ABS/Auto Leases
Netherlands
New Issue

Bumper I B.V.

Ratings

Class	Amount (EURm)	Final Maturity	Rating	CE[a] (%)
A	1,120.5	Dec 2018	AAA	12.3
B	56.6	Dec 2018	AA	7.8
C	72.8	Dec 2018	Not Rated	1.95
Total	**1,249.9**			
D	24.4	Dec 2018	Not Rated	n.a.
Total	1,274.3	Dec 2018		

NB: Class D notes are non-collateralised by the lease portfolio. The proceeds of the class D notes are used to fund a cash reserve on the closing date.
Each rated class has a Stable Outlook.

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Summary

This transaction is a further issuance of EUR254.8m of notes (comprising EUR176m new Class A notes, EUR29.6m new Class B notes, EUR44.3m new Class C notes and EUR4.9m new Class D notes) from the EUR2bn Bumper I programme. In December 2006, EUR1,019.5m of notes were issued. The programme relates to a securitisation of operating auto lease contracts and their residual values (RV) originated by LeasePlan Nederland N.V. (LPNL, the seller, originator and servicer). The ratings are based on the quality of the receivables, available credit enhancement, the residual value guarantee, the liquidity facility, the underwriting and servicing capabilities of LPNL and the integrity of the transaction's legal and financial structure.

Bumper 1 B.V. (the issuer) is a limited company incorporated in the Netherlands. On the closing date, the notes were issued by the issuer and the proceeds on-lent to LeasePlan Securitisatie B.V. (the purchaser) to finance the purchase of the vehicles and their associated lease receivables from the seller.

The total issued notes have a total value of EUR1,274.3m and are secured on a lease portfolio of approximately EUR1,264m. The credit enhancement of 12.30% for the class A notes is provided by the subordination of class B notes (4.53%), class C notes (5.82%) and class D notes (1.95%). The class D notes are non-collateralised by the lease portfolio and are used to fund the cash reserve fund (referred to as the excess spread ledger in the transaction documents) on the closing date. Class B note credit enhancement of 7.78% is provided by the class C and D notes.

The transaction has a revolving period that ends in December 2011. As of end-August 2008, the portfolio consisted of 86,921 lease contracts to a total of 4,825 lessees, representing an outstanding balance of approximately EUR1,541.5m. The residual value (RV) component of the portfolio had a value of around EUR840.3m and the weighted average (WA) original maturity per lease was 47.8 months. The leases were extended to corporate obligors located in the Netherlands. Fitch Ratings has assigned ratings to the notes issued by the issuer, as indicated at left.

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

- The transaction's rating is sensitive to the default rate and concentration risk. The transaction, since the initial closing in December 2006, has a fairly low cumulative default ratio of 24bps, which is within Fitch's expectations. The agency estimated the stressed cumulative default rates at 'AAA' and 'AA' based on analysis of estimated number of defaults among the top 30 obligors. Thus the transaction can withstand a default of the top 11 obligors at 'AAA' and a default of the top nine obligors at 'AA' taking into account the concentration limits specified in the transaction documents as well as an assessment of the correlation between the top obligors. If the default rate, especially in the concentrated portion of the portfolio, were to increase, the rating of the notes may be affected.
- The transaction depends to a certain extent on LeasePlan Corporation N.V. (LeasePlan, 'A/F1', Outlook Stable), which is the parent company of LPNL. LeasePlan is the guarantor, interest rate swap counterparty and liquidity facility

provider while LPNL is the seller and servicer in the transaction. If LeasePlan's long-term rating was to be downgraded below 'A-', it is expected to cash-collateralise its maintenance reserve obligations in order to mitigate maintenance risk. If LeasePlan's short-term rating were to be downgraded below 'F1', it is expected to cash-collateralise its cash deposits with a view to mitigating set-off risk. In addition, to mitigate commingling risk, LeasePlan is expected to (a) cash-collateralise approximately 2.5 months worth of collections relating to leases that form part of the eligible vehicle balance; or (b) increase its cash sweep frequency from LeasePlan's collection account to the purchaser account bank. Despite the high exposure of the transaction to LeasePlan, Fitch is of the opinion that LeasePlan has sufficient liquidity and ratings at closing to mitigate this risk.

