

FITCH AFFIRMS LEASEPLAN'S IDR ON POSSIBLE SHAREHOLDER CHANGE; DOWNGRADES INDIVIDUAL TO 'C'

Fitch Ratings-London-06 February 2009: Fitch Ratings has affirmed LeasePlan Corporation NV's (LeasePlan) Long-term Issuer Default Rating (IDR) at 'A-' (A minus) with Negative Outlook following the news that two of the company's shareholders have exercised their right to put their shares back to the Volkswagen Group (rated 'BBB+' / Rating Watch Negative), which already owns 50% of LeasePlan via its Volkswagen Bank GmbH subsidiary.

The Individual rating has been downgraded to 'C' from 'B/C' to reflect the higher residual value and asset quality risks that the company faces, but also the company's dependence on wholesale funding, which means it needs increasingly to rely on repo with the European Central Bank (ECB) and Dutch government-guaranteed borrowings because of the stressed state of the unsecured funding markets. For a full list of ratings, please refer to the bottom of this rating action comment.

On 23 January 2009, LeasePlan announced that 25% shareholders, Mubadala Development Company (rated 'AA'/Stable) and the Olayan Group, had exercised put options over their shares to the Volkswagen Group. LeasePlan has a EUR1.5bn credit facility from Volkswagen Group but is not controlled by it and is operationally independent from Volkswagen Group. Should Volkswagen Group become the 100% shareholder of LeasePlan (it could still look to sell a stake), Fitch expects LeasePlan's operational independence to be unchanged. There are few synergies between the two companies and LeasePlan's brand-independent business model means operational independence is important for its relationships with key stakeholders, notably suppliers. As LeasePlan has a Dutch banking licence and benefits from Dutch government-guaranteed funding, the Dutch National Bank is also likely to have an interest in maintaining LeasePlan's operational independence. Based on the information currently available, Fitch believes that, under 100% Volkswagen Group ownership, LeasePlan's operational independence and regulation by the Dutch National Bank mean it would be possible for the ratings of LeasePlan and Volkswagen Group to be up to two notches apart.

LeasePlan's earnings and asset quality are likely to come under pressure due to the weakening economies in Europe and declining second hand car values, which increase residual value risks. These are the main drivers behind the Negative Outlook on LeasePlan's Long-term IDR. They are also a factor behind today's downgrade of LeasePlan's Individual rating. Having a banking licence means LeasePlan is able to raise repo funding from the ECB and Dutch government-guaranteed debt (the company's second guaranteed bond - a EUR1.25bn three year note - was priced this week). This is supportive of LeasePlan's liquidity position, but Fitch believes LeasePlan's reliance on such sources no longer to be consistent with an Individual rating of 'B/C'.

LeasePlan is a leading fleet management group, mainly providing operating leases. It has 1.38 million vehicles under management and has leading market shares in many countries where it operates.

Rating actions taken today in respect of LeasePlan:

Long-term IDR: affirmed at 'A-' (A minus) with Negative Outlook

Short-term IDR: affirmed at 'F2'

Senior unsecured debt: affirmed at 'A-' (A minus)

Dutch government-guaranteed debt: affirmed at 'AAA'

Subordinated debt: affirmed at 'BBB+'

Individual rating: downgraded to 'C' from 'B/C'

Support rating: affirmed at '4'

Support Rating Floor: affirmed at 'B+'

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