ANNUAL REPORT
2010

It's easier to leaseplan

LEASEPLAN IS A GLOBAL FLEET AND VEHICLE MANAGEMENT COMPANY OF DUTCH ORIGIN. OUR FULL SERVICE OFFERING CONSISTS OF FINANCING AND OPERATIONAL FLEET MANAGEMENT SERVICES TO MEET THE NEEDS OF A DIVERSE CLIENT BASE. ESTABLISHED MORE THAN 45 YEARS AGO, WE HAVE GROWN TO BECOME THE WORLD'S LEADING FLEET AND VEHICLE LEASING COMPANY WITH OVER 85% OF OUR 6,000 WORKFORCE NOW OPERATING OUTSIDE OF THE NETHERLANDS. OUR GLOBAL FRANCHISE MANAGES AROUND 1.3 MILLION MULTI-BRAND VEHICLES AND PROVIDES FLEET AND VEHICLE MANAGEMENT SERVICES IN 30 COUNTRIES.

WE HAVE A PROVEN TRACK RECORD IN ENHANCING OUR PRESENCE IN TRADITIONAL MATURE FLEET MARKETS, AS WELL AS EXPANDING INTO NEW MARKETS AND GROWING OUR BUSINESS TO MARKET LEADING POSITIONS. WE ARE ABLE TO CAPITALISE ON OUR GLOBAL PRESENCE AND INTERNATIONAL NETWORK BY PROVIDING INNOVATIVE PRODUCTS, VALUE FOR MONEY AND SUPERIOR SERVICE TO MEET THE NEEDS OF BOTH NATIONAL AND MULTINATIONAL CLIENTS. WE AIM TO DO THIS BY USING OUR EXPERTISE TO MAKE RUNNING A FLEET EASIER FOR OUR CLIENTS. THIS IS REFLECTED IN OUR UNIVERSAL PROMISE TO ALL OUR CLIENTS:

'IT'S EASIER TO LEASEPLAN'.

LeasePlan is, where appropriate, used as reference to LeasePlan Corporation N.V. or LeasePlan as a group of companies forming part of LeasePlan Corporation N.V.

LEASEPLAN ANNUAL REPORT 2010

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FOR MORE INFORMATION
Visit us at leaseplan.com

READ ONLINE
leaseplan.com/annualreport2010
Visit our new easy-to-use, online Annual Report.
This Annual Report is published in English only.

REVIEW OF THE YEAR

GROUP OVERVIEW

OUR VISION & MISSION
We want to be recognised as the global leader in fleet and vehicle management for companies and the public sector. This is reflected in our mission statement: be a partner to our clients in providing the best and most efficient fleet and vehicle management solutions.

OUR VALUES
We have four values that guide us in business and in the way we deal with all of our stakeholders. Our values are: Commitment, Expertise, Passion and Respect.

OUR POSITIONING
The proactive service excellence partner in fleet and vehicle management.

OUR PROMISE
It's easier to leaseplan.

OUR STRATEGY
We aim to be the recognised proactive service excellence partner to our clients in fleet and vehicle management. Driven by sustainable growth in traditional and emerging fleet markets, we target market-leading positions in our countries as well as growing our international fleet business. We are concentrating our business and our people on building on our competitive strengths of service excellence and product innovation that we have developed over many years. We are focusing on what we are good at and ensuring that we bring it to life in our markets and make running a fleet easier for our clients. At the same time we will continue to leverage our scope and scale to provide efficient, value-added expertise and services. We aim to independently fund the long-term sustainable growth of our business.
SEE PAGE 14

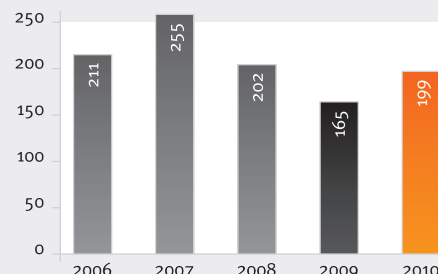
OUR SHAREHOLDING
LeasePlan is owned by Volkswagen Bank GmbH (50%) and Fleet Investments B.V. (50%). Fleet Investments B.V. is an investment company of German banker Friedrich von Metzler.
SEE PAGE 35

MANAGING BOARD
Vahid Daemi, Chairman and CEO
Guus Stoelinga, CFO
Hans Peter Lützenkirchen, COO[1]
SEE PAGE 12

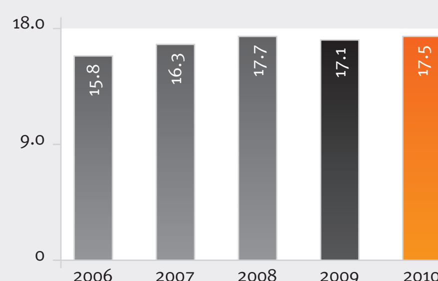
SUPERVISORY BOARD
Frank Witter, Chairman
Michael Klaus, Deputy Chairman
Lars-Henner Santelmann
Christian Schlögell
Ada van der Veer - Vergeer
SEE PAGE 38

KEY NUMBERS 2010

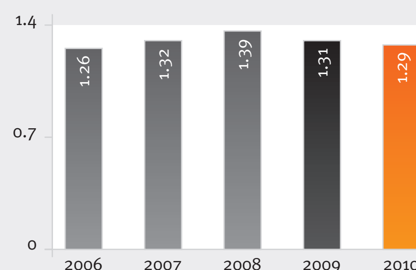
Profit for the year EUR 199M



Total assets EUR 17.5BN



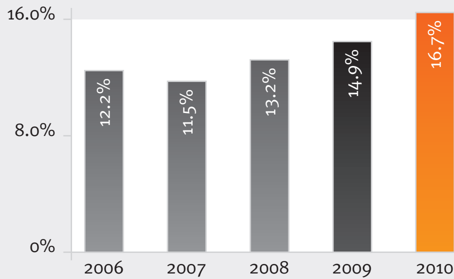
Number of cars 1,294,000



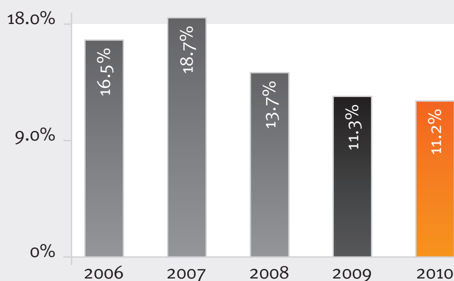
Market spread (number of cars)

1 Retirement as of 1 April 2011. Sven Huster joined the Company on 1 January 2011 and has been formally appointed member of the Managing Board and COO effective 1 April 2011.

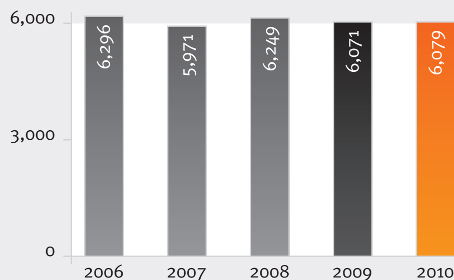
BIS ratio 16.7%



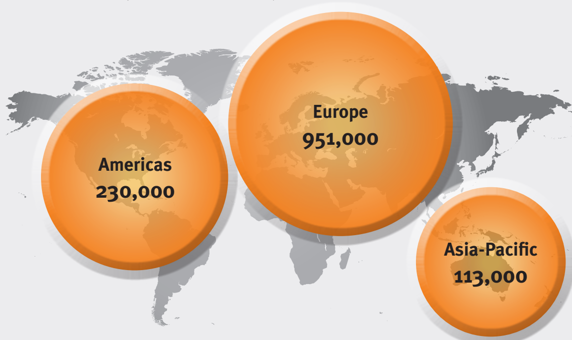
Return on equity 11.2%



Number of employees 6,079



Geographical spread
(number of cars)



BUSINESS OVERVIEW

We hold top 3 market positions in the majority of the 30 countries where we operate covering Europe, Americas and Asia-Pacific. We offer a comprehensive portfolio of fleet management solutions covering vehicle acquisition, strategic fleet advice, funding options, full service leasing, ancillary fleet and driver services and car remarketing. By leveraging the strength of almost 1.3 million vehicles worldwide we deliver expertise, savings and opportunities to meet the needs of some of the largest and most prestigious fleets in our markets. We manage passenger cars and light commercial vehicles in all sectors including large corporate clients, multinationals, public sector and small- to medium-sized businesses.

INDEPENDENTLY FUNDING OUR OPERATIONS

We aim to independently fund our business. We have held a general banking licence in the Netherlands since 1993 and we capitalise on our status as a bank by centrally supporting the group's financing needs. Our group activity, LeasePlan Treasury, manages our group treasury activities and funding programmes. Additionally, we launched LeasePlan Bank in 2010, an online savings bank in the Netherlands, aimed at private and corporate clients.

BUILDING A GLOBAL PRESENCE

Our proven business model supports continued fleet service innovation in mature markets. At the same time we know exactly how to enter new fleet markets and grow businesses into profitable market leading positions. Central to this approach is our in-depth expertise of country fleet markets, different fleet sectors and our understanding of different clients' business transportation needs. We serve our clients best by having the scope and scale to manage fleets efficiently and effectively. This means we can develop as much global integration and coordination as needed, and as much national adaptation as necessary.

LEVERAGING OUR SCOPE AND SCALE

The size of our fleet requires maintenance and replenishment with significant procurement of fleet services and commodities. By leveraging our size and strength we are able to negotiate favourable pricing structures with our preferred network of suppliers. Globally, this is further enhanced with our central procurement company, LeasePlan Supply Services. This group activity aims to turn our size and international presence into an advantage for our countries and our clients by managing international agreements with preferred suppliers. Another example is our insurance company, Euro Insurances, which enables insurance products to be integrated into the fleet services provided by LeasePlan companies in 20 countries. Furthermore, we ensure our multinational clients benefit from our economies of scale by centrally coordinating the management of their fleet through LeasePlan International.

PROACTIVE SERVICE EXCELLENCE

Our approach to fleet management is to be our clients' preferred long-term partner. We achieve this by understanding the needs of our clients, providing expert advice and adding value with a choice of tailored products and services covering the entire fleet management value chain.

REMARKETING FLEET VEHICLES

An area where we have built significant expertise is car remarketing.
In addition to local remarketing activities we established CarNext International to coordinate car remarketing activities cross-border. Using our knowledge of the resale value of different vehicle makes and models from our multi-brand portfolio we can ship specific car brands to those national markets where they are most popular, thereby increasing their resale value.

CHAIRMAN'S REVIEW

"WE ARE RETURNING TO PRE-CRISIS PERFORMANCE LEVELS"

IN 2010 THE GENERAL TREND TOWARDS A GLOBAL ECONOMIC UPTURN CONTINUED. THE FIRST POSITIVE SIGNS OF RECOVERY WITNESSED IN THE SECOND HALF OF 2009 CONTINUED TO GATHER MOMENTUM DURING 2010. THE YEAR ALSO PROVED THAT RECOVERY WOULD BE UNCERTAIN AND COULD BE SUBJECT TO THE OCCASIONAL SETBACK. THIS WAS NO MORE APPARENT THAN WITH THE TURMOIL IN SOVEREIGN DEBT MARKETS EXPERIENCED IN PARTS OF EUROPE. IN GENERAL, CONFIDENCE IN FINANCIAL MARKETS REMAINS SOMEWHAT FRAGILE AND LEVELS OF ECONOMIC RECOVERY WILL CONTINUE TO BE UNEVEN. IN THIS ENVIRONMENT, WE HAVE REMAINED PROFITABLE , FINANCIALLY STRONG AND A RELIABLE PARTNER TO OUR CLIENTS. FURTHERMORE, AS A RESULT OF THE STRENGTH OF OUR GLOBAL FRANCHISE WE ENTER 2011 HAVING REINFORCED OUR LEADING POSITION AS THE NUMBER ONE FLEET AND VEHICLE MANAGEMENT COMPANY IN THE WORLD.

FINANCIALLY STRONG AND PROFITABLE

It is testimony to the quality and strength of our worldwide management teams and all employees that, in 2010, our performance was significantly ahead of 2009. On a reporting basis, net profit was EUR 199 million, up 20 per cent. On an actual business performance basis, taking into consideration a one-off financial gain in 2009, the increase in net profit was substantially higher.

That LeasePlan has reported a net profit in all three years since the onset of the crisis should be a source of great confidence to our shareholders and our investors. Our track record of delivering results, through adversity and at all stages of the economic cycle, remains intact. At the same time we have continued to be a stable partner to our clients. Taking all factors into consideration, 2010 was a year of recovery for LeasePlan where performance almost returned to pre-crisis levels.

Furthermore, the strong profitability we have shown throughout the economic cycle has added to our financial strength. Our BIS ratio increased from 14.9 per cent to 16.7 per cent with risk-weighted assets stable at EUR 12.8 billion.

Our independent funding position was further strengthened as we continued to make good progress in our funding diversification strategy. Over the course of 2010, we concluded unsecured debt capital transactions of more than EUR 1.5 billion. In addition, our aim to increase funding through alternative avenues, such as securitisation, gained further momentum. Another source of funding came in the form of retail deposits made to our online bank launched in the Dutch savings market. LeasePlan Bank attracted deposits in excess of EUR 1.5 billion by the end of 2010, and more than 50,000 corporate and private clients.

ABILITY TO ADAPT

A notable feature in the aftermath of this crisis-ridden period is the further evidence that our strong business model and global franchise enable us to weather even the most difficult of economic cycles. Nevertheless, with no business or industry immune to its affects there are many challenges and risks that remain for us all. It is also important to understand the changing fleet management and leasing industry landscape as we emerge strongly from the crisis.

One lesson in particular came as a result of the dramatic slump in the automotive industry. The reduction worldwide in the demand for both new and used vehicles resulted in significant

VAHID DAEMI
CHAIRMAN OF THE
MANAGING BOARD
AND CEO.

pressure on the pricing of vehicles. The industry responded by closely monitoring risk exposure and by introducing appropriate measures to address the financial risk of significant deterioration. Cross-border car sales, sales to drivers and contract extensions were some of the various solutions introduced for the disposal of used vehicles.

As a result of our expertise in estimating and monitoring residual values for different vehicle brands and models we were, and continue to be, able to respond quickly to changing market conditions. In light of our geographical reach and car remarketing infrastructure we also benefited from our ability to remarket vehicles cross-border. Taking all of these factors into consideration, together with the major upturn in used car markets, we have significantly reduced losses on contract terminations compared to 2009.

FOCUS ON CLIENTS NEEDS

Another impact on the industry in the wake of the international financial crisis has been a universal requirement on businesses to reduce operating costs and implement short-term cost control measures. Clearly for many businesses, running a fleet is often one of the priority business categories targeted for cost reduction. Furthermore, cash-flow and the management of cash will remain important business drivers, meaning that outright purchase of vehicles and the risk of owning depreciating assets will not be an option for most. In this environment, outsourcing fleet management to specialised companies is proving to be a favoured method of achieving company-provided transportation needs and we expect this trend to continue.

Another clear trend that is directly emanating from the crisis is the change in the length of contract terms for leased vehicles. Rather than commit to vehicle renewals, many companies have taken the decision to extend existing contracts or delay the purchasing of new vehicles. The decisive action we took in the early onset of the crisis in offering contract extensions provided reassurance to many of our clients who were hesitant to renew their fleets. While extending vehicle contracts is a logical move for some companies, it is important that the decision is carefully managed together with the fleet provider. Certainly service intervals and the reliability of modern vehicles makes the move to longer replacement cycles for some fleets a feasible option. However, there are potential pitfalls to consider such as increased maintenance costs and reduced driver satisfaction. The fleet operator can provide transparency on the whole profile and cost of running the fleet and help companies balance short-term needs for cost-saving with the longer-term needs for the organisation.

COST SAVINGS SUPPORTS THE GREEN AGENDA

As companies look for ways to reduce fleet running costs, they are finding a surprising compatibility with themes such as corporate responsibility and the need to reduce carbon emissions. With a significant proportion of new car sales attributable to business fleets, emission based taxation continues to increase the demand for greener, lower carbon emitting vehicles. When companies do renew vehicles they are choosing to replace their fleets with more fuel-efficient models. Drivers are additionally benefiting from associated cost savings. In view of these factors, it is important that both companies and drivers are not missing out on potential cost savings from newer, more efficient vehicles by extending contracts and delaying fleet renewals.

"WE HAVE SIGNIFICANTLY REDUCED LOSSES ON CONTRACT TERMINATIONS COMPARED TO 2009"

Looking ahead, as one of the main providers of newer, lower-emitting vehicles on the road, the fleet and leasing industry plays an important role in supporting carbon emissions reduction targets and this is likely to be the case for many years to come.

AMBITIONS FOR SUSTAINABLE, PROFITABLE GROWTH

Notwithstanding the impact the financial crisis is still having on the overall economic climate, which clearly affects the fleet and leasing industry, the changing market conditions also offer new opportunities and different growth prospects for LeasePlan. Traditional fleet markets will always be the main area of focus and profitability for the major leasing companies. Going forward, there will, however, be limited opportunities to further increase penetration in traditional fleet markets since new vehicle registrations have decreased and fleet market growth in the core corporate fleet segment is expected to remain modest. The limited growth opportunities are further exacerbated by the relatively high concentration of major leasing companies operating in traditional fleet markets. Leasing companies will, therefore, look to diversified income streams in a bid to maintain profit. By contrast, the main impetus for future

growth is in the small- to medium-sized business fleet segments. Our figures show that this segment could make up to 70 per cent of the company car market. Additionally, with economic growth in emerging markets expected to outperform core markets, new fleet markets could emerge rapidly and also represent good potential growth opportunities.

Increasingly, growth opportunities will come as a result of industry consolidation. Many leasing companies are part of financial institutions. These institutions will be looking for ways to reduce their balance sheets, and with operational leasing not considered a core business activity, growth opportunities through acquisition or partnerships are likely to follow for the larger leasing companies who have the scale and fleet risk management expertise.

THINKING DIFFERENTLY AS AN ORGANISATION

In our year of recovery, another positive result is that we have continued to achieve high levels of client satisfaction and loyalty in all 30 of our countries. We are also proud to have retained the loyalty of all of our major international and local clients throughout the difficult economic cycle. The fact that our people continue to deliver outstanding levels of service, with many countries winning industry awards and accolades, is testament to their dedication and professionalism, and I thank them sincerely.

"OUR PEOPLE CONTINUE TO DELIVER OUTSTANDING LEVELS OF SERVICE"

A few years ago we expressed our approach to fleet management in a new promise 'It's easier to leaseplan': a long-term strategic initiative to grow the Company, gain further credibility and loyalty with our clients, with the ultimate objective of putting our clients first, sharpening our focus and differentiating LeasePlan in the industry.

In 2010 we worked hard to further embed this thinking into our worldwide operations for the long-term benefit of our clients. Throughout the year, all employees were taken through a global engagement programme to help them further adopt our core values and our promise in their daily actions. We are already seeing positive results in fulfilling our promise with a number of new products and tools launched in many of our countries aimed at making managing a fleet easier for our clients.

REGULATION AND GOVERNANCE

Change is happening in response to the financial crisis. Looking ahead, there will be increasing levels of international regulatory and reform measures aimed at restoring public confidence in financial institutions and creating more economic and financial stability in the future. In view of this, the Netherlands Bankers' Association introduced the Dutch Banking Code which came into effect on 1 January 2010. As a Dutch Bank, during the year we communicated on the actions we have taken to adapt our governance framework to meet these new measures. Looking further ahead, we are making all the necessary preparations for the upcoming Basel III and Solvency II requirements. An area of regulatory change which is likely to have wider consequences on many of our clients is the joint IASB and FASB lease accounting reforms. Under the proposed standard, lease contracts will need to be recorded on many of our clients' balance sheet. While we recognise the need for greater transparency and conceptually agree with the need for change, we have strong reservations about the complexity and application of the principles. In defending the interests of our clients we have expressed this view to the IASB in a letter responding to the exposure draft. At the same time, in our role as a service provider, we will actively support our clients in helping them meet any future requirements.

