.8
Contribution top 50 lessees (%)	49.2
Operational leases (%)	96.0
Portfolio balance relating to RV receivables (%)	58.2
Portfolio balance relating to instalment claims (%)	41.8
WA lease contract interest rate (%)	6.0
WA original term (months)	42.5
WA seasoning (months)	21.9
WA remaining term (months)	21.7
Instalment frequency monthly (%)	100.0
Passenger vehicles (%)	92.3
Trucks and trailers (%)	6.8
Vans and other (%)	1.0
Open calculation contracts (%)	53.3
Closed calculation contracts (%)	44.1
Open calculation contracts with client risk (%)	2.1
Sale-and-lease-back contracts (%)	0.5

Percentages shown are by discounted balance
Source: LeasePlan Deutschland GmbH

As per the eligibility criteria, all contracts are denominated in euro and are repaid in monthly instalments.

A summary of the characteristics of the preliminary portfolio are shown in the Portfolio Characteristics of Preliminary Portfolio table.

Portfolio Credit Analysis

The issuer is exposed to the credit risk of the underlying lease portfolio, as well as the market value risk of the underlying vehicles. Fitch has split the credit analysis for the transaction in three parts: lessee defaults, recovery rates from defaults, and RV risk upon the termination of the lease contracts.

Default Risk

LPD has a very low level of historical delinquencies and defaults. The top lessees in the portfolio are in general subsidiaries of well-known internationally operating companies. Most remaining lessees are medium-sized enterprises in Germany.

To derive its stressed default rate assumptions for this transaction, Fitch ran its PCM using an artificial worst-case portfolio assuming deterioration allowed by the replenishment criteria. Public ratings (where available) were applied to the largest borrowers. The average credit quality of the remaining portfolio was considered to be in the 'BB+' category.

However, Fitch considers lessee concentration risk as one of the primary risks that could affect default rates in this transaction. For considering the allowed obligor concentrations in this transaction, the agency cross-checked the PCM results against the default rates calculated when applying the large obligor coverage tests as foreseen in its criteria. The approach assumes that a certain number of top lessees will default. For a 'AAA' scenario Fitch assumed the top 20 lessees to default. Under a 'AA' scenario Fitch assumed the top 17 lessees to default.

Fitch applied the higher of the obligor coverage test and the PCM results, which was the obligor coverage test in 'AAAsf' and the PCM results in lower rating categories.

The rating default rate applied by the agency for each rating scenario is shown in the Assumed Rating Default Rates table.

Assumed Rating Default Rates

Rating level	Rating default rate (%)
AAAsf	30.0
AAsf	28.1

Source: Fitch

Recoveries

Fitch was provided with LPD's recovery data showing recoveries from defaults from 2005 to 2010 split between recoveries achieved from the sale of the vehicle and unsecured recoveries. The data showed that historical recovery rates were reasonably high. Fitch decided to use a base case recovery rate of 75%.

The base case recovery rate was then "haircut" in Fitch's cash flow model, according to its EMEA consumer ABS rating criteria for leases and loans secured on vehicles. The agency assumed a haircut of 45% in 'AAAsf' and 36% in 'AAsf'.

Assumed Recovery Rate Haircuts and Rating Recovery Rates

Rating level	Recovery rate haircut (%)	Rating recovery rate (%)
AAAsf	45.0	41.3
AAsf	36.0	48.0

Source: Fitch

Residual Value Risk

The RV risk refers to the risk that the used car sale price at maturity of the contract may differ from the RV assumed when setting the terms of the leasing contract. Although the issuer has the right at lease contract maturity to sell the vehicles at the initially agreed RV to LPD, for the rating scenarios analysed ('AAAsf' and 'AAsf'), Fitch has assumed that the seller is insolvent and thus no credit was given for this purchase commitment given by the seller.

Therefore, a deterioration of used car prices might affect realisable RVs. To assess the likelihood of a RV loss, Fitch has analysed the risk factors in line with its RV criteria. Input assumptions are outlined in more detail below.