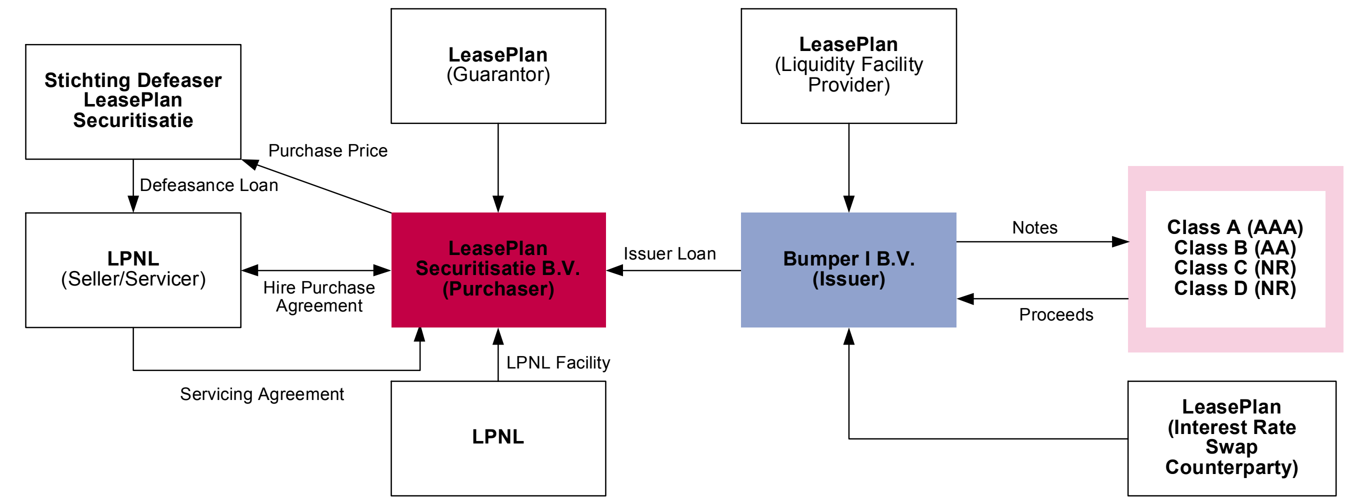
Credit Committee Highlights

- LPNL is a wholly owned subsidiary of LeasePlan Corporation N.V., which is an entity regulated and supervised by the Dutch Central Bank. LeasePlan currently owns 1.3 million vehicles and has a presence in over 30 countries. LPNL is the market leader in the Dutch operating lease market.
- The securitised lease portfolio consists of LPNL's Open Calculation and Closed Calculation lease products. In both products lessees pay fixed monthly instalments for the lease of vehicles until the end of the lease contract.
- Repayment of the final lease instalment depends on the actual proceeds realised by LPNL on the sale of the vehicle. The transaction is therefore exposed to the risk that the actual proceeds from the sale of the vehicle may be lower than the expected residual value. To mitigate this RV risk, the transaction benefits from a warranty from LPNL to repurchase the returned vehicles at their book value and, in addition, a guarantee from LeasePlan to cover any potential RV losses up to 10% of the issuer loan.
- The portfolio has demonstrated low historical losses – an average loss rate of 13bps per year over the last four years. Furthermore, the existing transaction (before the proposed further issuance) has low cumulative defaults and delinquencies.
- No back-up servicer has been appointed on the closing date but will be appointed within 60 days should LeasePlan be downgraded below 'BBB-'. The two key risks in this area are that (a) a back-up servicer with the experience and expertise to handle such a large lease portfolio could be difficult to find (LeasePlan is the market leader in the Dutch auto lease market), and (b) a potential back-up servicer is obliged to carry out repairs, maintenance and tyre replacement obligations, insurance and other obligations that the back-up servicer could consider burdensome. Fitch has assumed, after an analysis of the vehicle leasing market in the Netherlands, that a back-up servicer could be found and appointed within the specified timeframe.
- A part of the service component that lessees pay relates to repair, maintenance and replacement of tyres (RMT). The lessor, LPNL, is responsible for carrying out all of the above servicing activities as long as LPNL is solvent. Upon LPNL's Long-Term Rating being downgraded below 'A-', LPNL will immediately cash-collateralise a maintenance reserve. The maintenance reserve is intended to mitigate the risk of interruption in the maintenance cycle while the initial servicer is being replaced by the back-up servicer. Once the back-up servicer is actively servicing the lease portfolio, the back-up servicer will be responsible for all repair, maintenance and tyre replacement activities.
- Set-off risk is mitigated as follows: (a) in case of downgrade of LPNL to below 'F1', the seller will cash-collateralise the amount exposed to set-off risk. This includes, inter alia, cash deposits provided by lessees and held by LPNL, amounts due from LPNL to some Open Calculation lessees; (b) the proportion of

leases with cash deposits is limited by the eligibility criteria to 1% of the net vehicles balance.

