

October 17, 2008

Research Update:

**LeasePlan Corporation N.V.
Downgraded To 'A-/A-2' On
Weakened Financial Profile; Outlook
Neg**

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Rationale

On Oct. 17, 2008, Standard & Poor's Ratings Services lowered its long- and short-term counterparty credit ratings on Dutch bank LeasePlan Corporation N.V. to 'A-/A-2' from 'A/A-1'. The outlook is negative.

The downgrade reflects our concerns about a sharp weakening of LeasePlan's financial profile amid difficult times for wholesale funded banks and a likely economic slowdown in most of the countries where the bank operates.

We view positively the €1.5 billion, three-year credit facility that ultimate owner automotive group Volkswagen AG (VW, A-/Stable/A-2) granted at end-September 2008 and the Dutch authorities' announced comprehensive package of measures, including a wider definition of collateral accepted by the central bank in exchange for liquidity support. We believe these one-off actions help stabilize LeasePlan's funding profile and remove most of our immediate concerns regarding the bank's liquidity position. However, we consider that LeasePlan's structurally unfavorable funding profile, including high reliance on wholesale funds and rapid business growth during recent years, is a more pronounced weakness in the current environment.

We expect the bank to move toward a more conservative funding profile, but believe that this could slow business growth and squeeze margins, due to the rising cost and likely lower availability of wholesale funds going forward. In addition, sluggish economic conditions will likely hamper the credit quality of LeasePlan's corporate clientele and raise credit risks in 2009, albeit from historic lows.

The ratings on LeasePlan continue to reflect its strong and diverse franchise in vehicle fleet leasing. Asset quality should remain sound overall and operating performance satisfactory, due to healthy but eroding margins that can absorb higher credit risks. Leaseplan's banking license is also a key credit strength giving it access to European Central Bank liquidity lines, provided that the bank has eligible assets to offer as collateral. Capitalization is adequate for the rating, and we do not expect the bank to materially leverage on potential Basel II capital relief.

LeasePlan is directly 50% owned by Volkswagen Bank GmbH (A/Stable/A-1), itself a wholly-owned subsidiary of VW. Two Gulf-based investors, Mubadala Development Co. PJSC (AA/Stable/A-1+) and Olayan Group (not rated) own the remaining 50%.

LeasePlan is not a captive subsidiary of the VW group, because the bank is operationally independent from VW and does not share its customer base. The ratings continue to reflect LeasePlan's stand-alone creditworthiness and do not include any uplift for group or systemic support.

Outlook

The outlook is negative. Although we welcome the parental and government support measures, we consider that the refinancing environment will remain challenging for wholesale funded banks and that the risk of deterioration in the funding profile cannot be ruled out. The outlook also takes into account the possibility that profitability or asset quality could further weaken the financial profile, especially if the economic downturn is more severe and longer than anticipated.

We would consider a downgrade if the above-mentioned elements materialize.

A revision of the outlook back to stable would necessitate demonstrated resilient earnings generation over the coming downcycle and the restoration of a more conservative funding profile, including deleveraging of LeasePlan's balance sheet.

Ratings List

Downgraded; Outlook Action

	To	From
LeasePlan Corporation N.V. Counterparty Credit Rating	A-/Negative/A-2	A/Stable/A-1

Downgraded

	To	From
LeasePlan Corporation N.V. Senior Unsecured (6 issues)	A-	A
Subordinated (1 issue)	BBB+	A-
Commercial Paper (1 issue)	A-2	A-1

LeasePlan Finance N.V. (Dublin Branch) Senior Unsecured (20 issues)*	A-	A
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Ratings Affirmed

LeasePlan Finance N.V. (Dublin Branch) Commercial Paper (1 issue)*	A-2	A-1
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*Guaranteed by LeasePlan Corporation N.V.

NB. This list does not include all ratings affected.

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