

Fitch Rates Leaseplan Corporation IDR 'A'; Outlook Positive

Fitch Ratings-London-06 October 2006: Fitch Ratings has today assigned Netherlands-based Leaseplan Corporation N.V. ("Leaseplan") ratings of Issuer Default 'A', Short-term 'F1', Individual 'B' and Support '4'. The Outlook for the Issuer Default rating ("IDR") is Positive.

The ratings reflect the strength of Leaseplan's vehicle leasing and fleet management franchise, its good earnings and risk management track records and its solid capitalisation. These factors are balanced by its reliance on wholesale sources for its funds.

The Positive Outlook reflects Fitch's opinion that Leaseplan's IDR could be upgraded within the next 18 months, provided it successfully completes a number of funding and liquidity objectives and continues to demonstrate ready access to a wide investor base and stable profitability and risk indicators. As well as continuing to access the public and private unsecured capital markets, Leaseplan's medium-term funding and liquidity plans include i) a EUR4 billion committed syndicated liquidity backstop facility, ii) an own book securitisation of Dutch lease receivables (eligible for repo with the Dutch National Bank), which will likely be in part drawn upon to pay down some commercial paper funding and replace the short-term element of the EUR4bn committed facility, iii) a securitisation programme for up to EUR2bn and iv) achieving positive maturity mismatches across all time bands.

Leaseplan's solid franchise (1.2 million vehicles under management) brings many benefits including a loyal customer base, an ability to secure rebates/discounts from suppliers and flexibility in disposing of returned vehicles. It has a long track record of stable earnings and steady underlying net income growth, which is expected to continue in FY06.

Credit risk is low and has been well-controlled, with impairment charges (including in relation to disputed wear and tear invoices) typically averaging less than 20 basis points of the lease portfolio. Residual value risk has also been well-controlled and residual values have been a consistent, if fluctuating, source of profit.

Leaseplan is reliant on wholesale markets for its funds and has a relatively short track record with its debt holders. Having been sold by ABN AMRO Bank (IDR 'AA-'(AA minus)/Stable Outlook) in late 2004, Leaseplan embarked on a major funding initiative to re-finance ABN AMRO and bridging loan funds. It has raised EUR7 billion on the public and private debt markets from more than 400 investors. It also has EUR2.5bn of money market (including euro commercial paper and Certificate of Deposit funding. In the medium term, Leaseplan's liquidity is supported by a EUR5bn committed credit facility from ABN AMRO, which amortises from December 2007 to June 2009 (EUR3.3bn is currently undrawn). Leaseplan's medium-term funding and liquidity objectives stem largely from the need to replace this.

Leaseplan is a bank and manages its leverage by keeping to a target tier 1 ratio of 8%. At 8.2% tier 1 (and including no hybrid or preferred securities) and 6.9% core capital/assets at end-2005, Leaseplan is soundly capitalised.

Together with its subsidiaries, Leaseplan is one of the world's leading fleet management groups, mainly providing operating leases. It has leading market shares in many of its countries of operation. Leaseplan is 50%-owned by Volkswagen AG (IDR 'A-' (A minus)/Stable), via its Volkswagen Bank subsidiary and Leaseplan's other two shareholders have put options back to Volkswagen. Leaseplan is not a captive finance subsidiary. Its role is not to help sell Volkswagen cars; it neither raises funds for Volkswagen nor receives material funding from Volkswagen. Volkswagen does not have overall control over Leaseplan and has stressed Leaseplan's operational and financial independence from it.

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