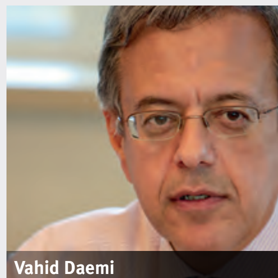
BOARD CHANGES

Sven Huster joined LeasePlan on 1 January 2011 and will formally take the position of member of the Managing Board and Chief Operating Officer from 1 April 2011. Hans Peter Lützenkirchen, who is currently in this role, will retire from LeasePlan. I want to thank Hans Peter for his dedicated service and important contribution to LeasePlan during the last five years.
Moving forward, 2011 will be focused on sustainable, profitable growth for the business and in continuing to do the right things for our clients as we look to deliver our promise 'It's easier to leaseplan'. Finally, I end by extending my appreciation to our shareholders, investors, clients and suppliers for their confidence and look forward to their continued support in the future.

Vahid Daemi
Chairman of the Managing Board and CEO

LEADERSHIP TEAM

MANAGING BOARD


Vahid Daemi

Guus Stoelinga

Hans Peter Lützenkirchen

REGIONAL SENIOR VICE-PRESIDENTS

Javier Contreras Garcia

Kevin McNally

Nick Salkeld

CORPORATE SECRETARY

Flora Hennekes – van Rosmalen

"WE HAVE STRONG MANAGEMENT TEAMS WORLDWIDE"

◆ Executive Management Team
■ Corporate Management Team

MANAGING BOARD

Vahid Daemi ◆ ■
Chairman of the Managing Board,
Chief Executive Officer
Nationality: British

Guus Stoelinga ◆ ■
Member of the Managing Board,
Chief Financial Officer
Nationality: Dutch

Hans Peter Lützenkirchen ◆ ■
Member of the Managing Board,
Chief Operating Officer
Nationality: German

REGIONAL SENIOR VICE-PRESIDENTS

Javier Contreras Garcia ◆ ■
Central Europe & Asia
Nationality: Spanish

Kevin McNally ◆ ■
Northern Europe & Americas
Nationality: British

Nick Salkeld ◆ ■
Southern Europe & Pacific
Nationality: British

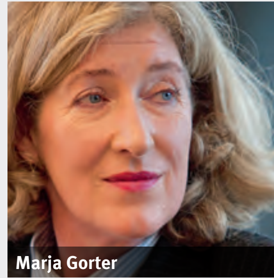
CORPORATE SECRETARY

Flora Hennekes – van Rosmalen ◆ ■
Corporate Secretary
Nationality: Dutch

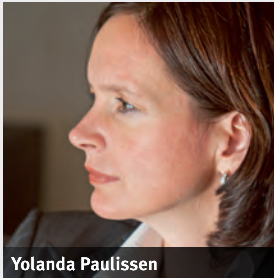
SENIOR CORPORATE VICE-PRESIDENTS

John Boon

Tricia Desnos


Marja Gorter

Theo Kuipers

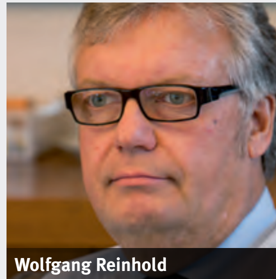

Yolanda Paulissen

Patrick Steenvoorden

Leo Walraven

SENIOR VICE-PRESIDENTS GROUP SERVICES

Chris Parker


Wolfgang Reinhold

Jaime Requeijo Gutierrez

SENIOR CORPORATE VICE-PRESIDENTS

John Boon ◆ ■
Corporate Strategy & Development
Nationality: British

Tricia Desnos ■
Human Resources
Nationality: British

Marja Gorter ■
Legal & Compliance
Nationality: Dutch

Theo Kuipers ◆ ■
Control, Reporting & Tax
Nationality: Dutch

Yolanda Paulissen ■
Strategic Finance
Nationality: Dutch

Patrick Steenvoorden ■
Risk Management
Nationality: Dutch

Leo Walraven ■
Audit
Nationality: Dutch

SENIOR VICE-PRESIDENTS GROUP SERVICES

Chris Parker ■
Business Information Management
Nationality: American

Wolfgang Reinhold ◆ ■
Car Remarketing and Operations
Nationality: German

Jaime Requeijo Gutierrez ■
Business Development
Nationality: Spanish

LOCAL MANAGEMENT TEAMS

All LeasePlan's main operating companies in the 30 countries are led by a Managing Director, supported by a local management team. See pages 136 - 138.

STRATEGY

OUR SUSTAINABLE GROWTH STRATEGY BUILDS ON OUR TRADITIONAL STRENGTHS

STRENGTHENING OUR COMPETITIVE POSITION IN A NEW ENVIRONMENT

In the years prior to the onset of the financial crisis the fleet and leasing industry witnessed continuous and stable growth, enabling the key players in the market to achieve good profits and returns. Against this backdrop, we delivered a sustained period of success, largely driven by expansion into new territories as a result of our strong business model. As the financial crisis unfolded, we took distinct measures aimed at navigating our business through the adverse developments in the used vehicle markets and exposure to credit risk. Based on our tactical approach of effective risk management, diversification of funding sources, a stricter focus on customer segments and leveraging our well-established scope and scale, we continued to deliver solid profits throughout the difficult economic cycle and consolidated our market position as the world's leading fleet and vehicle management company.

Undoubtedly, the impact of the financial crisis has changed the fleet and leasing industry growth landscape. The guiding principle by which profitable growth was realised in the past has now changed. Growth in itself is no longer sufficient. As companies in the industry strive for future growth, it must be realised by increasing focus on risk-return aspects. Furthermore, with funding no longer a readily available resource, growth must be financed in a sustainable way. As we move ahead in this new environment we are confident that we are able to take advantage of the market opportunities by building on our traditional core strengths of fleet management and driving sustainable growth. In the pursuit of our sustainable growth strategy we take extra comfort from our proven experience and ability to grow organically both in mature and in less developed fleet markets. Over the years, we have acquired the knowledge and expertise of successfully expanding into new geographies, providing clients with new, innovative fleet services, and effectively realising attractive acquisition opportunities. Our experience of many years in our industry is reflected in our clear, balanced strategic profile built around the following four key dimensions.

FOCUS ON PROFITABLE REVENUE GROWTH

Our performance focus will be on the achievement of profitable revenue growth. In recent years, our prudent approach to risk proved successful in weathering the toughest financial crisis in recent history. Even in the likely scenario of continued slow economic recovery, we are well positioned to target profitable growth by balancing revenue growth with return considerations. As we move forward, we will continue to drive revenue growth by leveraging our traditional strengths in vehicle acquisition, procurement of fleet services, car remarketing and contract management. Additionally we will look to offer complementary services and products to our clients in areas such as vehicle insurance.

EXTENDING GLOBAL COVERAGE

Our geographic expansion focus will be based on the needs of our growing segment of international fleet customers. Without question, we are seeing the pace of globalisation accelerate and expect more cross-border activity to increase as clients continue to seek new markets and pursue cost savings. Further, as multinational clients become more comfortable in handling complex fleet management matters on a pan-European level, this triggers their desire to replicate the model on a global level. In response to the growth in this segment we plan to expand our dedicated entity, LeasePlan International, which focuses on offering seamless global fleet management services to international clients. Based on our broad international presence and robust business set-up, we were able to successfully capture a large part of the growing market. Looking ahead, we plan to further strengthen and develop our competitive position.

Over the past 15 years we have rapidly expanded geographically into new territories enabling us to extend our global reach and enhance our services. In the medium- to long-term, we will approach geographic expansion into new countries at a moderate pace and in line with our independent funding position. With our strategy designed for sustainable growth with a focus on profitability, we will enter new countries that provide significant long-term growth benefits to our business.

GROWTH IN NEW AND EXISTING CUSTOMER SEGMENTS

Our focus will increase on small fleets as well as continuing to service large and medium-sized fleets. Our 30 countries continue to concentrate on providing product and service innovation that is suited to local clients. Over many years our business model has served us extremely well in pursuit of this aim and is designed to give considerable independence to countries. This means we can act on a global level and retain flexibility and responsiveness in local markets.

A critical element of our proven ability to grow in both mature and developing fleet markets has been expanding our diverse client base. One particular client segment where we see good growth potential is in the small fleet segment. This fleet segment already forms a key part of our diverse client base and we have established ourselves as key player in some of our countries. The distinct programme we have developed will support many more of our countries adopt a stronger focus on the small fleet market as we look to take advantage of growth opportunities in this segment.

TARGETING INORGANIC GROWTH OPPORTUNITIES

Our focus on organic growth described above will continue and will be complemented with selected acquisitions. Over the past few years, a process of consolidation and concentration of players has started in a number of our core markets, particularly in mature European fleet markets. This comes as a result of limited opportunities for further penetration in the existing large-fleet segment and an increasing importance of the scale of the fleet provider. In the next few years, we see this trend continuing as some financial institutions look to exit the operational leasing market and focus on their core banking activities. In pursuit of our sustainable growth strategy, our proven track record of identifying, attracting and successfully integrating businesses makes us ideally placed to proactively take advantage of attractive acquisition opportunities.

CLIENT FOCUS

WE HAVE A UNIVERSAL COMMITMENT TO MAKE IT EASIER FOR OUR CLIENTS

BUILDING ON OUR PROACTIVE SERVICE EXCELLENCE

Without question, the state of the global economy altered the business environment. Competition in our market has sharpened, and the economic crisis has heightened the need to provide clients with consistent, top quality services across our global franchise that adds value to their business. In many ways, our clients are benefiting from the work we started before the onset of the crisis to bring clear meaning and differentiation to fleet management. This is described in our universal promise 'It's easier to leaseplan'.

Central to this promise is a desire to make running a fleet easier by working in partnership with our clients. This allows us to better anticipate their needs and deploy solutions that are tailored to their circumstances. We always aim at partnering with our clients during the lifecycle of the lease in order to achieve the lowest possible Total Cost of Ownership for their fleet.

Many elements of our promise were already in place in our products and services. During 2010 we have continued to work hard to bring this thinking to life throughout our organisation in a more coherent and compelling way.

MARKET PROPOSITIONS THAT ADD VALUE

As companies of all sizes look to fully recover profitability they will be managing their business operations under tighter cost controls and available capital will be used with caution. In this environment, we expect the growing trend to full service leasing to continue at pace. This enables companies to focus on their line of business while the leasing company handles the entire fleet management process. Additionally, one of the areas where leasing companies can play a vital role is by introducing greater transparency to the costing process. Our full service approach and core market propositions of Fleet Balance, Open Calculation, Savings Accelerator and Service Tracking enable us to work in partnership with our clients and create the transparency and added value to their business that they increasingly require. We have added a new proposition in 2011 called Car Policy Consult.

PRODUCTS THAT MAKE IT EASIER

Our market propositions provide our countries with a useful framework in developing new products and services suited to the local market and different client segments. Over the course of 2010 many of our countries launched new products and online tools aimed at giving different client segments choice, value and ease.

IMPROVING THE SERVICE EXPERIENCE

We are also making the service experience easier for clients by providing more convenient online services and driver contact centres. Additionally, in 2010 we developed a 'Think Mobile' strategy aimed at creating mobile applications for fleet managers and drivers. A number of our countries have already started to launch mobile applications to help our clients service their fleets.

OUR PEOPLE MAKE THE DIFFERENCE

The future sustainability of our business growth and long-term delivery of our promise to clients comes directly from the talents and efforts of our people. We have ongoing development, training and change programmes across our operations to further embed our universal promise and underlying corporate values into the thoughts and actions of our employees.

UNDERSTANDING OUR CLIENTS

Our close proximity to our clients provides us with a rich source of regular information and feedback on how well we are doing. Additionally, we feel it is vital to listen to our clients and properly analyse whether our service delivery is valued. In 2009, we started an annual global survey programme, jointly with TNS, a global market research company, to track levels of satisfaction and loyalty among fleet managers and drivers. So far the global survey programme operates in 20 countries.

In 2010 we carried out two more waves of the measurement and the results showed a marginal improvement compared to 2009 with 88% of clients satisfied with our products and services. Our strong account management approach remains one of the cornerstones of our services most valued by clients.

CONTINUOUS BUSINESS IMPROVEMENT

Added to the work we are doing to improve our front-line service are the improvements we are making behind the scenes to our systems and processes. The vast majority of our operations have now adopted lean thinking principles for optimising processes, such as quote-to-delivery and invoicing processes. We also have well-established networks across our organisation which enable us to quickly share and implement best practices across our countries.

CORPORATE RESPONSIBILITY

RESPECT FOR ALL STAKEHOLDERS

DIFFICULT ECONOMIC TIMES CAN OFTEN HIGHLIGHT THE IMPORTANCE OF REPUTATION, AND REMIND US HOW HARD IT IS TO EARN AND HOW EASY IT IS TO LOSE. EVIDENCE OF ITS IMPACT ON THE BOTTOM LINE IS UNEQUIVOCAL. AS WE WORK THROUGH THIS PERIOD OF CHANGE AND UNCERTAINTY, EXPECTATIONS OF BUSINESS ARE CHANGING AND SO ARE THE DRIVERS OF REPUTATION. MORE THAN AT ANY TIME BEFORE, THE QUALITY OF THE RELATIONSHIPS WE HAVE WITH ALL OF OUR STAKEHOLDERS DEFINES OUR REPUTATION. WE MUST WORK HARD TO ENGAGE AND MAINTAIN RELATIONS WITH THESE STAKEHOLDERS, SEEKING WAYS TO ALIGN AND BALANCE THEIR INTERESTS.

We are proud of the reputation we have built over many years of responsible behaviour in all of our relationships. Although what is happening in the world is affecting our business, we are firmly resolved to doing all we can as a responsible corporate citizen to make a positive contribution to society, and to adapt our approach to business to stay in tune with the changing values and priorities of all stakeholders.

THE WAY WE CONDUCT BUSINESS

Building a sustainable future of success for our business is based on having sound business ethics, and having respect for our stakeholders and society at large. In 2010, we described the way we conduct business in a renewed Code of Conduct. The Code of Conduct was issued to all employees worldwide and provides them with a framework for everyday business decisions.

The renewed Code of Conduct is based on our values, starting with what we expect from employees in our duty of care towards clients, suppliers and business partners. The Code of Conduct further describes the commitments we have in providing employees with a fair, rewarding and enjoyable work environment. As we strive to balance the interests of people, planet and profit our Code of Conduct also gives guidance on our responsibilities towards our wider society and the environment. Furthermore, employees are given information on the several channels open to them for asking questions or dealing with business ethics issues.

Only if all our employees are fully aware of our business principles can we go about our daily business and maintain our stakeholders' confidence and preserve our reputation.
In 2011, we will start a corresponding employee awareness campaign to help embed the Code of Conduct even further in our culture.

AN INDUSTRY VIEW

Every industry has an important responsibility for ensuring that it has a positive impact on society, the environment and its global communities. In terms of the move to a carbon neutral society there can be common misconception that global warming is mainly caused by road vehicles. Globally, road transport is responsible for about 16% of man-made CO_2 emissions. This percentage clearly shows that road transport cannot solve the whole CO_2 issue on its own; at the same time, it also shows that road transport has an important role to play. Another important factor is that transportation in general is a key element of economic growth and social welfare.

"WE ARE PROUD OF THE REPUTATION WE HAVE BUILT OVER MANY YEARS OF RESPONSIBLE BEHAVIOUR"

As one of the leading industries investing in CO_2 emission technologies, automobile manufacturers continue to invest billions in the research and development of low or even zero CO_2 emission vehicles. New alternative technologies can take multiple forms, from further improvements of internal combustion engines, to hybridisation, electrification, alternative fuels and fuel cells. Such radical new technologies can take a long time to bring to market. Additionally, with the strong demand for affordable mobility, new technology is likely to offer only part of the answer to the CO_2 emission reduction issue.

OUR VIEW

As the world's leading provider of fleet and vehicle management we have strong views on achieving efficient mobility for the benefit of our clients and other stakeholders. We actively support the need for cleaner road transport through low-energy and intelligent vehicle technology. Furthermore, we believe CO_2 emission reductions and efficient mobility can best be achieved with an integrated approach, whereby all stakeholders are involved, from manufacturers to government authorities, as well as fleet providers, fleet managers and drivers. An integrated approach consists of not only technological advancements, but the renewal of car fleets, clear CO_2 related taxation, progressive traffic flow improvements and the need to influence driver behaviour.

OUR RESPONSE

DEVELOPING GREENER FLEETS

We strive to influence and meet the growing demand from clients for more sustainable mobility products and services that are environmentally friendly, socially responsible as well as generating cost savings. To meet these demands, we advise our clients on several services in helping them achieve their greener fleet objectives.

"WE ADVISE CLIENTS ON SEVERAL SERVICES IN HELPING THEM ACHIEVE THEIR GREENER FLEET OBJECTIVES"

Under the banner of our flagship global environmental fleet service, GreenPlan, we use our consultative expertise to advise our clients on how to make a green move in their car policy. This can be achieved from a financing perspective, such as vehicle choice and fuel selection. Alternatively, we can support our clients with influencing driver behaviour. We then provide periodic reports on CO_2 emissions and energy labels per car or by total fleet numbers. Another feature of GreenPlan is carbon offsetting programmes. Our worldwide entities either have a choice of using our international partner, CO_2OL, or a dedicated local partner for helping clients move toward a carbon neutral fleet. Through our international partnership we have supported a number of energy conservation and reforestation programmes across the world. GreenPlan is certified by TüV Rheinland and supported by Intelligent Energy Europe (IEE).

Fleet CO_2 emissions are tested for compliance with the standards adopted by the European Commission for 2012-2015, which are based on the Kyoto Protocol of the UN Convention on Climate Change. We already use the lower standard of 130g CO_2 /kilometre as the benchmark for both our own Company fleet and the fleet of our clients.

In 2010, we entered into an agreement with Nissan to co-operate in a European-wide project to launch the 100% electric Nissan LEAF in 2011. In total we will purchase 100 Nissan LEAF electric vehicles and will offer them to our clients in thirteen countries in Europe: Belgium, Denmark, Finland, France, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom. With this, LeasePlan is the first leasing company to offer the Nissan LEAF in Europe. Deliveries of the Nissan LEAF began in Europe in the first quarter of 2011.

ECO-DRIVING AND DRIVER SAFETY

Eco-driving is now a well-established concept in the pursuit of reducing fuel consumption and CO_2 emissions. A number of countries provide advice and support in training drivers in more ecological and economical driving habits. Additionally, eco-driving offers the possibility of achieving improved road safety. Some countries provide more in-depth advice and services where driver safety is more pronounced due to government legislation.

GLOBAL COMMUNITY INVESTMENT

Our flagship global community investment programme, LeasePlan ChildPlan, is our commitment to help improve the lives of disadvantaged children and youth around the world. We work in partnership with NGO Net4kids, providing access to education, healthcare and life skills in order to equip the children for a better future.

Since the programme launched in 2006, our main global project has been dedicated to providing funds to supporting street children in Kathmandu, Nepal. The support is managed locally by the Child Watabaran Centre Nepal (CWCN). For the past five years we have donated the yearly running costs for the girls' home, a mobile health service and a transit clinic. In addition, we donated funds to buy the land and build the boys' home, girls' home and the academic building. We have committed ourselves to supporting the global project in Nepal until the end of 2014.

At the end of 2010 funds were raised to initiate a second global project in South India through our partner Net4kids. The South India project has two aims. The first, through the Foster a Child Programme of the Society of Serving Humanity we will support a total of 270 children living with HIV/Aids in the Namakkal and Dindigul district in the state Tamil Nadu. The second aim is to build the ChildPlan Academy, a school providing quality education for 600 children from 1st to 12th grade in the district of Namakkal. The education will focus on English language lessons and computer literacy. The South India project will run from 2011 to 2015.