- To ensure that the true sale of the future receivables being securitised is valid and enforceable under Dutch law, the vehicles and lease payments are transferred to the purchaser via a master hire purchase agreement. Payment to the seller is ultimately made via a defeasance mechanism.
- The transaction's revolving period ends in December 2011.
- The transaction benefits from a net shortfall funding mechanism whereby, in any month, if the net vehicles balance were to be lower than the issuer loan, i.e. if there is a net shortfall, the LPNL facility can fund the shortfall amount. If a net shortfall exists and if the LPNL facility does not fund the net shortfall, the transaction enters into the early amortisation phase.

Structure Diagram



Source: Transaction documents

Transaction Structure

Master Hire Purchase Agreement

At closing in December 2006, the purchaser acquired a portfolio of vehicles and its associated leases owned by LPNL under a master hire purchase agreement (MHPA). After closing, the purchaser also regularly acquired future vehicles from the seller. In the future, the purchaser may acquire more vehicles from the seller.

The purchase price payable by the purchaser under each hire purchase contract will be payable in instalments and will be equal to:

- the aggregate book value of the acquired vehicles, which includes the principal amortisation components of the lease instalments and the expected RV of the vehicles at the end of the respective lease contracts; and
- the aggregate interest component of the lease instalments.

The final instalment payable at the maturity of the associated lease will be equal to the vehicle's expected RV.

Debt Defeasance

The purchaser's payment obligations with respect to the MHPA, i.e. the hire purchase instalments, have been fully assumed by the defeaser (Stichting Defeaser LeasePlan Securitisatie), under a payment undertaking agreement between the seller, the purchaser and the defeaser. As consideration, the purchaser paid the defeaser an amount equal to the present value of the hire purchase instalments.

The defeaser then extended the seller a loan for an equivalent amount.

During the life of the hire purchase, the defeaser will pay the hire purchase instalments to LPNL. In turn, LPNL will pay interest and principal on the loan that exactly matches the hire purchase instalments received by it.

The Issuer

The issuer is a bankruptcy-remote special-purpose company incorporated under the laws of the Netherlands for the sole purpose of issuing the notes and entering into certain agreements relating to the securitisation of vehicles and the associated leases.

At the closing of the tap issue in September 2008, the issuer issued further class A, B, C and D notes and lent part of the net proceeds to the purchaser under an issuer loan agreement (the issuer loan). All remaining net proceeds are used to fund the cash reserve. The purchaser is also a bankruptcy-remote special-purpose company incorporated under the laws of the Netherlands.

LPNL Facility and Issuer Loan

A separate loan granted by LPNL funds an amount equal to the ineligible and excess vehicles balances.

The way in which the issuer loan and the LPNL facility will fund the pool balance is similar to an undivided interest structure, where the LPNL facility acts as the seller interest. The issuer and LPNL will each receive a pro rata share of collections. However, the sharing mechanism is structured such that as the eligible vehicles balance approaches the net vehicles balance the share of the issuer will increase to 100% de facto making the LPNL facility subordinated to the issuer loan.

The Net Vehicles Balance

Each month, the purchaser administrator will calculate:

1. the gross vehicles balance: the aggregate book value of the leases;
2. the non-eligible vehicles balance: the non-eligible leases, including leases that do not meet the acquisition criteria and/or representations and warranties, as well as delinquent and defaulted leases (as defined in the transaction documents);
3. the eligible vehicles balance: the pool balance minus the non-eligible vehicles balance (point 1 minus point 2);
4. the excess vehicles balance: the excess leases – for example, concentration excesses; and
5. the net vehicles balance: the eligible vehicles balance minus the excess vehicles balance (point 3 minus point 4).

The issuer loan only funds an amount equal to or lower than the net vehicles balance at closing.

For example, as of August 2008, the vehicle balances stood as shown in the table below:

Vehicles Balances
(As of August 2008)

		(EURm)
Gross vehicles balance	(1)	1,541.5
Non-eligible vehicles balance	(2)	93.9
Eligible vehicles balance	(3) = (1)-(2)	1,447.6
Excess vehicles balance	(4)	183.8
Net vehicles balance	(3)-(4)	1,263.8
Issuer Loan		1,250

Source: LeasePlan

Early Amortisation Events

Under the issuer loan, early amortisation events include instances where:

i. there is a net shortfall amount under the issuer loan and LPNL decides not to make a further LPNL advance to finance such amount;

ii. the three-month rolling average delinquency ratio exceeds 1% (a delinquent receivable being defined as such when it is between 30 and 59days past due);

iii. the default ratio exceeds 1.5% (a defaulted receivable being defined as such when it is at least 60 days past due or write-offs);

iv. an LPNL default or a purchaser default occurs;

v. the interest rate swap agreement is terminated;

vi. the liquidity facility agreement is terminated;

vii. the initial servicing agreement is terminated; and

viii. the guarantee is terminated

Priority of Payments

The transaction involves both a pre- and post-enforcement priority of payments, the second of which comes into effect after a note event of default has occurred. The pre-enforcement issuer priority of payments contains two separate waterfalls for the distribution of interest and principal available amounts.