Base Case Sale Proceeds - Residual Value Setting

LPD sets the RVs based on its own experiences with the model and comparable models regarding RV and lifecycle effects. Forecasts of external data providers such as EurotaxSchwacke are used as cross-checks. To cover market volatility to a certain extent, LPD applies a security margin of 1% for all contracts. To compare historically achieved sales prices with LPD's forecasts, Fitch was provided with line-by-line data for all contracts that expired in LPD's book since Q305 (around 80,000 contracts). To determine base-case sale proceeds, Fitch has reviewed net sales proceeds only, ie the cash amount paid by the buyers of the vehicles.

German used-car prices fell in 2008-2009 as a consequence of the economic crisis. Further, used-car prices have suffered from the scrapping premium, which was introduced to support new-car sales but at the end affected used-car prices. While LPD was able to meet its RV forecasts before the crisis, the picture has changed during the crisis. Overall, the agency assumed a base case of 85% to be appropriate.

Compensation Payments

Following the return of the vehicle, LPD will check the car for damage and excess- or under-mileage.

As used-car prices came under pressure and losses were reported on RVs, LPD has become more stringent in billing compensation payments. Despite higher compensation payments, gross sale proceeds achieved during the crisis were lower than the contractual agreed RV. Although it is expected that future gross sale proceeds will increase again, Fitch deems the average gross sale proceeds for this transaction to be at 92%. Therefore, compensation payments of 7% have been assumed by the agency.

Sale Costs

Sale costs have to be deducted from the sale price achieved per vehicle. According to LPD, any costs associated with the sale are charged to the purchasing dealer or auction house. Fitch is of the opinion that a potential purchaser will consider these costs when bidding on cars from LPD and will adjust its purchase price down accordingly. Therefore, sales charges paid by the car buyers reduced the net sale proceeds. Hence, Fitch did not assume further sales costs as these are already reflected in lower historical sales prices and thereby already covered by the lower base-case sales proceeds.

Market Value Stress

The issuer is exposed to macroeconomic risk, leading to a decreased demand for second-hand vehicles and the risk of manufacturers going out of business. To evaluate this risk, Fitch has stressed its base-case assumption and applied a market-value haircut.

Fitch has applied market value stresses in line with its criteria *EMEA Consumer ABS Rating Criteria - Auto Residual Value Addendum*. The agency distinguished between passenger cars and other vehicle types (trucks, trailers, vans and forklifts) when setting the stresses. For passenger cars low market value stresses (30.0% in 'AAAsf' and 25.0% in 'AAsf') were applied, reflecting good manufacturer diversity; the fact that the scheduled maturities are spread evenly over the term of the transaction; and the large and liquid used car market in Germany. For trucks, trailers, vans and forklifts the agency applied stresses above haircuts applied for auto leases (50.0% in 'AAAsf' and 45.0% in 'AAsf'), because it expects the second-hand markets for these sub-groups to be less liquid than the used car market.

The agency then applied the WA stress based on the assumption that 92% of the portfolio is made up of passenger cars and 8% of other vehicle types.

Expected Revenue on Residual Value

	'AAAsf' (%)	'AAsf' (%)
Base case sale proceeds	85.0	85.0
Add: Compensation payments	7.0	7.0
Less: Sale costs	0.0	0.0
Equals: Adjusted base case sale proceeds	**92.0**	**92.0**
Less: Stress on compensation payments (50% in 'AAAsf', 40% in 'AAsf')	3.5	2.8
Less: Market value stress	31.6	26.6
Equals: Stressed sales proceeds	**61.6**	**66.6**
Residual value loss severity	38.4	33.4

Source: Fitch

Financial Structure and Cash Flow Modelling

Fitch used its ABS cash flow model to forecast the transaction cash flows and verify that the CE for each class of notes was sufficient to enable timely payment of interest and ultimate payment of principal by final maturity.

To be able to assign 'AAAsf' and 'AAsf' ratings to the notes, in its analysis Fitch assumed that both the EUR8m default reserve is depleted and LPD defaults when the transaction enters into the amortisation period. In the agency's view, this is the most stressful assumption, as no credit is given to the default reserve and the repurchase commitment provided by LPD. Hence, the transaction is exposed to the market risk of the vehicles, which is the most significant driver of CE in the agency's analysis.

