

## **FITCH DOWNGRADES LEASEPLAN'S INDIVIDUAL RATING TO 'B/C'; AFFIRMS IDR 'A'; OUTLOOK STABLE**

Fitch Ratings-London-14 October 2008: Fitch Ratings has today downgraded LeasePlan Corporation NV's (LeasePlan) Individual rating to 'B/C' from 'B'. Its other ratings are affirmed at Long-term Issuer Default rating (IDR) 'A' with Stable Outlook, Short-term IDR 'F1' and Support '4'. Its Support Rating Floor is affirmed 'B+', its senior unsecured debt at 'A' and its subordinated debt at 'A-' (A minus).

The downgrade in LeasePlan's Individual rating reflects its reliance on market funding and the impact the credit crisis has had on Leaseplan's ability to access the term debt markets. In this respect, Fitch views positively the recently-secured EUR1.5bn three year committed credit facility from Volkswagen AG ('A-/Watch Negative), the parent of one of Leaseplan's shareholders, Volkswagen Bank.

The ratings reflect the strength of LeasePlan's vehicle leasing franchise, its good profitability, sound risk management, solid capitalisation and proven track record through numerous economic cycles.

LeasePlan manages liquidity risks prudently. With around EUR4.5bn of liquidity available as at 30 September 2008, it could continue for just under 10 months without reducing business volumes and without access to capital and money markets for funding. The funding buffer includes a EUR2bn syndicated backstop facility from 25 banks, the new EUR1.5bn three-year committed line from Volkswagen and the EUR625m DNB-approved back-stop facilities. Although the liquidity buffer has reduced from 12 months at end-Q108, it is a severe scenario and LeasePlan could also release a relatively large amount of liquidity by moderately reducing new business without materially affecting the franchise. LeasePlan benefits from the securitisation of its Dutch and German lease portfolio held on its own books, which is eligible for repo with the ECB. Further similar securitisations are planned, which Fitch views positively.

Previously financed almost entirely by its former shareholder, ABN AMRO Bank, Leaseplan embarked on a capital market refinancing plan in 2005, so its track record with debt investors is relatively short. Upside potential for Leaseplan's Long-term IDR is currently limited given its reliance on wholesale funding and the tough capital market conditions. Downside risk for Leaseplan's ratings could arise from material changes to profitability or credit risk or a sustained deterioration in its liquidity position. Although operationally independent from Volkswagen, it is unlikely LeasePlan's Long-term IDR would be more than two notches above Volkswagen's.

LeasePlan is a leading fleet management group, mainly providing operating leases. It has 1.36 million vehicles under management and has leading market shares in many of its countries of operation.

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