The pre-enforcement issuer income available amount is distributed in the following order on a quarterly basis:

i. amount due to the issuer trustee;

ii. amount due to issuer operating creditors other than the issuer trustee;

iii. payment due to the liquidity facility provider (other than subordinated amount);

iv. payment due to the interest rate swap counterparty other than swap termination amount;

v. interest on the class A notes;

vi. class A principal deficiency ledger (PDL);

vii. interest on the class B notes;

viii. class B PDL;

ix. interest on the class C notes;

x. class C PDL;

xi. replenishing the cash reserve fund to the target level;

xii. interest rate swap termination amount;

xiii. liquidity facility subordinated amount;

xiv. class D PDL;

xv. interest on class D notes; and

xvi. remainder to LPNL.

Pre-enforcement principal priority of payment is as follows:

i. pay senior costs under item (i) to (ii) in income priority of payments that has not been paid;

ii. repay class A notes principal;

iii. repay class B notes principal;

iv. repay class C note principal;

v. repay class D notes principal; and

vi. remainder to LPNL.

Post enforcement, interest and principal under the class A notes will rank senior to all other notes.

Cash Reserve Fund

The cash reserve fund (referred to as the excess spread ledger in the transaction documents), is funded with the issuance proceeds of the class D notes. The target amount of the reserve fund at any point in time is determined as follows:

Cash Reserve Target Amount

Outstanding rated notes	Cash reserve target
Greater than EUR100m	2% of outstanding rated notes
Greater than EUR2m but lesser than EUR100m	EUR2m
Less than EUR2m	Total outstanding rated notes

Source: Transaction documents

If the available cash reserve is used (as specified in the priority of payments) at any time towards covering cash flow shortfalls, the cash reserve is topped up in subsequent period(s) via the priority of payments to the target amount as determined above. It should be noted that in the issuer's interest priority of payments, the cash reserve is topped up after interest is paid to class C noteholders but ahead of interest payment to class D noteholders.

Interest Rate Swap

To mitigate the interest rate mismatch between the floating-rate notes and the underlying securitised lease portfolio (where the lessees pay fixed instalments), the issuer entered into an interest rate swap agreement with LeasePlan at closing. Under this agreement, the issuer will be obliged to pay LeasePlan each quarter all interest amounts received under the issuer loan and account income *less* an annual margin of 50bp based on the outstanding amount of the class A and B notes less any aggregate balance on the PDL; and certain senior expenses. The margin of 50bps is not deducted if the cash reserve is at the target level.

LeasePlan, as swap counterparty, will pay to the issuer the interest payable on the outstanding notes (less any debit balances outstanding on the PDLs).

In the event of a downgrade of LeasePlan below 'F1' or 'A', the transaction documents stipulate that LeasePlan in its role as swap counterparty will:

1. be replaced with a suitably rated swap counterparty; or
2. obtain a guarantee from a suitably rated counterparty; or
3. provide mark-to-market collateral (which is independently verified).

If the swap counterparty has suffered a downgrade below investment grade then only the first and second of the above three options will be available.

Liquidity Facility

A liquidity facility is available to cover senior expenses and interest payments on the class A and B notes. It has been sized at 2.9% of the principal outstanding class A and B notes, representing a stressed amount of notes interest costs and senior expenses over six months. The liquidity facility is provided by LeasePlan and it amortises in line with the notes subject to a floor of 0.5% of outstanding rated notes.

If the Short-Term Rating of the liquidity facility provider falls below 'F1', it must, within 30 days, be replaced by a suitably rated party, or have its obligations guaranteed by a suitably rated party. If neither of these occurs, the then undrawn portion of the liquidity facility will be fully drawn.

Residual Value Warranty

Under the MHPA, the seller warrants to repurchase a vehicle at its book value from the purchaser upon the termination or final expiry of the lease contract. As a result, the seller fully covers the lessee default risk and potential RV risk.

Guarantee

The purchaser entered into a guarantee agreement with LeasePlan, the guarantor. In the case where LPNL fails to meet its warranty or fails to exercise its repurchase option under the MHPA, the purchaser can use the cash collateralised guarantee. The guarantee amount is 10% of the issuer loan and will amortise along with the notes. The cash collateralised guarantee amount is in a separate ledger within the purchaser account held by ING Bank N.V. ('AA'/F1+/Stable Outlook).