The portfolio amortisation was forecast based on the current remaining terms of the lease contracts within the pool. Defaults, recoveries, and RV losses were applied as per the stressed assumptions. Interest income was generated on non-delinquent receivables at a rate equal to the transaction discount rate. Available cash was distributed in line with the transaction priority of payments.

Interest-Rate Stress

Fitch modelled increasing, stable and decreasing interest rates in accordance with its stresses, which can be found on Fitch's website (see *Fitch Interest Rate Assumptions for Structured Finance*, dated April 2010).

Overall, the structure is relatively insensitive to changes in interest rates. Upward interest rate movements would be beneficial, as the interest earned on the reserve fund and the issuer's operating accounts will flow into the priority of payments.

Prepayment Rates

Historical data provided by the originator show prepayment rates of around 5% per year. Nevertheless, Fitch has assumed a prepayment rate of zero, which is the most stressful assumption for the transaction in Fitch's analysis. Although high prepayments would narrow excess spread available to the transaction, the positive effects of prepayments on the RV losses would overcompensate for the lower excess spread (one would assume that a lessee is only allowed to prepay when the outstanding contract amount is settled in full, resulting in zero RV losses for every prepaid contract).

Default and Recovery Timing

As a starting point, defaults were allocated evenly over a front-loaded default timing assumption of 30 months. Fitch tested front- and back-loaded default timing scenarios. The transaction is moderately sensitive to changes in the default timing scenarios.

Recoveries from defaulted leases were distributed over 24 months following the lease becoming delinquent, taking into account the workout processes as explained by the originator and the historical recovery data provided. Given this, the agency assumed that the majority of the enforcement proceeds would be received during the second quarter after the lease had become delinquent. Fitch tested front- and back-loaded recovery timing scenarios and considers the structure as being insensitive to changes in this assumption.

Time-to-Sale

Fitch assumed time-to-sale assumptions in line with its RV criteria (eg three months in 'AAA'). To test the sensitivity on the model results, Fitch tested longer periods, to which the structure showed only moderate sensitivity.

The available CE for the notes is sufficient to pass the tested scenarios.

Counterparty Risk

Counterparties

Role	Entity
Originator	LeasePlan Deutschland GmbH
Servicer	LeasePlan Deutschland GmbH
Realisation agent	LeasePlan Deutschland GmbH
Maintenance coordinator	LeasePlan Deutschland GmbH
Security trustee	BNP Paribas Trust Corporation UK Limited (unrated)
Data trustee	BNP Paribas Securities Services, Frankfurt branch (unrated)
Senior swap counterparty	Fortis Bank S.A., Belgium ('A+'/Stable/'F1+')
Junior swap counterparty	LeasePlan Corporation N.V. ('A−'/Stable/'F2')
Account bank	BNP Paribas Securities Services, Frankfurt branch (unrated), guaranteed by BNP Paribas ('AA−'/Stable/'F1+')
Paying agent	BNP Paribas Securities Services, Luxembourg branch (unrated)
Calculation agent	BNP Paribas Securities Services, Luxembourg branch (unrated)
Cash manager	BNP Paribas Securities Services, Luxembourg branch (unrated)
Arranger and lead manager	Societe Generale CIB

Source: Transaction documents

Origination and Servicing

The originator acts as servicer of the contracts on behalf of the issuer. As servicer of the contracts, LPD also performs tasks such as realising the vehicles upon return (realisation agent) and coordinating the provision of the additional services such as maintenance and repair attached to the contracts (maintenance coordinator).

The key risk involves a scenario where LPD is unable to perform these servicing functions. While no back-up servicer was identified at closing, the structure provides that a back-up servicer, back-up realisation agent, and back-up maintenance coordinator will be identified and contracted if LPC either ceases to hold 75% ownership of LPD, or is downgraded below 'BBB−'/'F3'.

Given the existing importance of LPD for the LeasePlan group, the trigger events, as well as reserves to be posted for servicer risks (see the sections *Maintenance Reserve*, *Commingling* and *Set-Off*), Fitch is of the opinion that servicing discontinuity risk and seller risks are adequately mitigated.

