Rating Action: **LeasePlan Corporation N.V.**

Moody's confirms LeasePlan's A3 ratings, outlook is negative

Prime-2 short-term debt rating affirmed

Paris, March 18, 2009 -- Moody's Investors Service has today confirmed LeasePlan Corporation's A3 long-term debt and deposit ratings, its C bank financial strength rating (BFSR) and its Baa1 subordinated debt rating. The outlook on the long-term ratings and the BFSR is negative. The rating action concludes the review for possible downgrade that was initiated on 31 October 2008. The Prime-2 short-term debt and deposit ratings have been affirmed.

Moody's review was triggered by its concerns about LeasePlan's ability to withstand the effects of the ongoing adverse market conditions on its medium-term liquidity profile and address any longer-term concerns about its solvency and profitability due to a marked deterioration of the automotive market. Moody's acknowledges the various risk mitigants at LeasePlan's disposal, along with the bank's significant capital buffers, which will help it to cope with a protracted downturn in the economic environment, according to the rating agency's stress tests.

BFSR INCORPORATES A DIVERSIFIED PORTFOLIO, RISK MITIGANTS AND CAPITAL BUFFER

Notwithstanding LeasePlan's mono-line nature as a leading global car leasing company, its C BFSR incorporates the diversity of its leases by vehicle type and geography, its large fleet scale, which provides more bargaining power with suppliers, and its two-year average portfolio duration meaning that it can swiftly adjust residual values in its new contracts. Moody's expects these factors, combined with risk mitigation tools used by LeasePlan, to lessen the negative effect of the marked deterioration of the automotive market.

Moody's also views the company's focus on large international corporate clients with traditionally lower default rates than those of smaller fleets and its track record of sound risk management as substantial mitigating factors. These should help moderate the likely higher credit losses stemming from the deteriorating economic environment and the significant residual value risk that might materialise.

Aside from the risk-mitigating factors noted above, Moody's views LeasePlan's regulatory capital metrics as providing a sufficient buffer to absorb the negative residual value performance from the expected protracted depression in the second-hand car market and the higher credit losses that are likely to hamper LeasePlan's overall profitability in the short-to-medium term. The rating agency expects the company's solvency position to come under some pressure, but to remain at a satisfactory level.

SOUND LIQUIDITY MANAGEMENT AND OUTSIDE SUPPORT MITIGATE WHOLESALE FINANCING DEPENDENCE

Despite LeasePlan's reliance upon wholesale financing, Moody's recognises the bank's sound liquidity management through its policy of matched funding (existing business is financed until contracts mature) and several standby liquidity facilities that provide it with alternative funding sources.

LeasePlan's limited access to wholesale market funding since September 2008 has led to it needing state, central bank and parental assistance. In September 2008, the bank's ultimate parent company, Volkswagen AG (rated A3 positive/P-2), which has recently stated its intention to increase its ownership of LeasePlan to 100% by early 2010, from 50% currently, supplied LeasePlan with a EUR1.5 billion three-year committed line, maturing at the end of September 2011. Additionally, the bank was declared eligible for the Dutch government guarantee scheme in November 2008 and plans further issuances during the remainder of the year, after having issued EUR1.5 billion in December 2008 and EUR1.25 billion in February 2009 under the state guarantee scheme.

Moody's notes that, during H2 2008, LeasePlan's liquidity position dropped below the bank's 12 months target under a stressed scenario. Since then, the external support and central bank refinancing have strengthened LeasePlan's funding position, enabling the bank to meet again its 12 months target. Despite the bank's current need for supported funding to finance new business activities, Moody's expects LeasePlan's already strong global franchise to remain one of the company's key strengths.

Moody's understands that LeasePlan is exploring alternative funding sources to compensate for the termination of the government's guarantee scheme by the end of 2009, in the event of normal wholesale funding conditions not being restored by then. Moody's will assess the sustainability of these alternative plans, which will constitute key drivers of LeasePlan's credit rating outlook, once they have been finalised.

NEGATIVE OUTLOOK REFLECTS EXPECTED WEAKENING PROFITABILITY METRICS AND RELIANCE ON SUPPORTED FUNDING

The negative outlook on LeasePlan's BFSR and long-term debt rating reflects the expected weakening profitability metrics stemming from the depressed automotive market and deteriorating economic environment. The negative outlook on the bank's BFSR also incorporates Moody's concerns about a longer or deeper downturn in the second hand car market than assumed under our already conservative stress scenarios. Additionally, and as already noted, Moody's will assess LeasePlan's ability to find effective alternative funding sources that are less dependent on external support.

The last rating action on LeasePlan was implemented on 31 October 2008, when Moody's placed its C BFSR, A3 long-term debt rating and Baa1 long-term subordinated debt rating on review for possible downgrade. At the same time, Moody's affirmed the Prime-2 short-term debt rating.

The principal methodologies used in rating LeasePlan are "Bank Financial Strength Ratings: Global Methodology" and "Incorporation of Joint-Default Analysis into Moody's Bank Ratings: A Refined Methodology", which can be found at www.moodys.com in the Credit Policy & Methodologies directory, in the Ratings Methodologies sub-directory. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Credit Policy & Methodologies directory.

Based in Almere, the Netherlands, LeasePlan's pre-provision profit (PPP) was EUR157 million in H1 2008, up by 3% from EUR153 million in H1 2007 (source: Moody's). LeasePlan had total assets of EUR17.2 billion at the end of June 2008, up by 5.1% from EUR16.3 billion at the end of 2007. At the end of June 2008, its loan and lease portfolio (including receivables from customers and property and equipment under operational lease and rental fleet) stood at EUR15.2 billion (year-end 2007: EUR14.5 billion) and its Tier 1 ratio stood at 11.4% (year-end 2007: 11.5%) under the Basel II standardised approach. LeasePlan's Tier 1 ratio stood at 11.9% at year-end 2008 under Basel II advanced methodologies.

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