The guarantee amortises based on the proportion of the RV to the total lease portfolio. At any point in time (after the revolving period has ended), the guarantee of 10% is multiplied by a factor equal to the proportion of the RV to the total lease portfolio divided by 50%. For example, if the RV component is 60% of the total lease portfolio, the total guarantee is (60%/50%) x 10% of the issuer loan, i.e. 12% of the issuer loan. On the other hand, if the RV component is 40% of the lease portfolio, the guarantee is (40%/50%) x 10% of the issuer loan, i.e. 8% of the issuer loan.

Maintenance Reserve

No maintenance reserve is set aside on the closing date. However, should LPNL be downgraded below 'A-', the seller will immediately fund the maintenance reserve account to the product of (i) the sum of (a) the six-month rolling average monthly repair, maintenance and tyre (RMT) expenses per vehicle and (b) an amount equal to LPNL's provisions for RMT expenses per vehicle, and (ii) the number of vehicles in the portfolio. The maintenance reserve will be available to fund RMT expenses incurred by the purchaser. Fitch is of the opinion that this sufficiently mitigates the RMT risk in the transaction.

The purchaser can use the maintenance reserve any time the servicer (or the back-up servicer) is unable to carry out their maintenance obligations according to the terms of the servicing agreement.

Set-Off Risk

Notwithstanding the MHPA, the lessees may be entitled to set off the relevant lease instalment against claims they might have (e.g. fuel consumption). Under Dutch law, the lessees may still be entitled to set-off even after being notified of the transfer.

The seller requests a cash deposit from some lessees as a security for future lease payments. Furthermore, some lessees with the Open Calculation leases might be entitled to a refund (guarantee payment) in the situation where, on an annual basis, the sales proceeds are lower than the book value. In such cases, there is a risk that a lessee could successfully invoke defences to secure an amount equal to the lost cash deposit and the guarantee payment from the lease instalments it owes to the purchaser.

To mitigate this, the concentration criteria limits cash deposits to 1% of the total book value. This amount along with the guarantee payment due (as described above) will be cash collateralised upon LPNL's downgrade below 'F1'.

Commingling Risk

The lessees will not be notified of the transfer of the vehicle and associated lease to the purchaser until the insolvency of the seller. Lessees will continue to make payment directly to the originator. On the 18th day of each month the collections from the previous month will be transferred to the purchaser. The highest commingling risk is if LPNL were to default just before the cash is swept to the purchaser. If this were to happen, all of the previous month's collections along with 18 days worth of the current month's collections would be tied up in LPNL's bankruptcy estate and would not be available to the purchaser.

In addition, the lessees would also have to be notified to stop paying to the originator and pay directly into the purchaser's account. The time for the notification along with the time to redirect payments and a grace period of around 10 days relating to LPNL's default further increases the commingling risk horizon to 2.5 months.

This implies that if LeasePlan were to be downgraded below 'A'/'F1', LeasePlan in line with Fitch's criteria on commingling, is expected to either sweep cash more frequently or cash collateralise collections for the commingling horizon. The transaction documents do not state the action LPNL would take upon a downgrade.

Collateral

The portfolio consists of operating vehicle leases originated by LPNL and extended to corporate and professional lessees located in the Netherlands. The seller has concluded master agreements with its lessees containing the conditions under which they are prepared to lease a vehicle. The seller and the lessee enter into a separate lease contract in respect of each vehicle.

Legal ownership of the vehicle remains with the lessor, and the lessee will not obtain a security interest in the vehicle. LPNL remains the owner of the vehicle until the purchaser has paid the last hire purchase instalment. After payment of the final hire purchase instalment, the title is transferred to the purchaser. According to the transaction's legal opinion, the MHPA is expected to survive LPNL's insolvency. In other words, the final hire purchase instalment can be paid.

The book value of a lease at inception is equal to the purchase price of the vehicle paid by the seller as owner/lessor. The lease will amortise on an annuity basis to the expected RV at the end of the lease. Most leases are recalculated during the contract's life. This helps the seller to mitigate RV risk (e.g. if a lessee drives by more than 10% - 20% beyond the agreed annual mileage, an increase will be made to the monthly base instalment to compensate for a reduced expected RV.

Lease instalments, which are payable in advance of each monthly lease period, include:

1. an interest component;
2. a principal component; and
3. a servicing component, which represents more than half of the lease instalment. The lease servicing component is not part of the securitisation.

The servicing component can include, inter alia, the following: (a) management fee, (b) replacement car, (c) road tax, (d) roadside assistance, (e) fuel, (f) insurance, and (g) RMT (repairs, maintenance and tyres).