LOCAL COMMUNITY INVESTMENT

In addition to supporting our global projects, many of our countries have corporate philanthropic initiatives as well as employee-based charity and community fundraising activities. More information on these programmes and investments in a specific country can be found by accessing the country websites via www.leaseplan.com.

PEOPLE

OUR PASSION COMES DIRECTLY FROM OUR PEOPLE

IN THE CHALLENGING ENVIRONMENT OF 2010, LEASEPLAN'S HUMAN RESOURCES AND BUSINESS DEPARTMENTS FORGED STRONGER BONDS BY ALIGNING OUR STRATEGIC PEOPLE AGENDA BEHIND OUR 'MAKING IT EASIER TO LEASEPLAN' MANTRA. WE ALSO INCREASED OUR FOCUS ON ENGAGEMENT OF EMPLOYEES, DEVELOPING SENIOR TALENT AND ON BUILDING STRONG, COLLABORATIVE HR AND EMPLOYEE NETWORKS AT ALL LEVELS.

GLOBAL VISION, LOCAL ADAPTATION

The strategic advantage of our global franchise benefits from having local knowledge and the flexibility to adapt to local cultures and conditions. We place similar value in having the same country and functional differentiation in our HR policy. Our transnational HR approach is to have as much global integration as needed, and as much local adaptation as necessary. Careful observation and guidance are required to make this work and ensure that our global-local HR strategy is made up of the right characteristics and instruments. In 2010, we further strengthened our transnational approach by improving the worldwide cooperation of our global HR community. Through improved international networking and communication we could ensure that there is a mutual understanding and acceptance of our vision, as well as seeing more benefits from sharing HR and people management best practices.

THINKING DIFFERENTLY AS AN ORGANISATION

Our global-local HR efforts in 2010 were focused on getting our people and culture agenda behind our 'making it easier to leaseplan' mantra. Our global-local HR community worked on making the necessary organisational changes in recruitment and development processes, organisational design and in creating a clear line of sight between behaviour, performance and business objectives. The philosophy behind this approach was simple; get the right people, in the right place, doing the right things, at the right time.

ACHIEVING THE PROMISE

Working under the banner of the 'LeasePlan Engagement Programme', a two-day workshop was rolled out globally to all employees in 30 countries. The purpose of the programme was to ensure that employees have a shared understanding of the company values and associated behaviours behind our promise 'It's easier to leaseplan'. After gaining this understanding, they were able to start applying this thinking to their daily work and actions. After an initial education programme, the workshops were delivered by local management or trainers to ensure that there was shared understanding of the promise in each country.

The ultimate aim of this strategic initiative is to cultivate the right culture whereby all employees across the world are focused on 'making it easier' for our clients. In doing so, delivering service excellence will become more than just the occupation of LeasePlan. It becomes the preoccupation of all employees worldwide.

"A CLEAR LINE OF SIGHT BETWEEN BEHAVIOUR, PERFORMANCE AND BUSINESS OBJECTIVES"

A SOCIAL NETWORK

An important development in 2010 was in building on our worldwide communication networking and collaboration efforts. Currently, the main source of information and best practice sharing is achieved through an established network of international meetings, conferences and newsletters. In November 2010, we enhanced this approach as we piloted a new corporate social media initiative called LinkedPeople to ten of our countries. The purpose is to build formal and informal employee networks and functional communities across our global enterprise with a view to sharing more knowledge and best practice at a faster pace. After early signs of success, LinkedPeople will be rolled out across our entire global network throughout the course of 2011.

LEASEPLAN ACADEMY

One area where global integration exists is with leadership development and talent management. Our focus and investment in developing managers and talented individuals have strengthened rather than wavered throughout the difficult economic period of the past few years. In the last five years, 133 of the senior management team have completed our Executive Leadership Programme (ELP), a three-week MBA level programme led externally by leading business thinkers and academics. The programme itself takes a much broader approach than regular education and development. In the past five years, it has helped facilitate a strong leadership network across our global franchise of companies. Additionally, with 89% of leaders who have attended the programme still employed by the Company it helps retention and continuity at the most senior level. Furthermore, due to our policy on advocating internal succession planning, 20 of the ELP alumni have been promoted to more senior roles within our ranks.

"WE ACTIVELY LOOK TO MOVE LEADERS AND TALENT AROUND OUR BUSINESS"

In the past two years we have created two new management development programmes, giving us broader talent and succession coverage at all management levels. At this time, 166 high-potential managers and specialists have attended our Talent Development Programme and 40 current or future people managers have completed our People Management Programme. Furthermore, we actively look to move leaders and talent around the business through a range of international secondments and assignments.

EMPLOYEE ENGAGEMENT SURVEY

We continue to monitor levels of employee engagement across the Company once every two years. Individual countries plan and develop the survey with a focus on local issues and action planning. All country-based engagement surveys include a core set of seven global engagement questions.

REMUNERATION POLICY

The group remuneration policy of the Company can be found in the Corporate Governance section of this report on page 44.

PERFORMANCE REVIEW

A STRONG YEAR OF RECOVERY ON MOST FRONTS

IN 2010 WE EXPERIENCED A STRONG YEAR OF RECOVERY ON MOST FRONTS AFTER THE DRAMATIC CRISIS OF LATE 2008 AND THROUGHOUT 2009. ALTHOUGH RECOVERY SIGNS ARE GOOD, WE ARE STILL NOTICING THE EFFECTS OF THE CRISIS IN SOME AREAS, SUCH AS SELLING CARS AT A LOSS AT CONTRACT TERMINATION. IN GENERAL, THE OVERALL PERSPECTIVE VASTLY IMPROVED IN 2010 AND HAS ALMOST RETURNED TO PRE-CRISIS RESULTS. THROUGHOUT THE ECONOMIC CYCLE, WE HAVE PROVED RESILIENT AND OUR ABILITY TO MAINTAIN POSITIVE RESULTS EVEN IN THESE CIRCUMSTANCES IS A SIGN OF OUR STRENGTH AND VITALITY. WE EXPECT FURTHER GROWTH OF RESULTS IS POSSIBLE FOR THE COMING YEARS IN A WAY THAT REFLECTS OUR HISTORIC TRACK RECORD.

FINANCIAL DEVELOPMENTS

Profitability in 2010 increased significantly compared to 2009, certainly taking into account the one-off benefit included in 2009. With EUR 199 million profit for the year 2010 we are close to pre-crisis achievements in the period 2006 to 2008.

BUSINESS DEVELOPMENTS

Total fleet size still decreased somewhat in 2010 as a reflection of contracting markets, but significantly less than in 2009. The total fleet decreased by 16,000 units in 2010 compared with a decrease of 82,000 units in 2009 and reached the level of 1,294,000 at December 2010. We did experience significant differences in the 30 countries where we offer our core product. Among the larger decreases were our fleets in Italy, Spain, Germany, Brazil and France. Increases were realised in Portugal, the UK, Mexico, Greece, Poland and Romania. These diverse results emphasise the benefits of our wide geographical spread and the importance of our strategy to continuously invest in new operations in our global network. This is illustrated in the segment reporting where our mature markets declined by 21,000 units whereas developing and start-up markets increased by over 5,000 units.

The differences in growth rates also illustrate the different market developments in all geographical jurisdictions. In many countries a number of features impacted the fleet leasing markets, such as clients ordering less new cars, extending their expiring contracts and ordering lower value cars. Positive features were the greater demand for outsourcing and the need to free up capital resources. The varying mix of positive and negative factors created a diverse picture in each of the countries where we operate.

PROFITABILITY

	SUMMARY INCOME STATEMENT	2010	2009	Delta
	In millions of euros			
	Lease services	145.8	106.0	+39.8
	Management fees	190.8	189.0	+1.8
❻	Damage risk retention	175.9	182.3	-6.4
❸	Results terminated contracts	-25.5	-96.9	+71.4
❹	Prospective depreciation adjustment leased assets - charge	-9.0	-27.0	+18.0
❹	Prospective depreciation adjustment leased assets - release	32.0	11.0	+21.0
❺	Straight-line depreciation - interest income adjustment	12.8	-14.0	+26.8
	Other	163.8	176.4	-12.6
	Gross profit (revenues -/- cost of revenues)	**686.6**	**526.8**	**+159.8**
	Net interest income	299.1	279.9	+19.2
	Impairment charges on loans and receivables	19.8	56.0	-36.2
	Unrealised gains/(losses) on derivatives	-4.7	-1.7	-3.0
	Other financial gains	-	63.3	-63.3
❼	**Net finance income**	**274.6**	**285.5**	**-10.9**
❷	**TOTAL OPERATING AND NET FINANCE INCOME**	**961.2**	**812.3**	**+148.9**
❽	Total operating expenses	696.8	603.3	+93.5
	Share of profit of associates and jointly controlled entities	7.4	0.0	+7.4
	PROFIT BEFORE TAX	**271.8**	**209.0**	**+62.8**
❾	Income tax expenses	75.1	40.8	+34.3
	PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**196.7**	**168.2**	**+28.5**
	Result for the year from discontinued operations	1.9	-3.0	+4.9
❶	**PROFIT FOR THE YEAR**	**198.6**	**165.2**	**+33.4**

SUMMARY

❶**Profit for the year** increased in 2010 compared to 2009 from EUR 165m to EUR 199m (+20%). Taking the one-off financial gain into account that is included in 2009 of EUR 47m net (EUR 63m gross), the underlying increase in profit for the year is 67%.

❷**Total operating and net finance income** increased in 2010 vs. 2009 by EUR 149m, of which EUR 26m was caused by exchange rate movements (depreciating euro value against other major currencies). The main movements were:

- ❸**Result terminated contracts:** + EUR 71m caused by lower losses on contract terminations. Vehicles sold in 2010 at an average loss of just over EUR 400 per normally terminated contract compared to an average loss just over EUR 800 in 2009. Apart from sales results also other termination results are taken into account in Results terminated contracts.
- ❹**Prospective depreciation adjustments:** + EUR 39m. Reduced sales losses at contract termination in years are justifying lower depreciation adjustments for future expected sales losses. Similar depreciation adjustments from prior years are available to compensate for anticipated sales losses.
- ❺**Straight-line depreciation interest income adjustment:** + EUR 27m caused mainly by the average age of the fleet increasing as a consequence of the reduction in the total fleet numbers. This feature is a reflection of the straight line depreciation requirement of leased assets that requires a correction of annuity interest income.
- ❻**Damage risk retention:** -/- EUR 11m caused by lower income recognition on retained risks.
- ❼**Net finance income:** -/- EUR 6m mainly as reflection of the 2009 one-off financial gain and EUR 36m lower debtor losses. Net interest income increased by EUR 19m.

❽**Total operating expenses** in 2010 vs. 2009 + EUR 94m, of which EUR 24m was caused by foreign exchange movements. The main movements were:

Cost increases in staff expenses which represent mainly higher costs per FTE. The total number of staff remained stable at 6,079 (nominal).

Non-staff overhead increased post crisis due to business activity picking up again. Also material depreciation charges (EUR 7m annually) on an internally developed software system in Australia commenced in 2010 following successful implementation of the system. This internally developed software was partly impaired (EUR 13m) leading to one-off extra charges in 2010.

❾**Income tax expenses:** +EUR 34m, of which -/- EUR 3m was caused by exchange rate movements. Apart from the higher Profit before tax the effective tax rate also increased materially from 2009 to 2010 (+ 8.2% to 27.6%). The rise in effective tax rate is caused by the changing composition of profits before tax over the various jurisdictions and a number of prior year adjustments.

FINANCIAL STRENGTH

COMPOSITION OF BIS CAPITAL	2010	2009	Delta
In millions of euros			
Share capital and share premium	578.0	578.0	
Translation reserve	16.1	-22.1	+38.2
Hedging reserve	-24,7	-110.3	+85.6
Retained earnings	1,367.0	1,172.7	+194.3
Total equity	**1,936.4**	**1,618.3**	**+318.1**
Deduction goodwill	-86.2	-86.2	
Prudential filter m-t-m derivates	24.7	110.3	-85.6
Deduction intangible assets	-6.4	-7.8	+1.4
TIER 1 CAPITAL	**1,868.5**	**1,634.6**	**+233.9**
Tier 2 capital	269.1	268.8	+0.3
AIRB provision excess	3.3	-	+3.3
BIS CAPITAL	**2,140.9**	**1,903.4**	**+237.5**
BIS ratio	**16.7%**	**14.9%**	

SUMMARY

- Total assets and fleet, as well as the composition of both have remained stable comparing end of 2010 to end of 2009. This resulted in stable **risk weighted assets** of EUR 12.8bn under the advanced model approaches that we use for our central bank solvency reporting.
- Due to the rise in **Tier 1 capital** and **BIS capital** the BIS ratio increased from 14.9% to 16.7% in 2010. The increase in BIS capital of EUR 238m is predominantly caused by the EUR 194m retained profit and to a smaller extent by a movement of EUR 38m in the Translation reserve (due to depreciating euro currency).

During the past crisis years we have on the basis of a stable business franchise and consistently retained profits been able to raise our BIS ratio. The current level is perceived in excess of both internal targets and minimum requirements of the central bank supervisor. Also anticipating the effects of the new Basel III regulatory rules, our current solvency ratios are relatively high. While on the one hand this emphasises our strength, it also allows for future growth.

FUNDING

RATINGS	Short-term	Long-term	Outlook
Standard & Poor's	A-2	BBB+	stable
Moody's	P2	A3	stable
Fitch Ratings	F2	A-	stable

SUMMARY

Our strategy is to ensure that we have diversified sources of funding on which to base the future growth of our business. Our funding approach is directed at sourcing debt funding on a stand-alone basis. After the funding challenges of 2009, we significantly built up momentum of quality institutional investor support for both our business model and independent funding strategy in 2010. The main developments were:

- We launched a new internet savings bank in the Netherlands to tap into a new avenue of funding through retail deposits. LeasePlan Bank attracted over EUR 1.5bn in savings deposits, and more than 50,000 corporate and private clients.
- We signed a EUR 1.475bn three-year committed credit facility with a consortium of 16 banks to bring our total committed liquidity facilities for the group to over EUR 3.0bn.
- Securitisation is an area where we have gained valuable experience since 2006 with securitising lease assets in the Netherlands, Germany and the United Kingdom. In the first half of 2010 we were successful in placing the entire AAA tranche (EUR 0.7bn) of the UK transaction (Bumper 3) with external investors. We are currently in the process of restructuring our German and Dutch transactions and are conducting feasibility studies for new securitisation transactions.
- We concluded unsecured debt capital transactions of more than EUR 1.5bn in 2010.

RATINGS

A combination of the work we did in 2010 to further diversify our funding sources and build investor confidence, coupled with our financial performance and strong risk management, led all three ratings agencies to revise the outlook for our credit rating from negative to stable. It is our intention to leverage our key credit strengths – namely a proven record of delivering solid performance at all stages of the economic cycle, the strength of our strong global business franchise, our sound asset quality, expertise in risk management, and our solid solvency ratios – to realise our medium-term ambition of restoring our long-term debt ratings to a mid single-A level.

KEY RISKS

WE ARE EXPERTS IN MANAGING OUR RISKS

"THERE WAS AN IMPROVEMENT IN THE VAST MAJORITY OF USED VEHICLE MARKETS"

RISK TYPE	DEFINITION
Asset risk	Primarily refers to a combination of residual value risk and risk on repair, maintenance and tyre replacement, both reflecting an exposure to potential loss due to the actual results deviating from the estimates made at lease inception.
Credit risk	The risk that the counterparty will be unable to fulfill its financial obligations when due. Credit risk mainly relates to vehicles leased to clients.
Operational risk	Risk of loss resulting from inadequate or failed internal processes, human behaviour and systems or from external events.
Damage risk	Exposure to loss due to costs related to damages.
Treasury risk	Captures interest rate risk, currency risk and liquidity risk.
Legal and Compliance risk	Compliance risk concerns risk of legal or regulatory sanctions, financial loss, or loss to reputation we may suffer as a result of nonconformance with the integrity, expertise and professionalism requirements of relevant laws, regulations, codes of conduct, good management practices and internal policies.
Reputational risk	The current or prospective risk to earnings and/or capital arising from adverse perception of the image of LeasePlan on the part of clients and stakeholders such as shareholders, investors and regulators.

KEY DEVELOPMENTS IN 2010

- With the economic environment improving there was uplift in the vast majority of used vehicles markets, which has had a positive effect on sales proceeds achieved by LeasePlan.
- We continued to utilise market specific expertise in estimating, monitoring and mitigating asset risk exposures.

- With economic conditions recovering, we experienced a noticeable reduction in the number of client defaults compared to last year, in both corporate and retail segments.
- In the execution of our effective risk management strategy, we started implementing a new custom built web-based Global Credit Risk Management System (GCRMS). Implementation will be finished in 2011.
- We started a project that will allow us to use the Internal Rating Based (IRB) method under Basel II also for retail customers. The project will be completed in 2011.

- We made significant progress in meeting our objective to further enhance our operational risk management framework under the Advanced Measurement Approach (AMA) with the development of a new web based platform. Implementation will be finished in 2011.

- We invested substantially in preparing for Solvency II, the updated set of regulatory requirements for insurance companies that operate in the EU. The regulations are scheduled to come into effect on 1 January 2013.

- We continued our efforts to maintain our funding policy, in which duration, currency and interest setting of assets and liabilities are matched.
- Following the strategic objective to diversify our funding sources, we successfully launched LeasePlan Bank and concluded a variety of funding transactions.

- We adjusted our corporate governance framework where necessary as a result of the Dutch Banking Code and related rules and regulations regarding remuneration.
- A renewed Code of Conduct was issued to all staff and a follow-up employee awareness campaign is planned for 2011.
- A separate Compliance Charter and Monitoring Plan were developed for the activities of LeasePlan Bank.
- See page 33 for the start of the full Corporate Governance section.

- We continued to work with employees on the values and identity which helps govern our reputation.

OUTLOOK 2011

OUTLOOK STATEMENT 2011

"TAKING ALL FACTORS INTO ACCOUNT WE EXPECT TO IMPROVE ON PROFITABILITY FURTHER IN 2011"

THE EXTERNAL ENVIRONMENT IN 2011

In the second half of 2010, global economic conditions broadly improved, although there were still lingering vulnerabilities. Equity markets improved and bank lending conditions in major advanced economies became less tight, even for small- and medium-sized businesses. Nonetheless, areas of vulnerability persisted and financial turbulence re-emerged in the euro area in the last quarter of 2010. Financial stresses are expected to remain elevated in the 'so-called' euro periphery countries, where there are still concerns about sovereign and banking risk, and the potential feasibility of government austerity measures. Taking all these factors into consideration, the currently held view of most economists is that the global recovery is predicted to advance in 2011. Progress, however, is likely to remain uneven with moderate recovery in advanced economies and many emerging economies remaining more buoyant. Additionally, commodity prices will remain high in 2011. Prices for oil rose considerably in 2010 in response to strong global demand. Upward pressure on oil prices is expected to persist in 2011.

CAR MARKETS OUTLOOK 2011

The automotive market situation is expected to remain mixed in 2011, with strong demand in the emerging markets while the economic situation in Europe is likely to continue to dampen new passenger car sales in the region. Commercial vehicle sales in Europe may record a relatively strong growth. We also expect to see continued improvement in the resale value of used vehicles in the majority of markets.

OUTLOOK FOR LEASEPLAN 2011

Throughout the crisis period we have asserted our position well and remained financially strong and profitable. 2010 was an encouraging year of recovery where we moved back towards pre-crisis performance. We take comfort in the knowledge that our countries where pockets of economic vulnerability exist have continued to perform well throughout this difficult period. Additionally, due to the strength of our global franchise our lease portfolio remained at a stable level throughout this economic cycle, as has our ability to tap into a broad range of other income streams. With used vehicle markets improving, together with our expertise in estimating and monitoring the residual values of different vehicle brands and models, we expect to continue to manage our residual value risks well. In respect of funding our business, we started 2011 in a strong position and we expect this to continue throughout the year. Taking all these factors into account we expect to improve on profitability further in 2011.