Maintenance Reserve

The receivables to be securitised mainly arise under operational leases and LPD's main business is to not only supply financing to the lessees but also offer various services with regards to the vehicles (eg maintenance, repair, insurance etc.) in return for the payment of an additional instalment amount. LPD continues to act as maintenance provider for the lease contracts. While the amounts of such servicing instalments are not securitised, lessees may have the right under German law to terminate the entire lease contract in the event these services are not provided (eg in case if LPD would default), which could have significantly negative implications on the transaction's performance.

Further, as lessees pay a fixed monthly amount for the services throughout the life of a contract but as maintenance and repair costs usually increase towards the end of the lease contract, lessees may set-off lease instalments against previously paid services payments or new maintenance and repair invoices in case the services are not provided anymore.

To ensure the services are provided on a continuous basis, the transaction structure envisages that:

- a back-up maintenance coordinator is contracted in case LPC's creditworthiness deteriorates below investment grade or the ownership of LPD changes, and
- a reserve (the maintenance reserve) is funded by LPC that will cover the costs a potential back-up maintenance coordinator (BUMC) may have from taking over

the maintenance services (ie will protect the BUMC from higher servicing/repair costs at the end of a lease contract).

The reserve, in combination with future service collections, will cover for future maintenance costs after an insolvency of LPD. The reserve will be posted whenever LP Corp's rating is below 'A'/'F1'. Based on LPC's rating at the date of this report, the maintenance reserve (as well as the commingling and set-off reserve) is funded.

Fitch considers this approach as an appropriate measure to mitigate the risk of potentially higher maintenance costs at the end of lease contracts and incentivise the step-in of a back-up maintenance coordinator to continue providing the maintenance services in case LPD defaults.

Account Bank

The issuer holds its accounts with BNP Paribas Securities Services, Frankfurt branch (BPSS; unrated). As BPSS is unrated, its parent company, BNP Paribas (rated 'AA−'/Stable/'F1+'), provides an unconditional guarantee for the obligations of BPSS. The account bank agreement and the guarantee contain downgrade provisions in line with Fitch's counterparty criteria.

Commingling

The lessees will not be notified of the transfer of the leases to the purchaser until the insolvency of LPD. Thus, lessees will continue to make payments directly to LPD. The structure allows that collections will be swept into the issuer's account either twice a week or once a month (LPD indicated to Fitch that a transfer twice a week is intended, but this can be changed to a monthly transfer with every payment date). Upon a servicer event of default (such as insolvency) there can be a grace period of up to five days. It is then estimated that it would take a back-up servicer around two weeks to notify all lessees of the new payment details.

Therefore, it is estimated that approximately three weeks of lease collections could become tied up in the bankruptcy estate of the originator (if collections are transferred twice a week). To mitigate this risk, a commingling reserve will cover 93% of the next month's lease collections (if collections are transferred twice a week) or 193% of the next month's lease collections (if collections are transferred monthly). There is also a risk that RV collections could be commingled if a vehicle was sold and the realisation proceeds were not passed over to the issuer before the insolvency of the originator.

Again, there is a five-day grace period on breaching a trigger; however, the notification period is estimated at one week due to the low number of auction houses and car dealers that would need to be notified of the new payment details. Therefore, the commingling reserve will also cover 40% of the following month's expected RV collections (if collections are transferred twice a week) or 140% (if collections are swept monthly).

The commingling reserve size is initially based on a transfer of collections twice a week.

Set-Off

Upon closing, lessees were not notified of the transfer of the leases to the purchaser. It is therefore possible they may attempt to set-off amounts owed to them upon the insolvency of LPD. Under some "open calculation" lease contracts, LPD may owe customers a refund at the end of each year or owe compensation for lower mileage. Further, some borrowers made security deposits with LPD, securing their obligations under the lease contracts.

These amounts could give rise to set-off risk. To mitigate this risk, a set-off reserve was funded on closing and is posted whenever LPC's rating is below 'A'/'F1'. The size of the reserve is dynamic and reflects the expected risk exposure.