All vehicles in the lease portfolio have car body damage insurance and third-party liability insurance. Around 50% of the lessees have third-party liability insurance provided by Euro Insurances (EIL) (a wholly-owned subsidiary of LeasePlan that is based in Ireland and regulated by the Irish Financial Services Regulatory Authority). The other 50% of the lessees have third-party liability insurance provided by an insurance company outside the LPNL group. Some of those lessees whose insurance provider is not EIL pay the insurance premium directly to the insurance provider and LPNL is not involved. However, lessees who use EIL as their insurance provider pay an insurance premium (which forms part of the servicing component of the lease instalment) to LPNL. In this respect, LPNL functions merely as a collection agent.

LPNL is obliged to arrange for appropriate insurance for all vehicles. A back-up servicer is expected to have the same obligation. Furthermore the eligibility criteria also state that only vehicles covered by third-party liability insurance as well as passenger insurance form part of the eligible vehicle balance.

The characteristics of the closing portfolio are shown below.

Characteristics of Lease Portfolio

	Current	Dec 06
Current lease balance (EURm)	1,541.5	1,369.2
Number of leases	86,921	79,157
Number of unique lessees	4,825	4,629
Average number of leases per lessee	18.0	17.1
Average lease balance per lessee (EUR)	319,488	295,790
WA interest rate per lease (%)	4.93	4.14
WA original term (months)	47.8	47.73
Average seasoning per lease (months)	21.6	24.84
Total expected RV at maturity of leases (EURm)	840.3	723.6
Expected RV at maturity of leases as % of current outstanding lease balance (%)	54.5	52.8

Source: LeasePlan, Fitch

The following LPNL products are included in the lease portfolio:

1. **Open Calculation:** This lease product provides full flexibility and transparent pricing relating to the difference between estimated costs and actual costs. The lessee bears the risk that the vehicle sales proceeds at the end of the lease contract are higher or lower than the book value at maturity. However, if on an annual basis, the sales proceeds are less than the book value, LPNL, in certain cases, refunds the difference to the lessee. This product is typically used by big businesses, especially those in the top 30 lessees.
2. **Closed Calculation:** This lease product provides less flexible lease pricing but lower instalment payments than Open Calculation leases. The lessee does not benefit from positive operating results but does not take the downside risk either – the RV risk both positive and negative is borne by LPNL.

Hire Purchase Criteria

The HP criteria determine the gross vehicle balance. Key criteria under hire purchase agreements include the following:

- The lessees are corporate entities or private individuals conducting an enterprise with registered offices in the Netherlands.
- The leases are governed by Dutch law and denominated in euros.
- The vehicles have been financed by the seller.
- LPNL is the lessor under the associated lease.
- The lease is originated in accordance with applicable legal requirements and meets LPNL’s standard underwriting criteria.

Key Eligibility Criteria

The eligibility criteria determine the eligible vehicle balance. The following key eligibility criteria apply:

- The first lease receivable has been invoiced.
- Each lease was originated by the seller.
- The seller has paid the relevant dealer the full purchase price for the vehicle.
- The lessee does not form part of LeasePlan's group of companies.
- The lease maturity date falls after the cut-off date but no later than a year before the legal final maturity of the transaction.
- The vehicle is a passenger vehicle, delivery van, truck or forklift truck.

Key Concentration Limits

The concentration criteria determine the net vehicle balance. The following key concentration criteria apply:

- The top five lessees that are rated at least 'BB' by Fitch cannot represent more than 2.5% each.
- The top 6-30 lessees cannot represent more than 1.25% each.
- All other lessees cannot represent more than 0.75% each.
- Open-end leases cannot represent more than 50%.
- Vehicles with an investment value of three times the average investment value of the vehicles in the pool cannot represent more than 5%.
- Used vehicles, trucks and forklift trucks are capped at 10%, 5% and 5%, respectively.
- All leases must have a WA remaining maturity of between 15 and 40 months.
- The maximum WA expected RV as a percentage of the original book value cannot exceed 50% as shown in the table below:

Concentration Limit Relating to Residual Value

WA original term (months)	Max RV (as % of original book value)
36	50
39	45
42	41
45	38
48	36
51	33

Source: Transaction documents

Origination, Underwriting and Servicing

Fitch performed a review of the origination, underwriting and servicing capabilities of LPNL in September 2008. In the agency's view, both the policies and procedures of the company, and their implementation and control, are in line with expectations.

LeasePlan was founded in the Netherlands in 1963 but has since expanded to over 30 countries. In the Netherlands, where LeasePlan is the market leader, the company currently manages around 125,000 vehicles and maintains a consolidated lease portfolio worth around EUR2.2bn. Typically, LeasePlan's core fleet management product focuses on corporate customers, lease cars through closed-end leases, open-end operating lease arrangements and fleet management contracts.