Almere, 30 March 2011

Managing Board

Vahid Daemi, Chairman and CEO
Guus Stoelinga, CFO
Hans Peter Lützenkirchen, COO

COMMITMENT

WE TAKE PERSONAL OWNERSHIP OF OUR ACTIONS AND OUR CLIENTS CAN COUNT ON US TO DELIVER WHAT WE PROMISE.

EXPERTISE

WE LISTEN TO OUR CLIENTS AND SHARE OUR KNOWLEDGE IN AN UNDERSTANDABLE WAY.

PASSION

WE ARE PROUD OF OUR COMPANY AND OF THE CLIENTS WE WORK FOR AND WE SHOW THAT IN ALL OF OUR COMMUNICATION AND ACTIONS.

RESPECT

WE ARE OPEN-MINDED TOWARDS OTHER PEOPLE'S FEELINGS, VALUES, CULTURE AND OPINIONS AND ARE RESPONSIBLE TOWARDS PLANET AND PROFIT.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

ONE OF THE BIGGEST CHALLENGES FACING COMPANIES TODAY IS HOW TO ENSURE THAT CORPORATE GOVERNANCE STAYS INTEGRATED WITH BUSINESS OPERATIONS, SAFEGUARDS IT FROM RISKS AND INFLUENCES DECISION-MAKING IN A MANNER THAT ENHANCES RATHER THAN RESTRICTS THE COMPANY'S PURSUIT OF ITS STRATEGY. AT LEASEPLAN GOOD CORPORATE GOVERNANCE IS AT THE CENTRE OF OUR BUSINESS MODEL. OUR SYSTEMS OF GOVERNANCE PROVIDE THE NECESSARY CHECKS AND BALANCES BETWEEN MANAGEMENT AND EMPLOYEES, AS WELL AS BETWEEN MANAGEMENT, THE SUPERVISORY BOARD AND SHAREHOLDERS.

RECENT DEVELOPMENTS

The aftermath of the global economic crisis has resulted in increasing levels of legislative and regulatory demands on industries and companies. As a consequence we have been able to further test the effectiveness of our approach to corporate governance. In 2010 we experienced a change in shareholding, the start of internet savings bank activities for the group, a new Supervisory Board appointment, the introduction of the Dutch Banking Code and the related rules and regulations regarding remuneration in banks.

In view of these significant developments, action was taken during the year to review and, where necessary, adjust our corporate governance structure as detailed in the articles of association, the Supervisory Board Regulations and the Managing Board Regulations.

CODE OF CONDUCT

In 2010, we launched a renewed corporate Code of Conduct to employees which provides guidance on the principles which govern the way we conduct our business. More information on the Code of Conduct can be found on page 18.

MORAL ETHICAL STATEMENT AND THE DUTCH BANKING CODE

The Code of Conduct is in tune with the principles of the Dutch Banking Code with respect to moral ethical conduct. In addition, the members of the Managing Board have signed the moral ethical statement as defined in the Dutch Banking Code. A supplementary report on our implementation activities related to the Dutch Banking Code can be found on page 48.

CORPORATE GOVERNANCE REPORT

REGULATION

We have held a Dutch banking licence since 1993. The Dutch Central Bank (DNB) and the Netherlands Authority for the Financial Markets (AFM) supervise our operations. As a financial institution, one of the main regulations we need to comply with is the Dutch Act on Financial Supervision.

SHAREHOLDERS

Volkswagen Bank GmbH (50%)

Volkswagen Bank is a 100% subsidiary of Volkswagen Financial Services AG, which heads and consolidates entities that provide financing, leasing and insurance products to consumers and corporate customers in the European, Asian-Pacific, North American and South American region.

Volkswagen Bank, operating solely in Europe, also has one of the largest direct banking activities in Germany, which offers classic banking products (such as savings and payment accounts) and insurance. The bank has its own subsidiaries in Belgium, France, Germany, Greece, the Republic of Ireland, Italy, the Netherlands, Spain and the United Kingdom.

Fleet Investments B.V. (50%)

Fleet Investments B.V. is an investment company of the German banker Friedrich von Metzler. The heart of the Metzler group is the Frankfurt based bank B. Metzler seel. Sohn & Co. KGaA. Founded 336 years ago, it is the oldest private bank in Germany with an unbroken tradition of family ownership. Main group activities focus on asset management, corporate finance, equities, financial markets and private banking. In addition to the head office in Frankfurt, Metzler has offices in Munich, Stuttgart, Cologne/Düsseldorf, Hamburg, Atlanta, Los Angeles, Seattle, Tokyo, Dublin and Beijing.

STRUCTURE REGIME

As of 9 February 2010 and the launch of the retail activities under the brand LeasePlan Bank, in accordance with the provisions of Dutch law, we filed a statement with the Chamber of Commerce of Gooi-, Eem- and Flevoland that we now meet with the legal requirements of, and qualify for, the large company structure regime (art. 2:153 Dutch Civil Code). If the legal criteria to qualify for the large company structure regime continue to be met by us for an uninterrupted term of three years, we will amend our articles of association and introduce the large company structure regime in our governance. At the end of the financial year 2010 we still met the aforementioned legal requirements. The large company structure regime grants specific powers to the Supervisory Board and more influence of the employees on appointment of Supervisory Directors.

"ACTION WAS TAKEN DURING THE YEAR TO REVIEW AND ADJUST OUR CORPORATE GOVERNANCE STRUCTURE"

THE BOARDS

The Managing Board is made up of three members. The Supervisory Board was made up of four members until December 2010, after which it comprises five members. Both boards perform their duties and powers as laid down in the relevant laws, rules and regulations, the articles of association, and the regulations applicable to the Managing Board and the Supervisory Board respectively. The Managing Board meets every other week and the Supervisory Board meets at least four times a year.

INTERNAL CONTROLS

The Managing Board is responsible for the systems of internal control that are designed in such a way to safeguard controlled and sound business operations and to ensure the quality of internal and external reporting and compliance with applicable laws, regulations and codes of conduct. In devising internal controls, we have given regard to the nature and extent of the risks that may affect the soundness of the financial enterprise, the likelihood of it crystallising and the cost of control.

RISK APPETITE

The Managing Board has set the overall risk appetite for the Company in terms of (stand-alone) long-term debt rating. An institution's rating target is an indication of the overall risk appetite a company may have and the level of capital it will hold. In addition, the Managing Board sets the risk appetite for each underlying risk category for the Company. The Supervisory Board approves the risk appetite for the group annually, as well as approves any changes required throughout the year. The principal risks inherent to our business activities are individually discussed in the financial statements on page 74. A comprehensive overview of our risk management policies and objectives are described in detail in our Pillar III Disclosure. The Pillar III Disclosure is available on www.leaseplan.com.

GOVERNANCE AND COMPLIANCE

Effective 1 April 2010 the Senior Corporate Vice-President Legal & Compliance, assumed the role of Group Compliance Officer, reporting directly to the Chief Executive Officer and has the right to have direct access to the Chairman of the Supervisory Board.

Compliance risk concerns risks of legal or regulatory sanctions, financial loss, or loss to reputation we may suffer as a result of nonconformance with the integrity, expertise and professionalism requirements of applicable laws, regulations, codes of conduct, good management practices and internal policies. Compliance risk management is considered to be most effective when a high level of awareness exists within the entire group. Therefore it aims to constantly contribute to the advancement of compliance to external and internal regulation. Our compliance risk management practices are designed to be in the best interest of our clients, shareholders and employees, and are important to the way we conduct business. Effectively managing compliance with relevant laws, regulations and internal and external ethical standards, in both letter and spirit, is essential for maintaining a good reputation. It also leads to improved operational and reputational risk management and more stable business processes. The basis for mitigating the compliance risk is formed by our compliance charter, as well as our compliance risk policy. The Chief Executive Officer has assigned the task for identifying, assessing, advising, monitoring and reporting compliance risks to the independent Group Compliance Officer. A local compliance function exists in each country.

"IN 2010, WE LAUNCHED A RENEWED CODE OF CONDUCT TO EMPLOYEES"

GROUP AUDIT DEPARTMENT

Our independent Group Audit Department provides internal audit assurance. The internal audit activity is guided by the International Standards for the professional practice of internal auditing. The Senior Corporate Vice-President Audit reports directly to the Chief Executive Officer and has the right to have direct access to the Chairman of the Supervisory Board. The audit team consists of a combination of qualified professionals in the different audit disciplines and relevant experience in the business processes under review.

The Group Audit Department provides an ongoing independent and objective assessment of the effectiveness of internal control measures in terms of the infrastructure, existence and operation of the business units and group services of LeasePlan. The Group Audit Department reports the findings to the Managing Board and provides quarterly updates to the Audit Committee.

In 2010 the Group Audit Department improved the risk-based approach by mapping the internal risk analysis with the risk assessments as performed by the different disciplines of the Corporate Risk Department as well as with that of the regional management teams.

CORPORATE GOVERNANCE STATEMENT

Pursuant to the Dutch Decree of 20 March 2009, updated on 1 January 2010, implementing further accounting standards for annual reports (Besluit Corporate Governance) and based on the listing of LeasePlan debt securities issued on regulated markets in the EU, the following information is provided. The most important of the control systems set-up for securing reliable consolidated financial statements are:

- As a holding entity for the group LeasePlan has a uniform set of accounting and reporting principles for its business units based on its application of International Financial Reporting Standards;
- A monthly cycle of reporting is maintained and throughout the year financial results and movements therein are analysed, explained and linked to the risk management information;
- Compliance with these uniform accounting and reporting principles is reviewed by Control, Reporting & Tax and both internal and external auditors;
- Managers of the individual business units submit a letter of representation emphasising the compliance with the uniform set of accounting and reporting principles.

The group of entities that is included in the consolidated financial statements is comprised of subsidiaries in 30 countries acting as separate business units selling LeasePlan's core products. A full list of principal consolidated participating interests is included on page 130.

MANAGING BOARD RESPONSIBILITY ON FINANCIAL REPORTING

The Managing Board is responsible for maintaining proper accounting records, for safeguarding assets and for taking reasonable steps to prevent and detect fraud and other irregularities. It is responsible for selecting suitable accounting policies and applying them on a consistent basis, making judgements and estimates that are prudent and responsible. It is also responsible for establishing and maintaining internal procedures which ensure that all major financial information is known to the Managing Board, so that timeliness, completeness and correctness of external financial reporting are assured.

CONFORMITY STATEMENT PURSUANT TO SECTION 5:25C PARAGRAPH 2(C) OF THE DUTCH ACT ON FINANCIAL SUPERVISION (WET OP HET FINANCIEEL TOEZICHT)

As required by section 5:25c paragraph 2(c) of the Dutch Act on Financial Supervision, each member of the Managing Board hereby confirms that to the best of their knowledge:

- the LeasePlan 2010 annual financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of LeasePlan and the subsidiaries included in the consolidated financial statements;
- the LeasePlan 2010 Annual Report gives a true and fair view of the position at the balance sheet date, the development and performance of the business during the financial year 2010 of LeasePlan and the subsidiaries included in the financial statements, together with a description of the principal risks that LeasePlan is being confronted with.

SUPERVISORY DIRECTORS

Frank Witter
German

Chairman
Year of birth: 1959

Chief Executive Officer, Volkswagen Financial Services AG, Germany.

Appointed as member and Chairman of the Supervisory Board on 5 January 2009. Chairman of the Audit Committee, the Remuneration Committee and the Credit Committee.

Michael Klaus
German

Deputy Chairman
Year of birth: 1961

Partner, B. Metzler seel. Sohn & Co. Holding AG, Germany.

Appointed member of the Supervisory Board on 1 February 2010. Appointed Deputy Chairman on 19 March 2010. Member of the Audit Committee and the Credit Committee.

"THE COMPOSITION OF THE BOARD REFLECTS AND SUPPORTS OUR BUSINESS AMBITIONS"

Lars-Henner Santelmann
German

Year of birth: 1963

Member of the Board of Directors, Volkswagen Financial Services AG, Germany.

Appointed member of the Supervisory Board on 1 October 2006. Member of the Credit Committee and the Remuneration Committee.

Christian Schlögell
German

Year of birth: 1957

General Counsel, B. Metzler seel. Sohn & Co. Holding AG, Germany.

Appointed member of the Supervisory Board on 1 February 2010. Member of the Credit Committee.

Ada van der Veer - Vergeer
Dutch

Year of birth: 1959

Independent.

Appointed member of the Supervisory Board on 10 December 2010. Member of the Audit Committee and the Remuneration Committee.

Has 25 years' experience in financial services. Joined the Volkswagen Group in 1992 as Head of Capital Markets at Group Treasury and held senior treasury positions in both Europe and North America until 2001. Prior to rejoining the Volkswagen Group in 2002, he held the position of Corporate Treasurer for SAirGroup in Zurich, Switzerland. From 2002 to 2006 he acted as Chief Executive Officer and Chief Financial Officer in North America and Canada. In 2006 he was appointed member of the VW Group Board with responsibility for North America. Between 2007 and 2008 he acted as President and Chief Financial Officer of VW Credit Inc. and as Regional Manager for the Americas for all financial services companies. Since 2008, as a member of the VW Group Board, he has held the position of Chief Executive Officer of Volkswagen Financial Services AG based in Germany with full responsibility for the worldwide financial services operations of Volkswagen AG.

Has 25 years' experience in finance. Joined his current employer B. Metzler seel. Sohn & Co. in 1991. Has held senior roles as Head of Financial Markets, Head of the Bank's Treasury Committee, Head of Personnel, Co-head of Metzler Real Estate and Market Risk Controller for the entire Metzler Group. Appointed Partner in 2005. Other board positions include: member of the Board of Directors of Metzler/Payden, LLC, Los Angeles; Metzler Realty Advisors, Inc. Seattle; member of the Supervisory Board of BVV Versicherungsverein des Bankgewerbes A.G., Berlin; Executive Officer of Metzler Securities GmbH and General Securities Principal of Metzler Securities Corp., New York. Also member of the Advisory Committee of Hauptverwaltung der Deutschen Bundesbank, Frankfurt. Currently Managing Director of Antje Verwaltungs GmbH, Frankfurt; Fleet Investments B.V., Amsterdam; Global Mobility Holding B.V., Amsterdam. Formerly Managing Director of Metzler Nederland B.V.

Has 20 years' experience in finance including senior roles in Volkswagen AG, Autogerma SpA and SEAT. Also has extensive management experience in senior commercial and sales & marketing roles. In 2005 he was appointed General Manager for Volkswagen Financial Services AG and Volkswagen Bank GmbH. Appointed to the Board of Directors of Volkswagen Financial Services AG in 2008 with sales and regional responsibilities.

Has more than 20 years' experience as a banking and corporate lawyer. Joined his current employer, the German Metzler banking group, in 1994 as Head of Legal. Has extensively worked in Europe, North America and Asia on corporate finance, M&A transactions, general banking and compliance matters and structuring issues. Holds various managerial roles at Metzler and is Chairman of the Supervisory Board of Freunde der Eintracht AG, Frankfurt. Prior to 1994, was a Legal Counsel for Robert Bosch GmbH, Stuttgart, and a member of the Supervisory Board of Robert Bosch Elektronik GmbH.

Has 25 years' broad experience in the financial services industry including a strong background in the banking sector. Her previous positions include Chief Executive Officer of Currence Holding, Chairperson of the Board of Staal Bankiers and member of the Executive Board of Achmea Bank Holding. Since 2007, she has worked as an independent Board advisor for strategy and corporate governance. Her current other Supervisory Board memberships include the Netherlands Public Broadcasting and Alliander N.V. Furthermore she is an Executive Board member of Stichting Preferente Aandelen Nedap N.V. and also she is an advisor to the National Register of Directors and Supervisors.

SUPERVISORY BOARD REPORT

THE ROLE OF THE SUPERVISORY BOARD

The purpose of the Supervisory Board is to supervise the policy of the Managing Board and the general course of events of LeasePlan and its group companies. In its role, the Supervisory Board advises the Managing Board in determining the Company's strategic direction and regularly reviews operating and financial performance in light of agreed strategy, objectives, business plans and budgets, taking corrective action where necessary. In line with Dutch company law, the Dutch Banking Code and the articles of association, the Supervisory Board regulations require all members of the Supervisory Board to act in accordance with the interests of LeasePlan and its group companies, and their business enterprise.

Certain resolutions of the Managing Board, specified in the articles of association of LeasePlan and the Supervisory Board regulations, are subject to approval of the Supervisory Board.

SUPERVISORY BOARD MEETINGS 2010

During the year under review the Supervisory Board met on four occasions. The recurring items on the quarterly agenda include the financial and commercial results, market developments, developments relating to funding and liquidity, and risk management with specific focus on asset risk management and credit risk management. During the course of 2010, the Supervisory Board paid particular attention to regulatory changes, market and industry developments, the Company's strategy, performance and business model and the funding position of LeasePlan.

"THE SUPERVISORY BOARD APPROVED THE OVERALL RISK APPETITE FOR THE COMPANY"

In June 2010, the Supervisory Board discussed in detail the final report of the strategic review conducted by the Boston Consulting Group on the mid- to long-term orientation of LeasePlan.

In December 2010, the regulations for the Supervisory Board and its Committees were adjusted to better reflect the Banking Code and its principles and were approved by the Supervisory Board. At this meeting the Supervisory Board discussed its own performance, that of its Committees and the lifelong learning programme. During this assessment, the Supervisory Board concluded that the required knowledge and experience are sufficiently available within the Supervisory Board for the proper execution of such duties. Additionally, the Supervisory Board approved the overall risk appetite for the Company, and the risk appetite for the Company's principal risks.

The Supervisory Board also discussed the improving credit and asset risk profiles of the Company. The Supervisory Board held discussions on the funding diversification strategy including securitisations, the launch and success of LeasePlan Bank. The new revolving credit facility was also discussed. In general, the Supervisory Board discussed all items reported by the management in line with the matters outlined in the regulations for the Supervisory Board, as well as other specific business matters reported by the management.

PROFILE AND COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board of LeasePlan has been composed in such a way to warrant proper execution of the function of the board and its committees. The Supervisory Board size and composition are attuned to the nature of the business of LeasePlan, the characteristics of its banking activities and the required expertise and background of the members of the Supervisory Board. The Supervisory Board of LeasePlan has a complementary and mixed composition and complies substantially with the Banking Code's provisions in the duties it performs under its purview. The Supervisory Board has drawn up a profile to be used as the basis for its current and future composition.

TERMS OF APPOINTMENT OF MEMBERS OF THE SUPERVISORY BOARD

Supervisory Directors are appointed for a term of four years and may be reappointed following the expiry of each four year term.

CHANGES IN COMPOSITION

Michael Klaus and Christian Schlögell were appointed members of the Supervisory Board effective 1 February 2010. Ada van der Veer was appointed as an independent member of the Supervisory Board effective 10 December 2010. The appointments were approved by the shareholders of LeasePlan and the Dutch Central Bank.

INFORMATION AND COMMUNICATION

The Chairman, together with the Corporate Secretary, ensures that the Supervisory Directors receive timely and clear information on all relevant matters. The Supervisory Board annually reviews and discusses the yearly Board report and group management letter prepared by the external auditor and the Annual Report prepared by the Company. This discussion is also attended by the external auditors. From 2011 onwards the Supervisory Board and/or the Audit Committee will meet with the external auditors twice a year. On an annual basis the Supervisory Board also discusses the Company's strategy and policy for the medium- and long-term, as well as the Annual Plan for the ensuing five-year period.

PERFORMANCE AND DEVELOPMENT

The Chairman of the Supervisory Board organises a programme of lifelong learning, with the aim of maintaining the expertise of the Supervisory Directors at the standards that are generally imposed on supervisory board members in the Dutch financial sector and improving their expertise where necessary. The learning programme covers relevant developments in the Company and in the financial sector, corporate governance in general and in the financial sector in particular, the duty of care towards the client, integrity, risk management, financial reporting and audits. Every Supervisory Director takes part in the programme and meets the requirements for lifelong learning.