Swap Counterparty

At closing, the issuer entered into two swap agreements: the senior swap with Fortis Bank SA/NV (‘A+’/Stable/‘F1+’) and the junior swap with LPC to hedge against the mismatch between the fixed rate received from the lease contracts and the floating-rate amounts payable on the notes.

Fitch has reviewed the swap documentation, and particularly the documentation of the senior swap. The documents contain all swap counterparty credit risk-mitigating factors, in line with Fitch’s counterparty criteria.

Tax Risk

Secondary Liability - 13c VAT

According to German VAT legislation, an assignee (the issuer) of receivables may be held liable for part of the VAT portion contained in lease payments in case VAT is not duly and entirely paid by the assignor (the seller) to the German tax authorities.

As described in more detail in Fitch’s German tax criteria (see below for reference), the amount at risk is based on 19% of the collections received, multiplied by any purchase price discount.

The risk that the seller has not duly paid VAT to the tax authorities, and that the issuer will be held liable for any related amounts, is covered by a tax reserve. The tax reserve (overall EUR12m) is sized to also cover trade tax risk (as described in the next abstract) and will be funded in case LPC’s rating is below ‘BBB−’/’F3’.

Trade Tax

There is a certain risk that the tax authorities deem the issuer to be taxable in Germany. If this was the case, the issuer could be subject to German trade tax, applied on the basis of 25% of the overall interest paid on the notes. In this instance, the effective rate would be 15.58% (because German trade tax is levied on a municipal level, the effective rate depends on the tax level set by the local municipality).

For details on listed tax risks in structured finance transactions, please refer to Fitch’s report *Criteria for Assessing Tax Risk in German Structured Finance Transactions*, published 25 July 2008 and available at www.fitchratings.com.

Performance Analytics

Throughout the life of the transaction, Fitch will monitor the performance of the collateral and any changes at the servicer, or with the structure, that may influence the ratings of the notes.

Fitch will receive monthly investor reports detailing the performance of the portfolio. Further, LPD will provide, on a regular basis, comparisons between originally set contractual RVs and the then-current RV expectations of LPD. This data will provide the basis for the agency’s surveillance of the performance of the transaction against both the expectations for the transaction and the performance of the industry as a whole. The ratings on the Bumper 2 transaction will be reviewed by a committee on average every 12 months, or where considered appropriate (eg in the event of a deterioration of performance, an industry-wide development, or a change at LPD or LPC that may influence the transaction), with any affirmation or change in the ratings disseminated publicly.

Fitch’s quantitative analysis will focus on monitoring the key performance parameters (delinquencies, defaults, development of used car prices, RV forecasts, and recoveries) against the agency’s assumptions.

Fitch's structured finance performance analytics team ensures that the assigned ratings remain, in the agency's view, an appropriate reflection of the issued notes' credit risk. Details of the transaction's performance are available to subscribers at www.fitchratings.com.

Please call the Fitch analysts listed on the first page of this report with any queries regarding the initial analysis or the ongoing performance.

Appendix A: Transaction Overview

Bumper 2 S.A. — Germany/Auto Leases

Capital Structure

Class	Ratings[a]	Size (%)	Size (m)	CE (%)	Interest rate	PMT freq.	IPD	Final maturity	ISIN/CUSIP
A	AAAsf	68.8	602,400,000	33.5	1mE + 1.25%	monthly	23 of each month	February 2023	XS0594524521
B	AAsf	5.4	47,300,000	28.1	1mE + 1.60%	monthly	23 of each month	February 2023	XS0594525098
C	NRsf	25.8	225,900,000	2.3	1mE + 3.00%	monthly	23 of each month	February 2023	XS0594525171
Total			**875,600,000**						
Default and liquidity reserve		2.3	20,000,000						

Default and liquidity reserve	EUR20,000,000	**Credit enhancement**	Excess spread, default and liquidity reserve, subordination
Scheduled revolving period	Until March 2013	**Swaps**	Interest rates swaps