Origination and Underwriting

The credit proposals are initiated either by the credit acceptance department (CAD), which is responsible for initiating proposals regarding renewals (clients exceeding 10 cars have to be renewed annually), or the sales department. The direct lease department initiates leases relating to 1-10 vehicles directly through the internet. LeasePlan generates 100% of its new business through its own sales force and does not use dealers.

A proposal, once finalised, is sent to the CAD within LPNL, 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. profitability of the lease contract for LeasePlan;
3. the key ratios of the company;
4. the credit score and paydex score (both from Dunn & Bradstreet, provider of global business information), the LeasePlan score and the payment behaviour (existing clients only); and
5. an internal score based on LeasePlan's proprietary credit scoring model.

If the requested exposure exceeds 250 cars or a book value of EUR600,000 for trucks, the proposal has also to be signed by LeasePlan.

Servicing and Recoveries

Most lease instalments are due one month in advance. Approximately 89% of the lessees (amounting to around 43% of the monthly proceeds) pay via direct debit and 13% use e-invoicing (where invoices are uploaded in larger clients' back offices, which facilitates automatic payment).

LPNL uses a debtor monitoring system called OnGuard. The group has set a number of profiles in this system in relation to its level of risk, which describe in detail those steps required to collect the debt.

All lessees are placed in the low, medium or high risk categories. Based on their payment performance, lessees can move between these categories. LPNL's collections, handling of delinquency and repossession varies between these risk categories as shown below:

Low Risk
(Clients in financial services)

Day 5	Payment reminder
Day 20	Payment reminder by phone
Day 30	Demand for payment by mail
Day 40	Follow-up by phone of the demand for payment
Day 50	Final notice by mail
Day 55	Follow-up by phone of the final notice
Day 60	Commercial involvement/second follow-up by phone
Day 65	Written notice of default
Day 70	Transfer to doubtful debtors

Source: Fitch

Medium Risk
(Clients that are not within the low and high risk bands)

Day 5	Payment reminder
Day 20	Demand for payment by mail
Day 25	Follow-up by phone
Day 35	Final notice by mail
Day 40	Follow-up by phone
Day 45	Commercial involvement/second follow-up by phone
Day 50	Written notice of default
Day 55	Transfer to doubtful debtors

Source: Fitch

High Risk
(LPNL's direct clients with fewer than 10 cars and maintained via the internet)

Day 5	Payment reminder
Day 10	Payment reminder by phone
Day 15	Demand for payment by mail
Day 20	Follow-up by phone
Day 25	Second follow-up by phone
Day 30	Commercial involvement
Day 35	Written notice of default
Day 40	Transfer to doubtful debtors

Source: LeasePlan

The doubtful debtors department will take direct action to collect the outstanding claim, including interest due and collection costs. If the lessee still fails to settle the outstanding balance, LPNL may decide to repossess the leased vehicle, as applicable. Being the owner of the vehicle, LPNL is allowed to repossess it without delay.

Setting the Residual Value

The RV is calculated as a percentage of the vehicle purchase price and is specific to each vehicle type. It is an important parameter for the calculation of the monthly lease. The asset risk committee (ARC), which meets four times a year, is responsible for monitoring strategic market developments and for formulating the policy about the level of RV risk.

Setting residual values is the responsibility of the object costing committee (OCC), which meets at least monthly to determine the RV of newly introduced car models. At least twice a year, the OCC also reviews the RV settings of all current car models, based on actual second-hand market sales prices, general market trends and the popularity of a certain model in the market.

LPNL is entitled to recalculate and adjust the price setting during the contract period when:

- The mileage or other terms deviate from the contractual mileage or agreed terms (the mileage shows a deviation of more than 10% (20% for some of the largest lessees) compared with the contractual mileage).
- There is a need to mitigate potential risks directly caused by government rulings and fiscal changes.
- An early termination of the lease occurs. When a contract is terminated more than one month prior to the end date, it will be classified as an early termination. In such cases, the RV risks belong to the account of the customer. An invoice will be sent for the difference between the market value and the book value at the termination date and a penalty charge inclusive of maintenance fee and interest on the will be charged for the early termination.

The majority of contracts see their RV being recalculated twice during the contract life, which helps LPNL to mitigate the RV risk (the lease term and instalments can be changed when the RV is recalculated). Across its entire portfolio, and in cumulative terms, LPNL has never recorded an annual RV loss.

Credit Analysis

Fitch used an obligor coverage approach to determine the gross default rate in the transaction.