The Supervisory Board carries out an annual assessment of its own performance, its composition and effectiveness as well as the effectiveness of the lifelong learning programme.

Once every three years the assessment may be performed with the assistance of independent supervision (by a professional party invited by the Supervisory Board for that purpose). In this tri-annual assessment, the performance of individual Supervisory Directors, the culture within the Supervisory Board and the relationship between the Supervisory Board and the Managing Board shall be evaluated.

COMMITTEES OF THE SUPERVISORY BOARD

On 31 December 2010, the Supervisory Board had three standing committees: the Audit Committee, the Credit Committee and the Remuneration Committee. There is no separate Risk Committee since the relevant subjects are reviewed and discussed by all members of the Supervisory Board. Each Supervisory Director is entitled to attend the committee meetings, and for that purpose receives the agenda for each committee meeting, as well as all documents tabled to be discussed or dealt with at such meeting.

Audit Committee

The purpose of the Audit Committee is to assist the Supervisory Board in discharging its responsibilities for:

- the operation of the system of controls implemented by the Managing Board, e.g. risk management, financial control, data security, information and communication technology, compliance and the internal audit function;
- the operation of all internal management reporting systems e.g. on the basis of monthly financial reports, quarterly risk management reports, reports on residual values, funding, internal audit reports and other reports if deemed necessary;
- the compliance with the recommendations and remarks of the external auditor;
- the findings on quality and effectiveness of the system of governance, as reported by the external auditor and the relationship with the external auditor, including in particular focus on independence, remuneration and non-audit activities;
- financial reporting, annual accounts and annual audit reports, including the choice of accounting policies, applicability of new rules and regulations and their effects;
- review of annual reports on compliance by the Company with applicable supervisory legislation, including the assessment of material findings of investigations of regulatory and/or supervisory authorities; and
- matters resulting from the Company's group audit findings which have not been solved within a term of six months from the date that the finding was reported.

Membership of the Audit Committee
The members of the Audit Committee are Frank Witter (Chairman), Michael Klaus and Ada van der Veer. The members of the Managing Board and the Senior Corporate Vice-President Audit attend the Audit Committee meetings as guests.

Credit Committee
The purpose of the Credit Committee is to assist the Supervisory Board in discharging its responsibilities for:
- matters relating to credit exposure and guarantees;
- matters involving the investment in property;
- matters relating to borrowings.

Membership of the Credit Committee
The members of the Credit Committee are Frank Witter, Michael Klaus, Lars-Henner Santelmann and Christian Schlögell.

Remuneration Committee
The purpose of the Remuneration Committee is to assist the Supervisory Board in discharging its responsibilities for:
- all matters relating to the nomination, remuneration and performance of the members of the Managing Board and all policies relating to the remuneration and performance of the members of the Executive Management Team and top management of LeasePlan group companies; and
- the principles underlying the remuneration policy in the Company and its group companies, as applicable, including the policy on retention, exit and welcome packages, and the annual discussion within the Supervisory Board on the highest variable incomes.

Membership of the Remuneration Committee
The members of the Remuneration Committee are Frank Witter (Chairman), Lars-Henner Santelmann and Ada van der Veer. The Chief Executive Officer and the Senior Corporate Vice-President HR usually attend the Remuneration Committee meetings as guests.

COMMITTEE MEETINGS
The Audit Committee met on four occasions in 2010 with a focus on internal control, and the main input provided by the Company's Group Audit Department. Every quarter the Audit Committee reviews the main conclusions of the audits concluded during each preceding period, those high priority issues identified by the Group Audit Department that have not been addressed conclusively within six months, as well as a report on any fraud and integrity matters. The Senior Vice-President Audit attends all meetings of the Audit Committee as a guest. The external auditors attend the Audit Committee meeting twice a year as from 2011. In addition to the regular items discussed by the Audit Committee, in March 2010 the committee reviewed the internal audit charter and audit plan for 2010.

ANNUAL REPORT AND ACCOUNTS
The Supervisory Board presents the financial statements of LeasePlan for the financial year 2010, as drawn up by the Managing Board. The financial statements have been audited by and discussed with PricewaterhouseCoopers Accountants N.V. The independent auditor's report can be found on page 135. We recommend that the shareholders adopt the financial statements and the proposed profit appropriation contained therein. We also recommend that the shareholders endorse the Managing Board's conduct of the Company's affairs and the supervision thereof by the members of the Supervisory Board.

"THE SUPERVISORY BOARD WOULD LIKE TO EXPRESS ITS APPRECIATION TO THE MANAGEMENT TEAMS AND ALL EMPLOYEES"

APPRECIATION FOR THE MANAGING BOARD AND LEASEPLAN EMPLOYEES

The Supervisory Board would like to thank the members of the Managing Board and the top management teams of LeasePlan for their work and commitment to LeasePlan in a challenging economic environment. In 2010 the work of the Managing Board focused on getting LeasePlan back to performance levels achieved before the onset of the crisis. The Supervisory Board would also like to express its appreciation to the 6,000 employees who have served the interests of the clients, the shareholders and other stakeholders of LeasePlan, and have shown great commitment throughout this challenging period.

REVIEW OF THE YEAR AND OUTLOOK

A review of LeasePlan's 2010 performance and 2011 outlook are set out on pages 5 to 31. This is intended to inform stakeholders and help them assess how the Supervisory Board has performed in its duty to promote the success of the Company and its group companies, and their business enterprises.

Almere, 30 March 2011

The Supervisory Board

Frank Witter
Michael Klaus
Lars-Henner Santelmann
Christian Schlögell
Ada van der Veer - Vergeer

REMUNERATION REPORT

GROUP REMUNERATION POLICY

The objective of the group's remuneration policy is to provide, in the context of the Company's business strategy, remuneration in form and amount that will attract, retain, motivate and reward high calibre employees to deliver superior long-term business performance within acceptable risk parameters. In determining the level and structure of remuneration for members of the Managing Board and other senior staff employed by the group, the Supervisory Board takes into account, among other things, the financial and operational results as well as non-financial indicators relevant to the long-term objectives of LeasePlan. The Supervisory Board and the Remuneration Committee have performed and will continue to perform risk scenario analyses to assess and ensure that the outcome of variable remuneration components appropriately reflect performance and as a whole provide comprehensive coverage of the risks to which variable remuneration may expose LeasePlan. The group remuneration policy is approved by the Supervisory Board.

Managing Board

All remuneration elements for the Managing Board are reviewed, discussed and prepared by the Remuneration Committee for the final decision of the Supervisory Board.

Senior management group

Fixed and variable pay for the senior management group is determined by the Managing Board in line with the group remuneration policy, while other benefits are offered in line with local policy. This provides for a consistent approach for the senior management group in terms of fixed and variable pay, with benefits being provided in line with prevailing local market conditions.

Other employees

All remuneration elements are determined in line with the group remuneration policy and supporting local remuneration policy.

KEY ASPECTS OF THE REMUNERATION POLICY FOR THE MANAGING BOARD

Base salary

Base salaries are determined by reference to the relevant peer group of companies and are targeted to be at just below the median level of the peer group. The Remuneration Committee evaluates base salaries for members of the Managing Board and may recommend adjustments to the Supervisory Board.

Short-term incentive

The policy in respect of the short-term incentive (STI) is designed to drive and reward the achievement of LeasePlan's annual performance objectives. The Supervisory Board may act on its sole discretion in determining the final pay-out, and adjust the STI amount that would have been payable under the plan rules downwards if the pay-out would produce an unfair result due to extraordinary circumstances.

Long-term incentive

The objective of the long-term incentive (LTI) is designed to reward long-term value creation. The Supervisory Board may at its sole discretion adjust, in determining the final pay-out, the LTI amount that would have been payable under the plan rules downwards if the pay-out would produce an unfair result due to extraordinary circumstances.

Maximum variable remuneration

In accordance with the rules of the current group remuneration policy, variable remuneration components allocated to the Managing Board did not exceed 100% of fixed salary. As from 1 January 2011 all variable remuneration elements paid to the Managing Board under the amended group remuneration policy will also not exceed 100% of fixed salary.

Discretionary adjustments and claw back
If any variable component conditionally awarded in a calendar year would, in the opinion of the Supervisory Board, produce an unfair result due to extraordinary circumstances during the period in which the predetermined performance criteria have been or should have been achieved, the Supervisory Board has at all times the power to adjust the value downwards. Furthermore, the Supervisory Board may recover any variable remuneration awarded on the basis of incorrect financial or other data (claw back).

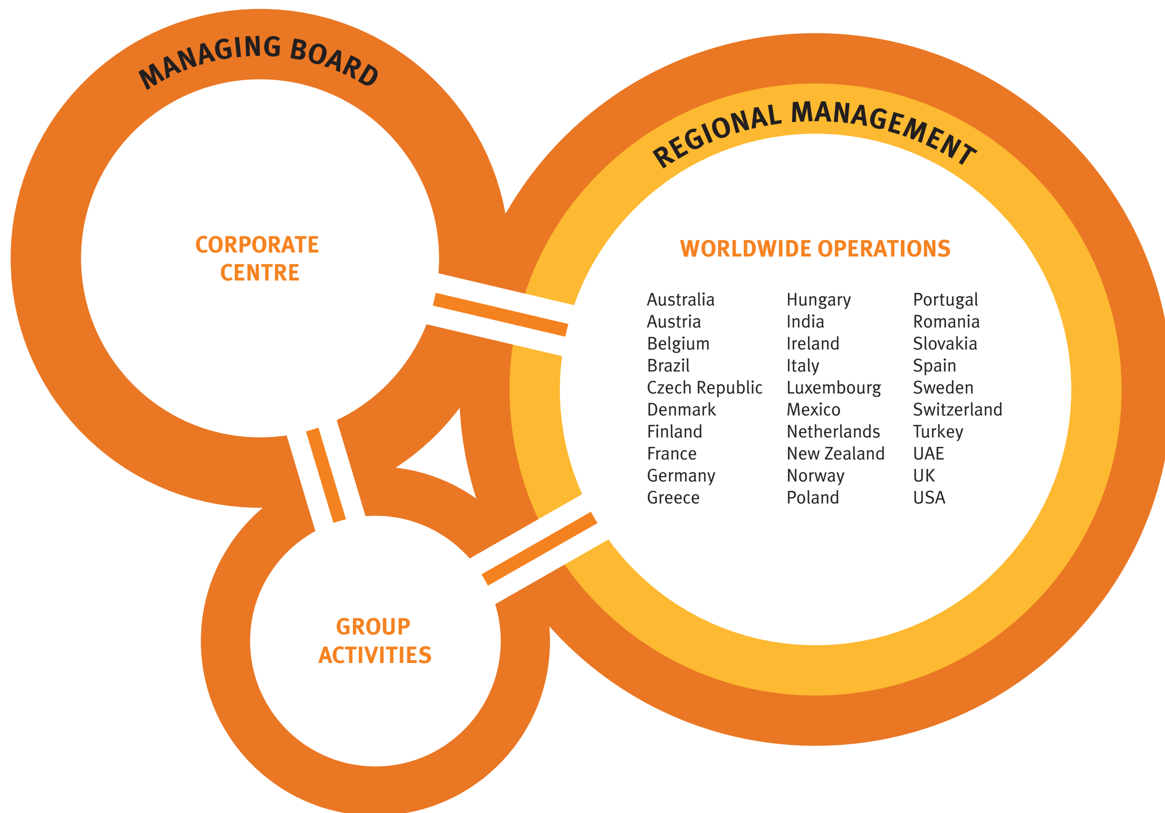
COMPLIANCE AND GOVERNANCE

Currently, the Remuneration Committee has finalised the review of the group remuneration policy to ensure continuing compliance with our remuneration principles, best corporate governance practices, the Banking Code and alignment with the new legislation pursuant to the European Capital Requirements Directive (CRD III) and associated implementation rules of DNB. These new rules have become effective as from 1 January 2011 and the DNB has set a transition period up to 31 March 2011. To this end, the Remuneration Committee has taken actions to identify the staff in-scope of CRD III and the associated implementation of CRD III within LeasePlan.

Without prejudice to our obligations arising from (employment) contracts and only to the extent that CRD III allows this, the variable remuneration elements awarded for services over 2010 shall be paid in accordance with the current remuneration policy. All other variable remuneration elements relating to the period as from 1 January 2011 shall be aligned with the scope of CRD III and in a manner that is appropriate and proportionate to the size of our internal organisation and the nature, risk profile and long-term strategy of our business. Recommended adjustments to the group remuneration policy based on the assessment of the Remuneration Committee shall be made by the Supervisory Board with retrospective effect from 1 January 2011. LeasePlan shall include, in its next Annual Report of 2011, a report from the Supervisory Board on the implementation of the amended group remuneration policy.

The Supervisory Board will regularly conduct a risk analysis with respect to possible outcomes of the adjustments made to the group remuneration policy concerning variable remuneration to ensure that it is aligned with CRD III and all other relevant best corporate governance practices, the Banking Code and any future applicable legislation.

ORGANISATION STRUCTURE



MAIN OPERATING COMPANIES

Our main operating companies provide front-line fleet management services to diverse client segments in 30 countries. The countries offer comprehensive fleet solutions covering strategic fleet advice, funding options, full service leasing, ancillary fleet and driver services to large corporate clients, public sector and small- to medium-sized businesses.

CORPORATE CENTRE

The Corporate centre comprises central functions providing global policies, support services and Group-wide strategic projects to the operating countries of LeasePlan.
The central functions include Business Development; Business Information Management; Car Remarketing, Operations & Procurement; Control, Reporting & Tax; Corporate Communications; Corporate Strategy & Development; Human Resources; Legal & Compliance; Regional Management; Risk Management and Strategic Finance.

GROUP ACTIVITIES

Group activities comprises the following LeasePlan companies:

Euro Insurances is our wholly owned specialist motor insurance company.
Euro Insurances is active in 20 countries, with LeasePlan its main customer in the European Economic Area, Australia and New Zealand. Euro Insurances Ltd. is based in Dublin, Ireland and is regulated by the Central Bank of Ireland.

LeasePlan Bank is a Dutch internet savings bank and an entity of LeasePlan.
LeasePlan Bank offers attractive and transparent savings products to both corporate and private clients in the Netherlands. LeasePlan Bank was established in 2010 to provide an additional source of financing for our core business.

LeasePlan Infrastructure Services is our shared data centre established in 2003.
LeasePlan Infrastructure Services helps to harmonise our various ICT applications and platforms in a robust ICT network for our entire business operations, clients and drivers.
The company is based in Dublin, Ireland.

LeasePlan International is a dedicated entity within LeasePlan focusing on the sale and marketing of international fleet management services and manages the accounts of large international clients worldwide. LeasePlan International was formed in 1996 in order to offer coordinated fleet management solutions at a global level.

LeasePlan Supply Services looks to leverage our scale and purchasing power in the area of global procurement of fleet management services and international car remarketing.

LeasePlan Treasury arranges and manages our funding programmes and concludes our funding and financing transactions with all entities and external counterparts in the financial markets.

Travelcard is our fuel card innovation company offering ease of use, fuel monitoring and additional innovative mobility services to fleet managers and business drivers in the Netherlands.

SUPPLEMENTARY DUTCH BANKING CODE REPORT

LEASEPLAN AND THE DUTCH BANKING CODE

LeasePlan is a Dutch financial services company focused on vehicle and fleet management. We have held a Dutch banking licence since 1993 and, as such, fall under the supervision of the Dutch Central Bank (De Nederlandsche Bank N.V.). The Netherlands Authority for the Financial Markets also supervises our operations and one of the main regulation we need to comply with is the Dutch Act on Financial Supervision. In September 2009, the Netherlands Bankers' Association (NVB) published the Dutch Banking Code in response to a report entitled 'Restoring Trust' published by the Advisory Committee on the Future of Banks in the Netherlands. The Banking Code lays out the principles of conduct for Dutch banks in terms of the role of the banks' Executive Board (Managing Board in LeasePlan) and Supervisory Board, corporate governance, risk management, audit and remuneration. The Banking Code is a form of self-regulation that took effect on 1 January 2010 on a 'comply' or 'explain' basis.

ABOUT THE SPECIFIC BANKING ACTIVITIES OF LEASEPLAN

In February 2010 we established LeasePlan Bank, a Dutch internet savings bank and an undertaking of the globally operating LeasePlan. LeasePlan Bank was established with the purpose of further diversifying the financing of our core business activities. Attracting funds from both corporate and private clients through straightforward internet savings products fits well into this strategy. LeasePlan Bank only provides non-complex banking products in the Dutch savings market. The bank pursues an honest, transparent and customer-friendly approach, offering comprehensible internet savings products with clear conditions.

"IN THE COURSE OF 2010, WE PAID MUCH ATTENTION TO THE IMPLEMENTATION OF THE BANKING CODE"

IMPLEMENTATION OF THE BANKING CODE

Impact assessment

In the course of 2010, we paid much attention to the implementation of the Banking Code following the completion of a comprehensive compliance gap analysis. Under the supervision of the Managing Board, the gap analysis was carried out by the Legal and Compliance Department and involved a group of representatives from across the organisation. The result of the gap analysis was then reported to the Managing Board and the Supervisory Board of LeasePlan with advice on the effective implementation of the Banking Code.

On the basis of the gap analysis of the principles of the Banking Code against the governance structure, service and products offered by LeasePlan, we found that:

- we already complied with most of the principles;
- we will apply the Banking Code at the consolidated of LeasePlan. As such the Supervisory Board and Managing Board endorse the principles of the Banking Code; and
- overall, we will follow the comply approach.

Furthermore, with respect to the areas where we did not yet satisfy the requirements, measures were taken during the year to implement the principles. This supplementary report sets out which activities were carried out within the scope of this implementation since the Banking Code came into effect.

MORAL ETHICAL STATEMENT

The members of the Managing Board of LeasePlan support the Banking Code with regard to the banking activities of the Company and as such have signed the moral ethical statement. The statement was signed for the first time by each member of the Managing Board on 3 May 2010. During its meeting of 19 January 2011 the Managing Board signed the moral ethical statement again. In view of the announced changes in the Managing Board as of 1 April 2011, the moral ethical statement was also signed by Sven Huster, who will succeed Hans Peter Lützenkirchen as member of the Managing Board and Chief Operating Officer. The moral ethical statement reads as follows:

> "I declare that I will perform my duties as a banker with integrity and care. I will carefully consider all the interests involved in the bank, i.e. those of the clients, the shareholders, the employees and the society in which the bank operates. I will give paramount importance to the client's interests and inform the client to the best of my ability. I will comply with the laws, regulations and codes of conduct applicable to me as a banker. I will observe secrecy in respect of matters entrusted to me. I will not abuse my banking knowledge. I will act in an open and assessable manner and I know my responsibility towards society. I will endeavour to maintain and promote confidence in the banking sector. In this way, I will uphold the reputation of the banking profession."

Putting clients first - duty of care

In the Banking Code, it is noted that putting the client first is a prerequisite for the bank's continuity. We believe that the moral ethical behaviour and duty of care towards clients prescribed in the Banking Code are complementary to our approach in business. In fact, these underlying principles have long been part our culture and practices. For LeasePlan this means continually investing in the quality, expertise and professionalism of our people so that we deliver high standards of service, quality and care, which goes beyond any statutory framework. This was a central theme in establishing LeasePlan Bank's approach to client service and is reflected in the bank's approach to offering savings products that provide clients with a transparent interest rate.

In 2010 our underlying cultural principles were further reinforced by the roll-out of the LeasePlan Engagement Programme (LEP). This programme centres on our core values: Commitment, Expertise, Passion and Respect. Our value 'Respect' focuses on treating others, (colleagues, clients and other stakeholders) as we would want to be treated ourselves. As part of LEP, every employee worldwide participated in workshops to help them better understand our values and apply them to their behaviours and daily activities.