[a] All rated classes have a Stable Outlook
Source: Fitch

Key Information

Details		Parties	
Closing date	23 March 2011	**Seller/originator**	LeasePlan Deutschland GmbH
Country of assets and type	Germany, auto leases	**Servicer**	LeasePlan Deutschland GmbH
Country of SPV	Luxembourg	**Backup servicer**	Not determined at closing
Analyst	Uli Maute, Frankfurt	**Issuer**	Bumper 2 S.A.
	uli.maute@fitchratings.com	**Issuer account bank provider**	BNP Paribas Securities Services, Frankfurt
	+49 69 768076 238	**Account bank guarantor**	BNP Paribas
Performance analyst	Uli Maute	**Security trustee**	BNP Paribas Trust Corporation UK Limited
		Swap counterparty	Fortis Bank SA/NV (senior swap), LeasePlan Corporation N.V. (junior swap)
		Frequency	Monthly

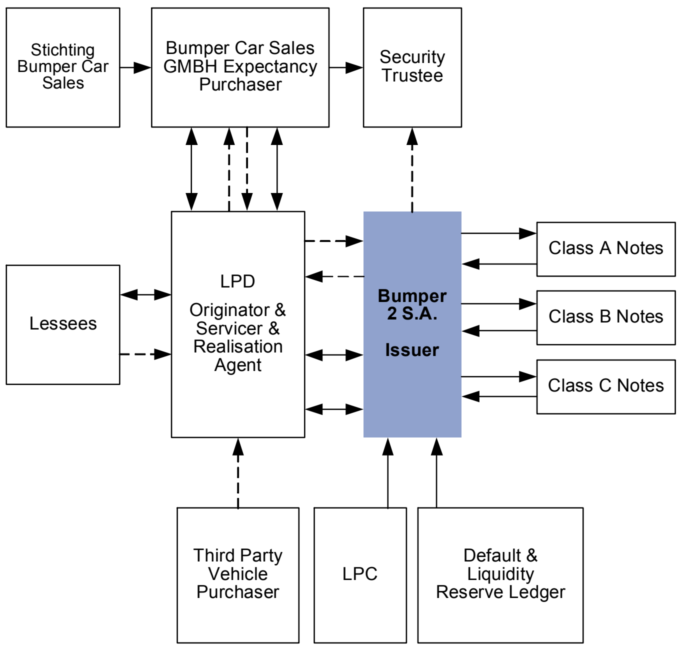
Source: Fitch

Key Rating Drivers

- **Lease Receivables Performance:** The performance of the notes will be affected by the default and recovery rate on the lease receivables.
- **Residual Value Performance:** This transaction also securitises the RV component of the leases and the RV portion may make up to 60% of the total asset balance. To be able to assign 'AAAsf' and 'AAsf' ratings to the notes, Fitch has assumed in its analysis that the seller has defaulted, and therefore no credit was given to the purchase commitment in the agency's analysis, which subsequently focused on the market risk.
- **Obligor Concentrations:** The transaction has certain obligor concentration, with around 49.2% of the initial pool's discounted balance being contributed by the largest 50 lessee groups and each of the top five groups contributing up to 2.0% (per replenishment criteria).
- **Counterparty Exposure:** The seller acts as initial servicer, realisation agent and maintenance coordinator, and no back-up parties for these roles were appointed at closing.
- **Revolving Transaction:** The transaction features a revolving period until March 2013. The replenishment possibility leads to higher default risk, as the purchase of additional receivables increases the exposure at risk. In addition, the pool composition may change towards higher-risk borrowers. However, some of this risk is mitigated through concentration limits in the replenishment criteria.
- **Asset Outlook:** Germany's economy has weathered the economic cycle relatively well. The latest economic growth, initially driven by exports, has been supported by robust consumption fuelled by decreasing unemployment levels, and Fitch is of the view that the economic growth should also trigger a fall in corporate delinquencies in 2011. Used car prices have stabilised from their lows in 2009-2010. Therefore, the agency's outlook for most asset classes in Germany is stable.

Source: Fitch

Simplified Structure Diagram



LPD = LeasePlan Deutschland GmbH
LPC = LeasePlan Corporation N.V.
Source: Transaction documents