Default Analysis

Obligor Coverage Approach

The 30 largest lessees account for nearly 44% of the lease balance. Historical default data provided by LPNL show very low defaults. Fitch identified lessee concentration risk as the primary risk that could affect default rates in the transaction.

The agency analysed the largest lessees. It also took into account LPNL's underwriting procedures, historical default and delinquency rates and the performance of the Bumper I transaction since the initial rating in December 2006. Furthermore, Fitch applied the concentration limits that are specified in the transaction documents.

Based on the above, the agency determined gross default rates as follows:

Assumed Gross Default Rates

Rating level	Number of obligors assumed to default	Unadjusted gross default rate (%)	Initial transaction gross default rate (%)
AAA	11	20.00	20.5
AA	10	18.75	17.6

Source: Fitch

Based on the performance of the transaction to date and LPNL's historical default rates, Fitch felt comfortable using the same gross default rates as the gross default rates in the initial transaction. The assumed 'AAA' and 'AA' gross default rates of 20.5% and 17.6% are equivalent to the default of the 11 largest (at 'AAA' rating) and nine largest (at 'AA' rating) lessees.

Recovery Rates

Fitch was provided with LPNL's historical annual exposures at default and net losses from these defaults. From this, the agency derived recovery rates. The historical recovery rates were higher than 95%. Fitch used 90% as the base case recovery rate, which is the same base case recovery rate as in the initial transaction.

Recovery Rate Stress

(%)	Recovery rates	Haircut
AAA	54	40
AA	63	30

Source: Fitch

The base case recovery rate has been stressed at each rating level based on the haircut set out in the table above. The haircuts shown are derived from Fitch's European consumer ABS criteria.

RV Analysis

The transaction is exposed to RV risk of the vehicles. An RV loss arises when there is a difference between the agreed residual value and the sales proceeds of the vehicle. Based on historical information provided by LPNL, sales proceeds were always positive on a portfolio basis.

The RV risk in this transaction is mitigated in the following ways:

1. A warranty is provided by LPNL, whereby the RV proceeds LPNL expects to receive on the sale of a vehicle after a lease termination date are guaranteed. This means that as long as LPNL is solvent the transaction should not be exposed to RV risk.

2. A 10% guarantee on the total purchaser pool is provided by LeasePlan. This guarantee is cash collateralised by LeasePlan from closing and will benefit the existing securitised lease portfolio as well as future securitised leases. The guarantee can be drawn to cover, amongst others, RV losses in the transaction.

To determine whether the guarantee amount is sufficient to cover potential RV losses, Fitch applied its European auto ABS RV criteria.

The sales proceeds assumption was derived based on historical analysis of LPNL's sales proceeds over one year, two years and six years. LPNL's historical sales proceeds average above 100%.

The volatility haircut assumption was derived using historical analysis of the Dutch second-hand market and the AutoData Occasion Index and its constituent age-specific second-hand price indices.

The difference between expected RV and stressed sales proceeds is equivalent to approximately 10% RV loss in the 'AAA' rating scenario and will be cash collateralised from closing by LeasePlan.

Credit Enhancement

Based on all of the above assumptions, Fitch tested, using its proprietary cash flow model, credit enhancement levels for each class of notes to ensure timely payment of interest and ultimate payment of principal by final maturity.

Data, Models and Criteria Used

Data Adequacy

Fitch was provided with:

- LPNL's lease portfolio;
- data on historical defaults, net losses, arrears and delinquencies;
- data on normal and early terminations (including sales proceeds and prepayment rates);
- LPNL's historical maintenance income and expenses;
- LPNL's origination, servicing and RV setting procedures;
- information on the Dutch vehicle lease market;
- updated transaction documentation; and
- monthly reports on the performance of the transaction since initial closing in December 2006.

Criteria Used

Fitch used:

- European consumer ABS criteria to establish stressed recovery rate and stressed prepayment rate at each rating level;
- European auto ABS residual value criteria to evaluate the residual value risk; and
- global commingling criteria to evaluate the commingling risk.

Fitch does not have criteria for analysing the maintenance risk and hence the agency used a proprietary analysis taking into account the servicer's monthly maintenance profile and a provisioning element.

Models Used

Fitch used its proprietary ABS Cash Flow Model to determine the credit enhancement at each rating level.

The model's key drivers are the stressed default and recovery rates and the transaction's structural features (such as the cash reserve fund, liquidity facility, interest rate swap mechanism and priority of payments).

Performance Analytics

Fitch will monitor the transaction regularly and as warranted by events. Its 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.fitchresearch.com. Further information on this service is available at www.fitchratings.com.

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

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