"DUTY OF CARE TOWARDS CLIENTS IS COMPLEMENTARY TO OUR APPROACH TO BUSINESS"

With a view to further reinforcing ethical business practices in the interests of our clients, we renewed our Code of Conduct to better reflect the values and behaviours that existed in our organisation. Our renewed Code of Conduct more than covers the principles of the Dutch Banking Code with respect to moral ethical conduct. In 2011, we will start a corresponding employee awareness campaign to help embed the renewed Code of Conduct even further in our organisation. More information on the renewed Code of Conduct can be found in the Corporate Responsibility section of this report on page 18.

SUPERVISORY BOARD

The Supervisory Board has been composed in such a way to warrant proper execution of the function of the Board and its Committees. The Supervisory Board size and composition are attuned to the nature and characteristics of our business, and the required expertise and background of each member. The Supervisory Board has a complementary and mixed composition and complies with the Banking Code's provisions in the duties it performs under its purview. The appointment of Ada van der Veer as member of the Supervisory Board in on 10 December 2010 further strengthened the independence and diversity of the Supervisory Board. The other four Board members are associated, by way of employment, to the LeasePlan shareholders. As such those four Board members are compensated by the shareholders for the performance of their tasks and responsibilities as LeasePlan Supervisory Board members. Ada Van der Veer is compensated by LeasePlan for her tasks and responsibilities as a member of the LeasePlan Supervisory Board.

In 2010, the regulations for the Supervisory Board and its Committees were adjusted to reflect the Banking Code and its provisions. An individual profile outline was prepared also for each vacancy on the Supervisory Board in order to fully comply with principle 2.1.5 of the Banking Code. In addition, a continuing lifelong learning programme for the members of the Supervisory Board was set up. This programme addresses developments mainly in the field of duty of care for the client, governance for banks, integrity, risk management, financial reporting and audit. The programme includes at least one Supervisory Board visit a year to a LeasePlan operating entity entailing presentations about the local economy or other relevant developments, customers, business and related risks. In 2010, the Supervisory Board visited the LeasePlan subsidiary in Spain. Furthermore, the programme includes, at least once a year, a presentation and discussion facilitated by an external specialist. At the day of its meeting in December 2010 in Spain, the Supervisory Board discussed its own performance, that of its Committees and of the lifelong learning programme. During this assessment, the Supervisory Board concluded that the required knowledge and experience are sufficiently available within the Supervisory Board for the proper execution of such duties. The functioning of the Supervisory Board and the lifelong learning programme shall be evaluated on an annual basis. Once every three years it will be done under independent supervision, for the first time in 2012.

Currently there are three Committees of the Supervisory Board, namely the Remuneration Committee, Audit Committee and Credit Committee. Under the 'comply or explain' principle of the Banking Code it is explained that there is no separate Risk Committee. In view of the importance of risk management, and also taking into account the size of the Supervisory Board, the Board has determined that, instead of establishing a separate Risk Committee, all members will retain full responsibility for overseeing decisions concerning the risk management framework for the group.

MANAGING BOARD (EXECUTIVE BOARD)

The Managing Board has sufficient diversity in the background, knowledge and expertise of the individual members to warrant proper execution of the overall management of the group, including its relevant banking activities. The division of tasks within the Managing Board is determined by the Board itself and is approved by the Supervisory Board. The members of the Managing Board are fully supported in performing their duties with the advice and services provided by a mixed and diverse Executive Management Team.

The Banking Code provisions applicable to the Managing Board have been fully adopted. Also an individual profile outline was prepared for each vacancy on the Managing Board in order to comply with the requirements of the Banking Code. We have a continuing lifelong learning programme in place for the members of the Managing Board which meets the requirements of the Banking Code. There have been various internal and external experts who have given presentations and organised discussions involving the Managing Board. One of the highlights of the program in 2010 was a session for the Managing Board, the Executive Management Team and the Corporate Management Team in November led by Professor Winter and Professor Cools regarding Corporate Governance. Going forward, this programme will ensure that it addresses future developments in the field of duty of care for the client, integrity, risk management, financial reporting, corporate governance and audit.

The Supervisory Board will assess on an annual basis, for the first time in 2011, whether the members of the Managing Board still comply with the capability requirements of the Dutch Central Bank.

In accordance with principle 3.1.7 of the Banking Code, the Chief Financial Officer is the member of the Managing Board specifically charged with the responsibility for preparing the decision making with regard to risk management.

RISK MANAGEMENT

In 2010, the definition of the risk appetite of the group has been confirmed in accordance with the requirements of the Banking Code and was discussed with and approved by the Supervisory Board. The explicit setting of the risk appetite for the group companies will be embedded in our annual planning cycle as from 2011. At least once a year, the Managing Board will submit the risk appetite of LeasePlan to the Supervisory Board for its approval.

Product Approval Process (PAP)

A standard procedure exists for developing products related to our core business of vehicle leasing and fleet management. Several departments are involved in the development of newly proposed products, and for making their own assessment of the new product. In addition, new products are developed based on market demands and, as part of the standard development process, are often tested with existing and/or prospective clients. Furthermore, in the area of duty of care, we have established mechanisms for monitoring and acting on client and driver feedback as part of the service lifecycle. Our standard product development procedure will be reviewed during the course of 2011 to ensure that it reflects the principles of the Banking Code.

In view of the introduction of LeasePlan Bank in 2010, the Managing Board approved a separate PAP for products offered specifically by the bank. The PAP for LeasePlan Bank products consists of an eight phase development process which includes an assessment of the risks and duty of care towards clients. A dedicated Product Approval Committee, acting as an advisory body to the Managing Board, owns the primary task of overseeing this process for new products and changes to existing products. Group Audit annually reviews whether the PAP for LeasePlan Bank products has been designed properly, is present and works effectively. The PAP for LeasePlan Bank complies with section 4.5 of the Banking Code.

AUDIT

The Group Audit Department is headed by a Senior Corporate Vice-President, who reports to the Chief Executive Officer. Sufficient measures are in place to warrant the independence of the audit function, including the right to directly approach the Chairman of the Supervisory Board if circumstances so require. Before the introduction of the Banking Code, the Group Audit Department did not prepare a yearly overall report to the Audit Committee on the effectiveness of the organisational structure and the procedures and measures aimed at managing the institution's risk exposure. A specific audit program to achieve this will be rolled out in 2011 and the first report regarding such effectiveness will be presented to the Audit Committee in December 2011. The required level of audit resources has been allocated to this task. In 2010, the internal Group Audit Department entered into thorough discussions with its peers in the industry to get a better view on the internal control assessments that are required to fully comply with the provisions of the Banking Code. Subsequently, the first steps were taken in 2010 in preparing the key risk issues at headquarter level that will require further audit attention in 2011.

REMUNERATION POLICY

Our group remuneration policy, including Managing Board remuneration, is in line with the requirements of the Banking Code and takes account of the strategy, objectives and long-term interests of the group. Following the issue by the Committee of European Banking Supervisors (CEBS) on 10 December 2010 of its Guidelines on Remuneration Policies and Practices (the Guidelines), followed by associated implementation rules of the Dutch Central Bank, in relation to the remuneration principles contained in the amendments to the European Capital Requirements Directive (CRD III), we started to revise our remuneration policy. The Guidelines are more stringent and more prescriptive, except where it concerns the maximum variable remuneration provisions in the Banking Code for Managing Board members. On this principle the Banking Code is more stringent and will continue to be followed by LeasePlan. This is all part of the revised remuneration policy, which has been approved by the Supervisory Board in its meeting of March 2011. The members of the Managing Board have accepted the applicability of the claw back requirements under principle 6.4.6 of the Banking Code.

FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December

In thousands of euros	Note	2010	2009
CONTINUING OPERATIONS			
Revenues	2	6,977,968	6,459,238
Cost of revenues	2	6,291,368	5,932,451
Gross profit		**686,600**	**526,787**
Interest and similar income	3	896,121	939,188
Interest expenses and similar charges	4	596,991	659,278
Net interest income		**299,130**	**279,910**
Impairment charges on loans and receivables	13	19,763	56,010
Net interest income after impairment charges on loans and receivables		**279,367**	**223,900**
Unrealised gains/(losses) on financial instruments	11	-4,749	-1,736
Other financial gains	5	-	63,369
Net finance income		**274,618**	**285,533**
Total operating and net finance income		**961,218**	**812,320**
Staff expenses	6	412,392	377,830
General and administrative expenses	7	227,045	190,684
Depreciation and amortisation	8	57,369	34,840
Total operating expenses		**696,806**	**603,354**
Share of profit of associates and jointly controlled entities	16	7,397	2
Profit before tax		**271,809**	**208,968**
Income tax expenses	9	75,053	40,764
Profit for the year from continuing operations		**196,756**	**168,204**
DISCONTINUED OPERATIONS			
Result for the year from discontinued operations	21	1,878	-2,971
Profit for the year		**198,634**	**165,233**
PROFIT ATTRIBUTABLE TO			
Owners of the parent		**198,634**	**165,233**
Non-controlling interest		-	-

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December

In thousands of euros	Note	2010	2009
PROFIT FOR THE YEAR		**198,634**	**165,233**
Other comprehensive income:			
Changes in cash flow hedges, before tax	9	-34,913	19,132
Cash flow hedges recycled from equity to profit and loss, before tax	9	127,548	22,531
Income tax on cash flow hedges	9	-7,042	-6,944
Subtotal changes in cash flow hedges, net of income tax		**85,593**	**34,719**
Currency translation differences		38,130	34,311
Other comprehensive income, net of income tax		**123,723**	**69,030**
Total comprehensive income for the year		**322,357**	**234,263**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO			
Owners of the parent		322,357	234,263
Non-controlling interest		-	-
Total comprehensive income for the year		**322,357**	**234,263**

CONSOLIDATED BALANCE SHEET

In thousands of euros	Note	31 December 2010	31 December 2009	1 January 2009
ASSETS				
Cash and balances at central banks	10	61,175	35,673	25,476
Derivative financial instruments	11	329,014	275,154	231,901
Receivables from financial institutions	12	1,515,476	1,313,641	881,719
Receivables from clients	13	2,726,133	2,543,176	2,772,917
Corporate income tax receivable		32,957	58,464	29,305
Financial assets held-to-maturity		-	-	369,299
Inventories	14	158,542	134,208	203,434
Other receivables and prepayments	15	600,893	570,101	595,254
Loans to associates and jointly controlled entities	16	186,571	232,849	230,780
Investments in associates and jointly controlled entities	16	35,754	22,447	23,852
Property and equipment under operational lease and rental fleet	17	11,432,680	11,548,795	11,950,972
Other property and equipment	18	81,856	86,253	95,823
Deferred tax assets	19	155,135	133,429	133,697
Intangible assets	20	150,736	158,878	134,459
		17,466,922	**17,113,068**	**17,678,888**
Assets classified as held-for-sale and discontinued operations	21	2,378	13,146	19,924
Total assets		**17,469,300**	**17,126,214**	**17,698,812**
LIABILITIES				
Corporate income tax payable		59,427	65,168	26,552
Borrowings from financial institutions	23	2,201,314	2,379,435	3,822,517
Funds entrusted	24	1,919,172	217,622	1,645,211
Debt securities issued	25	8,415,591	10,068,550	7,989,033
Derivative financial instruments	11	423,851	480,385	359,434
Trade and other payables and deferred income	26	1,835,334	1,620,121	1,572,343
Deferred tax liabilities	19	138,875	122,487	141,595
Provisions	27	269,899	282,944	257,077
Subordinated loans	28	269,057	268,750	498,381
		15,532,520	**15,505,462**	**16,312,143**
Liabilities classified as held-for-sale and discontinued operations	21	376	2,417	2,597
Total liabilities		**15,532,896**	**15,507,879**	**16,314,740**
EQUITY				
Share capital	29	71,586	71,586	71,586
Share premium		506,398	506,398	506,398
Other reserves	30	1,358,420	1,040,351	806,088
Equity attributable to the owners of the parent		**1,936,404**	**1,618,335**	**1,384,072**
Non-controlling interest		-	-	-
Total equity		**1,936,404**	**1,618,335**	**1,384,072**
Total equity and liabilities		**17,469,300**	**17,126,214**	**17,698,812**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of euros	Attributable to the owners of the parent							
	Share capital	Share premium	Other reserves			Total	Non-controlling interest	Total equity
			Translation reserve	Hedging reserve	Retained earnings			
Balance as at 1 January 2009	**71,586**	**506,398**	**-56,368**	**-145,003**	**1,007,459**	**1,384,072**	**-**	**1,384,072**
Changes in cash flow hedges				34,719		34,719		
Currency translation differences			34,311			34,311		
Net income/(expenses) recognised directly in equity	**-**	**-**	**34,311**	**34,719**	**-**	**69,030**	**-**	**69,030**
Profit for the year					165,233	165,233		
Total comprehensive income/(expenses) for the year	**-**	**-**	**34,311**	**34,719**	**165,233**	**234,263**	**-**	**234,263**
Balance as at 31 December 2009	**71,586**	**506,398**	**-22,057**	**-110,284**	**1,172,692**	**1,618,335**	**-**	**1,618,335**
Changes in cash flow hedges				85,593		85,593		
Currency translation differences			38,130			38,130		
Net income/(expenses) recognised directly in equity	**-**	**-**	**38,130**	**85,593**	**-**	**123,723**	**-**	**123,723**
Profit for the year					198,634	198,634		
Total comprehensive income/(expenses) for the year	**-**	**-**	**38,130**	**85,593**	**198,634**	**322,357**	**-**	**322,357**
Transactions with owners - Dividend relating to 2010					-4,288	-4,288		
Balance as at 31 December 2010	**71,586**	**506,398**	**16,073**	**-24,691**	**1,367,038**	**1,936,404**	**-**	**1,936,404**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December

In thousands of euros	Note	2010	2009
OPERATING ACTIVITIES			
Profit before tax		271,809	208,968
Result for the year from discontinued operations	21	1,878	-2,971
Adjustments			
Interest income	3	-896,121	-939,188
Interest expense	4	596,991	659,278
Other financial (gains)	5	-	-63,369
Impairment on receivables	13	19,763	56,010
Depreciation operational lease portfolio and rental fleet	17	2,588,640	2,595,425
Depreciation other property and equipment	18	25,203	25,296
Amortisation and impairment intangible assets	20	32,166	9,544
Capitalised software	20	-12,254	-20,895
Increase/(decrease) provisions	27	-13,045	25,865
Fair value changes financial instruments	11	-105,645	79,434
Increase/(decrease) trade and other payables and other receivables		17,772	285,288
(Increase)/decrease inventories	14	-24,334	69,226
Amounts received for disposal of objects under operational lease		1,995,786	1,887,318
Amounts paid for acquisition of objects under operational lease	17	-4,214,448	-3,952,016
Acquired new finance leases and other increases of receivables from clients		-1,817,004	-758,484
Repayment finance leases		1,914,369	883,582
Cash generated from operations		**381,526**	**1,048,311**
Interest paid		-580,823	-638,829
Interest received		896,473	931,550
Income taxes paid		-81,192	-31,307
Income taxes received		4,922	1,486
Net cash inflow/(outflow) from operating activities		**620,906**	**1,311,211**
INVESTING ACTIVITIES			
Proceeds from sale of other property and equipment	18	25,248	18,968
Acquisition of other property and equipment	18	-43,408	-33,685
Acquisition of software	20	-1,404	-6,364
Capital increase in associates and jointly controlled entities	16	-1,311	-1,448
Provided loans to associates and jointly controlled entities	16	46,278	-2,069
Dividend received from associates and jointly controlled entities	16	911	-
Proceeds from sale of/(purchased) held-to-maturity investments	3	-	384,431
Increase/(decrease) in other financial assets		-54,964	51,565
Net cash inflow/(outflow) from investing activities		**-28,650**	**411,398**
FINANCING ACTIVITIES			
Receipt of borrowings from financial institutions		9,590,177	2,809,391
Repayment of borrowings from financial institutions		-10,275,337	-5,108,038
Receipt of funds entrusted		2,419,740	80,048
Repayment of funds entrusted		-718,190	-1,507,636
Receipt of debt securities		5,129,297	6,108,222
Repayment of debt securities		-6,782,256	-4,028,705
Repayment of subordinated loans		307	-166,262
Dividends paid to Company's shareholders		-4,288	-
Net cash inflow/(outflow) from financing activities		**-640,550**	**-1,812,980**
CASH AND BALANCES WITH BANKS AT 1 JANUARY		**4,669**	**95,040**
Net movement in cash and balances with banks		-48,294	-90,371
Cash and balances with banks at 31 December	10	**-43,625**	**4,669**

GENERAL NOTES

1. GENERAL INFORMATION

LeasePlan Corporation N.V. (the 'Company') is a Company domiciled in, and operating from Almere, the Netherlands. The consolidated financial statements of the Company as at and for the year ended 31 December 2010 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities. The Group consists of a growing international network of companies engaged in fleet and vehicle management services, mainly through operational leasing. At the end of 2010, the Group employed over 6,000 people worldwide and had offices in 30 countries. A list of the principal consolidated subsidiaries is included on page 130.

The shares of the Company are held by Global Mobility Holding B.V. (approximately 98%) and Stichting Werknemersparticipatie LPC (approximately 2%).

Global Mobility Holding B.V. is a limited liability company established in the Netherlands in which a 50% interest is held by Volkswagen Bank GmbH, and a 50% interest is held by Fleet Investments B.V., an investment company of German banker Friedrich von Metzler.

Following the exercising of a put option in 2008 by previous shareholders Mubadala Development Company of Abu Dhabi and the Olayan Group with its head office in Athens, Volkswagen signed an agreement in 2009, whereby the 25% interest held by each of Mubadala and Olayan was sold to Fleet Investments B.V., an investment company of German banker Friedrich von Metzler. The transaction was completed on 1 February 2010.

In connection with a Stock Option Incentive Plan approximately 2% of the total issued share capital in the Company is held by Stichting Werknemersparticipatie LPC that has issued depository receipts representing the economic interest in these shares. These depository receipts are currently owned by Global Mobility Holding B.V.

The Company has held a universal banking licence in the Netherlands since 1993 and is regulated by the Dutch Central Bank. Therefore, specific additional (IFRS) disclosures are included that focus on the Company's liquidity and solvency and on the risks associated with the assets and liabilities recognised on its balance sheet and with its off-balance sheet items.

The income statement in the Company's financial statements has been presented in abridged form pursuant to the provisions of Article 402, Part 9, Book 2, of the Netherlands Civil Code.

2. BASIS OF PREPARATION

(i) Statement of compliance

The financial statements were recommended by the Supervisory Board for adoption on 30 March 2011.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations as adopted by the European Union.

New and amended standards adopted by the Group

The following new standards, amendments and interpretations to published standards are mandatory for the first time for the financial year beginning 1 January 2010 and are relevant for the Group:

- IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.
  The revised standard applies the acquisition method to business combinations with some significant changes compared with IFRS 3. For example, all considerations transferred to acquire a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed. There has been no impact of these changes on the current period.
  As the Group has adopted IFRS 3 (revised), it is required to adopt IAS 27 (revised), 'Consolidated and separate financial statements', at the same time.
  IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. IAS 27 (revised) has had no impact on the current period, as none of the non-controlling interests have a deficit balance; there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity, and there have been no transactions with non-controlling interests.
- IAS 18 (amendment) 'Revenue' – effective 1 January 2010
  The amendment concerns IAS 18 Illustrative Example 21 'Determining whether an entity is acting as a principal or as an agent'. The amendment further illustrates when an entity is acting as a principal namely when it has exposure to the significant risks and rewards associated with the rendering of services. As a consequence the Group has concluded that certain gross inflows of economic benefits in relation to lease services for its open calculation operational lease product now qualify as revenue.
  The change in accounting policy has no impact on profit for the year but has an impact on lease services in the revenue disclosure. For 2010 the impact of this change on revenues and cost of revenues is EUR 515 million.
  For the effect on the comparative amount of revenues and cost of revenues reference is made to note Z.

New standards, amendments and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but currently not relevant to the Group
The following new standards, amendments and interpretations to published standards are mandatory for the first time for the financial year beginning 1 January 2010 and are not relevant for the Group:
- IFRIC 17 'Distribution of non-cash assets to owners';
- IFRIC 18 'Transfer of assets from customers';
- IFRIC 9 'Re-assessment of embedded derivatives';
- IFRIC 16 'Hedges of a net investment in a foreign operation';
- IAS 1 'Presentation of Financial Statements';
- IFRS 2 'Share-based payments'.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted
A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2010 and have not been early adopted in preparing these consolidated financial statements. The Group's assessment of the impact of these new standards and interpretations is set out below.

Relevant for the Group are
- IFRS 9 'Financial instruments'. Phase 1 (classification and measurement) is included in the approved IFRS 9 standard for both assets and liabilities. The Group is yet to assess IFRS 9's full impact. However, initial indications are that it will not have a significant impact on the group's accounting.
- IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted. However, the standard has not yet been endorsed by the EU. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. This change is not expected to have an impact on the Group's financial statements.
- 'Prepayments of a minimum funding requirement' (amendments to IFRIC 14). The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this. The amendments are effective for annual periods beginning 1 January 2011. This change is not expected to have an impact on the Group's financial statements.

Not relevant for the Group are:
- IAS 32 (amendment) 'Classification of rights issues', effective 1 February 2010.
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments', effective 1 July 2010.

(ii) Basis of measurement
These consolidated financial statements are prepared on historical cost basis except for derivative financial instruments which are measured at fair value.

(iii) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in 'euro', which is the Company's functional and presentation currency. Financial information presented in euro has been rounded to the nearest thousand, unless otherwise indicated.

(iv) Use of estimates, assumptions and judgements
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The main estimates and underlying assumptions relate to the residual values at the end of the contract date, the assessment of the impairment of the lease portfolio, the defined benefit pensions obligations, the fair value of the derivatives, the assessment of the income tax position and damage risk provision and the impairment of intangibles and goodwill.

Information about the above-mentioned areas of estimation and judgement are described in note Y, Critical accounting estimates, assumptions and judgements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period of the revision or, in any future periods affected, if the revision affects both current and future periods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by the Group to all periods presented in these consolidated financial statements.

Note A - Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries all of which prepare financial statements up to 31 December.

(i) Subsidiaries
Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Transactions and non-controlling interests
The Group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may result in amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(iii) Associates
Associates are those entities where the Group has significant influence but no control over the financial and operating policies, generally accompanying a shareholding between 20% and 50% of the voting rights.

The Group's share of the income and expenses of the investments in associates is recognised under the equity method in the income statement, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment losses. Reference is made to note S for the impairment of non-financial assets. The Group's share of post-acquisition movements in reserves is recognised in the reserves of the shareholders' equity. The cumulative post-acquisition movements in reserves are adjusted in the carrying amount of the investment.

(iv) Jointly controlled entities
Jointly controlled entities are those entities over which' activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's share of the total income and expenses of jointly controlled entities under the equity method, which is recognised from the date that joint control commences until the date that joint control ceases.

(v) Special purpose entities
Special purpose entities are entities created to accomplish a narrow and well-defined objective, such as the securitisation of leased assets. The financial statements of special purpose entities are included in the Group's consolidated financial statements where the substance of the relationship is that the Group continues to be exposed to risks and rewards from the securitised leased assets. The Group uses various legal entities, which have been incorporated specifically for the Group's securitisation transactions, and these entities are therefore regarded as subsidiaries and included in the consolidated financial statements of the Group.

Note B - Foreign currency

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the foreign exchange rate prevailing at the date of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement under the caption 'Cost of revenues', except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying investment hedges.

(ii) Foreign subsidiaries

The results and financial position of all Group subsidiaries (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into euro (the presentational currency of the Group) as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange rate differences are recognised in other comprehensive income.

On consolidation, exchange rate differences arising from the translation of the net investment in foreign subsidiaries are taken to other comprehensive income. Since 1 January 2004, the Group's date of transition to IFRSs, such translation differences have been recognised in the foreign currency translation reserves of equity. When a foreign subsidiary is disposed of or sold, in part or in full, the relevant amount in this reserve is recognised in the income statement as part of the gain or loss on disposal or sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Note C - Financial assets and liabilities

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. The classification depends on the purpose for which the investments were initially acquired or originated.
Financial assets and liabilities are initially recognised at fair value.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held-for-trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are categorised as held-for-trading unless they are designated as hedging instrument in a hedge.

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise and are included in the caption 'Unrealised gains/(losses) on financial instruments' in the income statement.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable.

After initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any impairment losses.

(iii) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Were the Group to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale.

After initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest rate method less any impairment losses.

(iv) Available-for-sale

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Available-for-sale financial assets are subsequently carried at fair value.
Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in other comprehensive income should be recognised in profit or loss. However, interest calculated using the effective interest method is recognised in the income statement.

(v) Recognition

A financial asset is recognised if the Group becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets at fair value through profit or loss, held-to-maturity and available-for-sale are recognised on settlement date, i.e. the date that a financial asset is delivered to the entity that purchased it. Loans are recognised when cash is advanced to the borrowers.

(vi) Derecognition
A financial asset is derecognised when and only when the contractual right to receive cash flows expires or when the financial asset, together with all the risks and rewards of ownership, have been transferred.

Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

(vii) Offsetting
Financial assets and liabilities are offset and the net amount is presented in the balance sheet when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and liability simultaneously.

Income and expenses are presented on a net basis only when permitted by IFRSs.

Note D - Derivative financial instruments and hedge accounting

Derivative financial instruments (derivatives) are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of interest rate, currency and currency interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date. The fair values of not actively traded instruments are calculated using a broadly accepted discounted cash flow method, while taking into account relevant market observable data such as quoted forward prices and interest rates.

The Group uses derivatives to hedge its exposure to interest rate and foreign exchange rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold derivatives for trading purposes. The Group applies cash flow hedge accounting, fair value hedge accounting and net investment hedge accounting.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedging instrument either in: (i) hedges of changes in future cash flows attributable to a recognised asset or liability or a forecasted transaction (cash flow hedge); (ii) hedges of a net investment in a foreign operation (net investment hedge); or (iii) hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge).

Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

The Group documents at inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in a hedge are highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Cash flow hedging
When derivatives are designated as a hedging instrument in a cash flow hedge, the effective portion of changes in the fair value of derivatives is recognised directly in other comprehensive income as a separate component of equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement in the caption 'Unrealised gains/(losses) on financial instruments'.

Amounts accumulated in equity are recycled to the income statement in the periods in which the forecasted transaction in a hedge will affect the income statement (i.e. when the forecasted sale that is hedged takes place). When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in the income statement when the forecasted transaction is ultimately recognised in the income statement. When a forecasted transaction is no longer expected to occur, hedge accounting should cease retrospectively and the cumulative unrealised gain or loss that was reported in equity is immediately transferred to the income statement.

In case ineffectiveness arises because insufficient cash flows are available but forecasted cash flows are still likely to occur or hedge ineffectiveness lies beyond a certain range, then hedge accounting ceases prospectively. This implies that the entire change in the net present value of the swap in the period is recognised in the income statement, whereas the gain or loss previously recorded in equity is amortised to the income statement over the average remaining term of the swaps.

(ii) Net investment hedging
A hedge of a net investment in a foreign operation is accounted for similarly to a cash flow hedge. Exchange rate differences arising on consolidation are deferred in other comprehensive income until the subsidiary is disposed of. On disposal, sale or liquidation gains and losses accumulated in other comprehensive income are recognised in the income statement as part of the gain or loss on the relevant transaction. The net investment in a subsidiary, including any related goodwill, can be hedged with a derivative (hedging instrument). The effective part of the fair value changes of the hedging instrument is deferred in other comprehensive income until the subsidiary is disposed of. The Group has no policy to use net investment hedging on a frequent and consistent basis.

(iii) Fair value hedging
The Group applies fair value hedge accounting to eliminate the income statement volatility arising from different measurement principles applied by IAS 39 to issued fixed rate notes and structured notes (hedged items both measured at amortised cost) and related derivatives (hedging instruments measured at fair value through the income statement).

The fixed leg of the swaps (hedging instrument), which the Group will apply to change the interest profile of the notes, will match the notes exactly but in an opposite way thus creating a hedge. The total change in the fair value of the debt is in principle the same as the change in the fair value of the swap in case of a hedge. Fair value hedging will create a discount or premium on the note that will be amortised over the remaining term.

Changes in the fair value of a hedging instrument designated as a fair value hedge are recognised in the income statement. The carrying amount of the hedged item measured at amortised cost has been adjusted by gains or losses attributable to the hedged risk. These gains or losses are recognised in the income statement in the caption 'Unrealised gains/(losses) on financial instruments'.

(iv) Derivatives that do not qualify for hedge accounting
Certain derivatives do not qualify for hedge accounting. Changes in the fair value of derivatives that do not qualify for hedge accounting are recognised immediately in the income statement in the caption 'Unrealised gains/(losses) on financial instruments'.

Note E - Lease contracts

(i) Lease classification
The lease classification is determined on a contract-by-contract basis, taking into consideration the substance of the transaction and the specific details of each leasing contract. The key factor is whether or not substantially all of the risks and rewards incidental to ownership are transferred.

Various criteria are used to determine the lease classification of which the two most important are:

- whether the lease term is for the major part the economic life of the asset; and
- whether the present value of minimum lease payments amounts to at least substantially all of the fair value of the asset.

(ii) Finance lease portfolio
Leases where substantially all the risks and rewards incidental to ownership of an asset are transferred to the lessee are classified as finance leases. The Group as a lessor records a finance lease receivable at the amount of its net investment which equals the present value of the future minimum lease payments receivable (including any guaranteed residual value by the lessee) and the unguaranteed residual value accruing to the Group, after any accumulated impairment losses. The finance lease receivables are presented within the caption 'Receivables from clients'.

The finance lease instalments can comprise various components each having its own revenue recognition. The instalments are classified and presented in the following categories in the income statement: (i) interest income (the difference between the gross receivable and the present value of the receivable is unearned finance income and is recognised over the term of the lease using the effective interest rate method); and (ii) revenues (to the extent that services are included in the lease).

(iii) Operational lease portfolio
An operational lease is different from a finance lease and is classified as such if it does not transfer substantially all the risks and rewards incidental to ownership. The Group as a lessor presents the assets subject to operational leases in the balance sheet according to the nature of the asset.

The operational lease instalments are recognised in their entirety on a straight-line basis over the lease term, with the exception of that portion considered to be service income. The instalments are classified and presented in the following categories in the income statement: (i) revenues; and (ii) interest income (effective interest rate method).

(iv) Lease products
The Group leases assets to its clients for durations that normally range between 3-4 years. In almost all cases, the leased assets are returned to the Group at the end of the contract term. There are two main types of leasing products offered:

(a) Closed calculation contracts
Closed calculation contracts are typically leasing contracts whereby the client is charged a fixed fee for the use of the asset over a period of time. At the end of the lease, the asset is normally returned to the Group and then sold in the used vehicle market. In all cases, the overall risk on the result of the contract, both positive and negative, is borne by the Group.

(b) Open calculation contracts
Open calculation contracts are leasing contracts whereby the client, under particular circumstances, may share a portion of any positive upside potential resulting from the exploitation of the lease contract. The specifics of each contract can differ by country and/or by client. However, in most of these contracts, the result on service income and the sale of the leased asset at the end of the lease are combined and a net positive result is returned to the client. Most contracts contain certain requirements that the client must fulfil in order to receive the net positive result, such as maintaining a certain number of leased objects during the year or that a certain number of leased objects must be included in the calculation of the net result.

Both open and closed calculation contracts are classified as operational leases. Open calculation contracts are

classified as operational leases on the basis of the (negative) risks being borne by the Group.

Note F - General and presentation format

The Group considers the presentation model for banks as the most appropriate format. Within the banking model interest income and expenses are separately shown on the face of the income statement whereas the operating expenses are presented under the categorical method as commonly used within the banking industry. For its main activity – leasing – the related revenues and costs are shown separately based on the functional method taking into account IFRSs presentation requirements.

As IFRSs do not define an income statement for leasing business within the banking industry, the Group makes this distinction to give the reader a better understanding of the performance of the business.

Revenues only include the gross inflow of economic benefits received and receivable by the Group on its own account; amounts collected on behalf of third parties are therefore excluded.

Note G - Net interest income

Interest and similar income and interest expenses and similar charges for all interest bearing assets and liabilities are recognised in the income statement on an accrual basis, using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability.

The calculation of the effective interest rate includes all fees and points, paid or received, transaction costs and discounts or premiums that are an integral part of the effective interest rate. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The interest income component in operational lease instalments, which is charged on a straight-line basis to the client, is presented based on the effective interest rate method in interest income using the rate included in the lease contract and based on the net investment value of the leased asset. The correction required to arrive at a total straight-line recognition for operational lease contracts is part of revenues.

Interest income on finance lease contracts is recognised in the income statement on the basis of accruing interest income on the net investment (using the effective interest rate method). The receipts under the lease are allocated by the lessor between reducing the net investment and recognising interest income, so as to produce a constant rate of return on the net investment.

Note H - Revenues and cost of revenues

(i) Revenues

Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities.

Revenues include the various service components of the lease instalment, such as repair, maintenance and tyres (RMT), service income, damage risk retention, depreciation and management fees. The lease instalments may include passed on costs such as fuel, road taxes and other taxes. These are amounts collected on behalf of third parties and are therefore not presented as revenues.

Revenues from operational lease instalments are presented straight-line over the lease term with the exception of those portions of the lease instalment that are considered to be service income. The service income is recognised and presented based on the percentage of completion method. For closed calculation service income is recognised over the term of the contract based on historical statistics and expected service costs. For open calculation contracts the service income that will be earned by the Group is not certain until final settlement takes place and accordingly is not recognised until that time and is recognised in the sales result settlements. Expected losses are recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenues.

The interest portion of the lease instalment is classified under the caption 'Net interest income' (see note G), using the effective interest rate method. As the total revenues from the lease instalments are presented straight-line the adjustment required to present the interest portion income on the effective interest rate method is included in the category other.

Revenues also include the proceeds of the sale of cars and trucks from terminated lease contracts and rental revenues from renting out the rental fleet portfolio. The proceeds from the sale of cars and trucks are recognised when the objects are sold. The rental revenues are recognised on a straight-line basis over the term of the rental agreement.

Other revenues that cannot be categorised as any of the revenues specified above, but are income categories of regular business operations such as bonuses earned in connection with pass-on costs, are included in the category other. Other revenues are generally recognised when services are rendered.

(ii) Cost of revenues

Cost of revenues comprises the cost associated with providing the above-mentioned service components of the lease instalment. Any (volume related) bonuses related to these expenses, except those earned on the purchase of leased objects, are credited directly to expenses. Bonuses received on purchases of objects for operational lease contracts are deducted from the purchase consideration and as such result in lower depreciation. Bonuses received

on purchases of objects for finance lease contracts are recognised immediately in the income statement.

Cost of revenues also includes the carrying amount of the sold cars and trucks and the costs associated with the rental activities.

Note I - Employee benefits

(i) Post-employment benefits

Group companies operate various employee benefits schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has defined benefit and defined contribution pension plans as well as other post-employment benefits.

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Obligations for contributions to defined contribution pension plans are recognised as expenses in the income statement as incurred. One less significant multi-employer defined benefit plans exists, which is accounted for as defined contribution plan as the Company does not have access to information about the plan to satisfy the requirements for presenting it as a defined benefit plan.

In case of a defined contribution plan the Group has no further payment obligations once the pension contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plans

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The Group's net obligation in respect of defined benefit post-employment plans, including pension plans, is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on high quality credit rated bonds that have maturity dates approximating the terms of the Group's obligations.

A qualified independent actuary performs the calculation of the present value of the defined benefit obligation annually using the projected unit credit method. When the benefits of a plan are improved and the changes to the pension plan are conditional on the employees remaining in service for a specific period of time (the vesting period), the portion of the increased benefit relating to past services by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expenses are recognised immediately in the income statement.

The pension liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets, together with unrecognised actuarial gains and losses and past service costs.

The Group recognises actuarial gains and losses using the corridor method. Under the corridor method, actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of 10 percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, are charged or credited to the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

Settlements and curtailments invoke immediate recognition of the consequent change in the present value of the defined benefit obligations and in the market value of the plan assets, together with previously unrecognised actuarial gains and losses or past service costs that relate to these defined benefit obligations impacted by the settlement or curtailment.

A settlement is an early termination of all or part of the defined benefit obligation. A curtailment occurs when the entity is demonstrably committed to materially reducing the number of employees in the defined benefit plan or the pension benefits for future services.

Other post-employment benefits

Some Group companies provide other post-employment benefits to their employees based on local legal requirements. These benefits mainly comprise termination indemnities which are either payable at retirement age or if the employee leaves. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. The obligations are valued annually by qualified independent actuaries.

(ii) Other post-employment obligations

Other than pension plans, the Group's net obligation in respect of other service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. These service benefits comprise short-term service benefits such as vacation and sick days and long-term service benefits such as long-service leave.

The obligation is calculated using the projected unit credit method and is discounted to its present value. The fair value of any plan assets, if any, is deducted. The discount rate is the yield at the balance sheet date on high quality credit rated bonds that have maturity dates approximating to the terms of the Group's obligations.

(iii) Share-based payment transactions
The share option programme allowed eligible Group employees to acquire depository receipts of shares of the Company up to 31 December 2003. No options were issued after 31 December 2003. The stock option plan of the Company is a cash-settled share-based payment scheme under IFRS 2, given the requirement of the participants to offer depository receipts to the Company against the receipt of cash.

(iv) Termination benefits
Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits due more than 12 months after the end of the reporting period are discounted to their present value.

The fair value of the options outstanding at each balance sheet date is measured using a binomial lattice model, taking into account the terms and conditions at which the options were granted.

Note J - Income tax

Income tax in the income statement for the periods presented comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the income tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax
Current income tax is the expected income tax payable or receivable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date and any adjustment to income tax payable or receivable in respect of previous years.

Current income tax assets and current income tax liabilities are only offset if there is a legally enforceable right to offset the recognised amounts and if a subsidiary intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(ii) Deferred income tax
Deferred income tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and providing for available income tax losses and tax credits.

The amount of deferred income tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred income tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences and available income tax losses and tax credits can be utilised. Deferred income tax assets are reviewed annually and reduced to the extent that it is no longer probable that the related income tax benefit will be realised.

Deferred income tax assets and deferred income tax liabilities are only offset if there is a legally enforceable right to offset the current income tax assets against current income tax liabilities and the deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current income tax assets and liabilities on a net basis, or to realise the asset and to settle the liabilities simultaneously (often within one fiscal unity).

Note K - Receivables from financial institutions

This caption includes amounts receivable from Dutch and foreign credit institutions under government supervision with fixed or determinable payments that are not quoted in an active market. These receivable balances are shown after any accumulated impairment losses and are initially measured at fair value and subsequently at amortised cost using the effective interest rate method.

Note L - Receivables from clients

This caption includes lease instalments receivable from the finance and operational lease portfolio, from the rental portfolio and receivables arising from other business activities. These receivable balances are shown after any accumulated impairment losses and are initially measured at fair value and subsequently at amortised cost using the effective interest rate method.

Note M - (Non-current) assets held-for-sale and discontinued operations

A non-current asset or disposal group is classified as held-for-sale when its carrying amount will be recovered principally through a sale transaction, whereby the expectation is that the sale will be completed within one year of the classification of assets or disposal groups as held-for-sale, subject to extension in certain circumstances.

On initial and subsequent classification as held-for-sale, (non-current) assets and disposal groups are recognised at the lower of the carrying amount and the fair value less costs to sell. Impairment losses on initial classification as held-for-sale are included in the income statement.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier and is presented in the balance sheet separately. When an operation is classified as a discontinued operation the comparative income statement is restated as if the operation had been discontinued from the start of the comparative period.

Depreciation and amortisation of assets ceases at the moment of initial classification as held-for-sale.

Note N - Intangible assets

(i) Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill is recognised on acquisitions of subsidiaries, associates and jointly controlled entities. Goodwill represents the excess of the consideration transferred over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is measured at cost less any accumulated impairment losses. When the excess is negative (negative goodwill), it is recognised immediately in the income statement.

Goodwill is allocated to cash generating units and is tested for impairment annually and whenever there is an indication that the unit may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Impairment losses are charged to the income statement and are not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Software

Capitalised software relates to purchased software from third parties and to internally developed software for Group use.
Expenditure on research activities undertaken to gain new technical knowledge and understanding is recognised in the income statement when incurred.
Expenditure on development of software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use of the software in a manner that will generate future economic benefits and can measure the costs to complete the development. The capitalised cost of internally developed software includes all costs directly attributable to developing software and are amortised over its useful life. Capitalised internally developed and externally purchased software are measured at cost less accumulated amortisation and any accumulated impairment.
An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.
When subsequent expenditure is capitalised, the carrying value of the replaced part is derecognised. All other expenditure is expensed when incurred.

(iii) Other intangible assets

Other intangible assets include customer relationship intangible assets and customer contract intangible assets acquired as part of business combinations and recognised separately from goodwill. Customer relationship intangible assets are amortised over 10 years and customer contract intangible assets are amortised over the remaining contract period (on average 3 to 4 years).

Other intangible assets that are acquired by the Group have finite useful lives and are measured at cost less accumulated amortisation and impairment.

(iv) Amortisation

Intangible assets are amortised and recognised in the income statement on a straight-line basis over the estimated useful lives of the intangible assets from the date they are available for use. The estimated useful life for software is generally 3 to 7 years. The capitalised intangible assets have no estimated residual value.

Note O - Other property and equipment

(i) Measurement

Items of property and equipment owned and for Group use are measured at cost less accumulated depreciation and impairment losses. Costs include expenditures that are directly attributable to the acquisition of the asset.

Subsequent expenditure on property and equipment is recognised in the carrying amount of the item only when it increases the future economic benefits embodied in the specific asset to which it relates and its costs can be measured reliably. All other expenditure is expensed when incurred. The costs of the day-to-day servicing of property and equipment are recognised in the income statement as incurred.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in operating income in the income statement during the year of disposal.

(ii) Depreciation

The cost of other property and equipment is depreciated to its estimated residual value and recognised in the income statement on a straight-line basis over the estimated useful life of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease

term and their useful lives. The residual value and the useful life of the leased assets are reviewed at least at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for as a change in accounting estimate. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Property	30 - 50 years
Furniture and fixtures	3 - 12 years
Hardware	3 - 5 years
Company cars	3 - 4 years

(iii) Investment property

Investment property is property that is not held for Group use, but is to be leased out to third parties and is classified as part of the caption 'Other property and equipment'. The Group holds investment property to earn rentals. Any such property interest is carried at cost less accumulated depreciation and impairment losses.

The cost of the investment property, less the expected residual value, is depreciated and recognised in the income statement on a straight-line basis over the estimated useful life of the property, within a range of 10 to 25 years.

Note P - Property and equipment under operational lease and rental fleet

Property and equipment under operational lease and rental fleet are measured at cost less accumulated depreciation and impairment losses. The assets subject to operational leases are presented in the balance sheet according to the nature of the asset. The depreciation policy for depreciable leased assets is consistent with the Company's normal depreciation policy for similar assets. The leased assets are depreciated on a straight-line basis over its contract period to its residual value. The contract period ranges on average between 3 to 4 years. Upon termination of the lease or rental contract the relevant assets are reclassified to the caption 'Inventories' at their carrying amount. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Note Q - Inventories

Inventories are stated at the lower of cost and net realisable value. Upon termination of the lease or rental contract the relevant assets are reclassified from the caption 'Property and equipment under operational lease and rental fleet' to the caption 'Inventories' at their carrying amount. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

Note R - Other receivables and prepayments

Other receivables and prepayments include prepayments in respect of expenses attributable to a subsequent period plus amounts still to be received.

Note S - Impairment

(i) (Leased) assets and assets for own use

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

In the annual assessment of whether there is any indication that an asset may be impaired, the Group considers both external as well as internal sources of information. If such indication for impairment exists an analysis is performed to assess whether the carrying value of the asset or cash generating unit under an operational lease exceeds the recoverable amount, being the higher of the fair value less costs to sell and the value in use. The value in use is determined as the present value of the future cash flows expected to be derived from the object or cash generating unit.

(ii) (Lease) receivables

Impairment on a receivable is established if there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms of the receivable. The amount of the impairment is the difference between the carrying amount and the recoverable amount, being the value of expected cash flows, including amounts recoverable from guarantees and collateral.

For a finance lease, the lessor recognises lease receivables rather than the leased asset itself. In an annual assessment it is determined whether there is any objective evidence that a financial asset is impaired or uncollectable. The occurred impairment is the difference between the carrying value of the asset and the present value of the expected future cash flows, discounted at the original effective interest rate.

Impairment loss on receivables is recognised in the income statement and is separately disclosed as part of net finance income.

(iii) Non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.
The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units).

(iv) Assets carried at amortised cost

At each balance sheet date the Group assesses whether there is objective evidence that a financial asset or group of

financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has (have) an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses these for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

(v) Assets classified as available-for-sale

At each balance sheet date the Group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has (have) an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition costs and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss – is removed from equity and recognised in the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit and loss, the impairment loss is reversed through the income statement.

(vi) Reversal of impairment

An impairment loss in respect of goodwill is not reversed. In respect of all other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent of the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Note T - Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are the Group's sources of debt funding and relate to borrowings from financial institutions, funds entrusted, debt securities issued and subordinated loans. Interest-bearing loans and borrowings are recognised initially at fair value plus any transaction costs attributable to these loans. Subsequent to initial recognition, interest-bearing loans and borrowings are measured at their amortised cost using the effective interest rate method. Any difference between cost and redemption value is recognised in the income statement over the term of the loans and borrowings.

Note U - Dividends

Dividends are recognised as a liability in the balance sheet in the period of approval by the shareholders.

Note V - Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability.

(i) Damage risk provision

The damage risk provision for third-party liability and damages outstanding relating to the self-insured vehicle fleet is calculated on the basis of the damages history and technical damage risk principles. The amount of the provision also includes an allowance for losses incurred but not yet reported (IBNR).

Reinsurance assets are balances due from reinsurance companies for ceded insurance liabilities and are shown separately and are not offset against the related insurance liabilities. Annually the Group as assignor assesses whether its amounts recoverable under a reinsurance contract are impaired. The focus of the test is credit risk, which arises from the risk of default by the reinsurer and also from disputes regarding coverage.

Damages outstanding comprise provisions for the Group's estimate of the ultimate cost of settling all damages incurred but unpaid at the balance sheet date whether reported or not and related internal and external damages handling expenses and an appropriate prudential margin. Damages outstanding are assessed by reviewing individual damages and making allowances for IBNR, the effect of both internal and external foreseeable events, such as changes in damage handling procedures, inflation, judicial trends, legislative changes and past experience and trends. Anticipated reinsurance recoveries are presented separately as assets. Reinsurance and other recoveries are assessed in a manner similar to the assessment of damages outstanding. Provisions for damages outstanding are discounted at a risk free rate of interest where there is a particularly long period from incident to damage settlement and where there exists a suitable damage pattern from which to calculate the discount.

(ii) Miscellaneous provisions

Miscellaneous provisions include amounts for litigation and

claims as well as onerous contracts. For litigation and claims the best estimate of the future outflow of resources has been recognised. Regarding onerous contracts, the present obligation under a contract that is onerous is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Note W - Cash flow statement

Only the cash flows of transactions are reported in the cash flow statement. For transactions where income and expenses are recognised in one period but cash flows occur in another, adjustments are made. Cash flows in foreign currencies are translated into the reporting currency at the average rate of exchange for the year, unless the exchange rate in effect on the date of the cash flow is materially different from the average exchange rates used. Where the balance of items in the cash flow statement does not correspond to the movements in the relevant balance sheet items this is mainly due to differences in translation.

(i) Operating cash flows

Operating cash flows comprise all cash flows during the period that do not qualify as either investing cash flows or financing cash flows. Operating cash flows are calculated indirectly by adjusting the net profit or loss for the period for non-cash items and for investing and financing items. As the main operating activity of the Group is to provide operational and financial leases, cash payments to acquire underlying assets under operational lease and finance lease are classified as an operating activity. A similar approach is followed for interest received and interest paid, even though these arise on financing balances.

(ii) Investing cash flows

Investing activities include cash payments to acquire underlying assets under other property and equipment, intangible assets and other long-term assets. Investing activities also include cash payments and cash receipts relating to acquisition and disposal of equity interests in associates and jointly controlled entities.

(iii) Finance cash flows

Finance cash flows include cash flows relating to obtaining, servicing and redeeming sources of finance, but exclude interest received and interest paid as these are included in the operating cash flows. The sources of finance include amounts borrowed from other banks, loans, debentures and share capital. Financing activities also include cash payments and cash receipts relating to acquisition and disposal of debt interests in associates and jointly controlled entities. Transactions with non-controlling interests are also included in the finance cash flows. Dividends paid are classified separately and are included in financing cash flows. Cash flows relating to derivatives are classified according to the underlying hedged items.

(iv) Cash and balances with central banks

Cash and balances with central banks are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The short-term characteristic of a cash equivalent is generally taken as a term of three months or less from the date of acquisition. The balance includes cash, cash at banks, call money and bank overdrafts that are repayable on demand and form an integral part of the Group's cash management. Call deposits with an original term of three months or less and bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included as a component of cash and balances with central banks for the purpose of the statement of cash flows.

(v) Acquisitions and disposals

Cash flows in respect of acquisition or disposal of subsidiaries are separately disclosed and classified as an investing cash flow. The amount reported is net of any cash included in the entity acquired or disposed of. The amount of cash in the entities acquired or disposed of is disclosed in the notes, together with the value of the consideration given or received. Cash flows from acquired companies are consolidated in the cash flow statement from the date of acquisition.

(vi) Discontinuing operations

Net cash flows relating to discontinuing operations are disclosed in the related notes. The cash flows are classified as operating, investing and financing.

Note X - Segment reporting

Segment reporting is based on the internal reporting to the Group's key management (in its function as the chief operating decision-maker), which makes decisions on the allocation of resources and assesses the performance of the reportable segments. Consequently, segment information is presented in the consolidated financial statements in respect of the Group's leasing activities and Group support activities.

Leasing activities comprise the main activity of the Group which is providing fleet management services including the purchase, financing, maintenance and remarketing of vehicles. The Group offers a mono-line product through all of its 30 LeasePlan subsidiaries allowing for some differentiation based on the maturity of local markets. As a result the subsidiaries are grouped in categories based on maturity of the market and to a lesser extent maturity of the subsidiary.

Group support activities provide services in the area of treasury, damage risk retention, procurement and infrastructure to support the leasing activities.

Note Y - Critical accounting estimates, assumptions and judgements

Preparation of the consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities. These include, but are not limited to the following areas:

(i) Impairment of goodwill and intangible assets
Determining whether goodwill or intangible assets are impaired requires an estimation of the value in use of the groups of cash generating units to which the goodwill and intangible assets have been allocated. The key assumptions calculating the value in use are those regarding discount rates, growth rates and other expected changes in cash flows.

(ii) Impairment of (leased) assets
In the annual assessment of whether there is any indication that an asset may be impaired, the Group considers both external as well as internal sources of information. If such indication for impairment exists, an analysis is performed to assess whether the carrying value of the asset or cash generating unit under an operational lease exceeds the recoverable amount, being the higher of the fair value less costs to sell and the value in use. The value in use is determined as the present value of the future cash flows expected to be derived from the object or cash generating unit.

The vehicle's future value forms a significant part of the future cash flows and statistical models and calculations (regression analysis) are used to calculate this future value as accurately as possible. The Group has an advanced management information system that closely monitors changes in the contractual residual values used in lease contracts. The existing residual value risks are also periodically assessed at a portfolio level.

(iii) Review of depreciable amount and depreciation period of (leased) assets
The basis for the depreciation of a lease contract is the investment value at cost less the estimated residual value as included in the contract in combination with the contract duration. A change in these accounting estimates leads to a change in depreciation that has an effect in the current period and/or is expected to have an effect in subsequent periods. The risk is influenced by many internal and external factors.

Statistical models and calculations (regression analysis) are used to calculate a vehicle's future value as accurately as possible. The Group has an advanced management information system that closely monitors changes in the contractual residual values used in lease contracts.
The existing residual value risks are also periodically assessed at a portfolio level.

(iv) Impairment losses on (lease) receivables
The Group reviews its outstanding receivables in its lease portfolio to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows of a lease portfolio before the decrease can be identified with an individual lease contract in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or in national or local economic conditions that correlate with defaults on assets in the Group.

Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows.
This method is fully aligned with Basel II and makes use of the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD). The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(v) Post-employment benefits
The actuarial valuation of post-employment benefits is based on assumptions regarding inflation, discount rates, expected return on plan assets, salary rises and mortality rates. The assumptions may differ from the actual data as a result of changes in economic and market conditions.

As the Group applies the corridor approach on the recognition of actuarial gains and losses, changes in estimates have a limited impact on the income statement as any excess above the corridor (10% of the higher of the plan assets and projected benefit obligations) will be amortised over the remaining service years.

(vi) Income taxes
The Group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

(vii) Held-to-maturity assets
The Group follows the IAS 39 guidance on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity.
This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than in specific circumstances – for example, selling an insignificant amount close to maturity – it will be required

to reclassify the entire category as available-for-sale. The investments would therefore be measured at fair value and not at amortised cost.

Note Z - Comparatives

Where this is necessary, comparative figures have been adjusted to conform to changes in presentation in the current year, arising from the adoption of new accounting policies, after discussions with various stakeholders, and from improvements of disclosures. The adjustments made have neither an impact on profit for the year nor on total equity. The adjustments can be summarised as follows:

Consolidated income statement

- Inclusion of open calculation lease services revenue (EUR 469 million) and cost of revenue (EUR 469 million) as a result of the change in accounting policy in relation to the IAS 18 amendment of Illustrative Example 21 'Determining whether an entity is acting as a principal or as an agent'.
- Increase of 'Result for the year from discontinued operations' (EUR 1.2 million) and decrease of 'Share of profit of associates and jointly controlled entities' (EUR 1.2 million) as a result of the fact that the jointly controlled entity Excelease is no longer classified as assets held-for-sale (see note 16).

Consolidated balance sheet

- Transfer of EUR 0.5 million from 'Trade and other payables and deferred income' to 'Provisions' to reflect a reclassification for post-employment benefits.

Consolidated statement of cash flows

- Since the comparatives for the consolidated balance sheet and the consolidated income statement have changed for 2009, the cash flow statement changed accordingly.

FINANCIAL RISK MANAGEMENT

INTRODUCTION

This section presents information about the Group's exposure to a number of financial risks, the Group's objectives, policies and processes for measuring and managing these risks and the Group's management of capital. In line with IFRS 7 various disclosures on the Group's financial assets and liabilities are included in this section. The fact that the Group is mainly transacting operational leases, which under IFRS do not qualify as financial assets, results in a significant difference between financial assets and financial liabilities.

In thousands of euros	2010	2009
FINANCIAL ASSETS		
Derivative financial instruments	329,014	275,154
Receivables from financial institutions	1,515,476	1,313,641
Receivables from clients	2,726,133	2,543,176
Rebates and bonuses and commissions receivable	160,738	140,479
Reclaimable damages	29,634	32,590
Interest to be received	2,610	2,962
Loans to associates and jointly controlled entities	186,571	232,849
Assets held-for-sale and discontinued operations	2,378	13,146
Total financial assets	**4,952,554**	**4,553,997**
Total non-financial assets	**12,516,746**	**12,572,217**
Total assets	**17,469,300**	**17,126,214**
FINANCIAL LIABILITIES		
Borrowings from financial institutions	2,201,314	2,379,435
Funds entrusted	1,919,172	217,622
Debt securities issued	8,415,591	10,068,550
Derivative financial instruments	423,851	480,385
Subordinated loans	269,057	268,750
Trade payables	567,643	441,851
Interest payable	143,753	122,836
Liabilities held-for-sale and discontinued operations	376	2,417
Total financial liabilities	**13,940,757**	**13,981,846**
Total non-financial liabilities	**1,592,139**	**1,526,033**
Total liabilities	**15,532,896**	**15,507,879**

A. STRATEGY IN USING FINANCIAL INSTRUMENTS

The Group's activities are principally related to vehicle leasing and fleet management. The Group accepts and offers lease contracts to clients at both fixed and floating interest rates, for various periods and in various currencies. The Group seeks to balance the spread between interest rates charged in lease contracts and the interest rates paid on various borrowings and at the same time needs to control its exposure towards future movements in interest rates and currencies. The risk control is important to continuously meet the solvency and liquidity requirements and targets as set by the Dutch Central Bank and as expected by external stakeholders. The Group uses various non-derivative and derivative financial instruments to achieve that goal.

Derivatives are financial instruments, of which the value changes in response to the change in an underlying variable. Derivatives require little to no initial investment and are settled at a future date. Under IFRSs derivatives are initially and subsequently recognised on the balance sheet at their fair value. Examples of derivatives used by the Group are forward rate agreements, interest rate swaps and currency swaps. Derivative transactions are contracted to hedge the interest rate and currency exposures associated with the funding of lease contracts. In particular the interest rate swaps cover the interest rate positions between lease contracts and borrowed funds and currency swaps cover the mismatch between the currency structure of leased contracts and borrowed funds.

The operational lease portfolio has not been designated to fair value hedge following IAS 32 AG9. The Group has applied cash flow and fair value hedges of the interest rate risk and other types of market risks on the issued debt securities and other borrowings to mitigate both current and future income statement volatility arising due to the variability of cash flows attributable to currency and interest rate movements, and due to the exposure to changes in fair values of recognised liabilities.

(i) Cash flow hedges
The company hedges the exposure to variability in future interest payments on recognised floating rate bonds and notes issued and on highly probable forecast transactions (short-term rolling over liabilities) attributable to changes in underlying swap and money market rates. In cash flow hedging, the hedged risks are future changes in cash flows stemming from anticipated repricings and/or roll-overs of borrowings due to interest rate movements. To apply highly effective cash flow hedges the forecasted cash flows, which are subject to a hedge, must be 'highly probable'. Based on the business activity of the Group and the financial/operational ability of the Group to carry out the transactions, the likelihood that forecasted cash flows will take place is very high. These forecasted cash flows are expected to occur and to affect the income statement in the period 2011-2014.

The Group applies a cash flow hedge as an aggregate hedging of a similar group of assets/liabilities. A group of derivatives sharing the same characteristics is designated to the hedge with a group of borrowings with the same characteristics.

(ii) Fair value hedges
Fair value hedge accounting is applied in such a way that the changes in fair value of the recognised liability (issued note) attributable to the hedged risk fully offsets the changes in fair value of the receive leg of the derivative transaction (interest rate swap or currency interest rate swap). In other words, the cash flows on the note and the receive leg of the swap are equal and opposite.

Fair value hedge accounting entails that the hedged item (i.e. the note) that is measured at amortised cost is constantly being adjusted for gains/losses that are attributable to the risk being hedged. This adjustment is booked in the income statement, where it offsets the measurement of the fair value of the hedging instrument that is also recorded in the income statement.

The contracted notional amounts of derivatives are listed below:

In millions of euros			2010			2009
	Interest rate contracts	Currency contracts	Total	Interest rate contracts	Currency contracts	Total
< 1 year	5,144	2,767	7,911	9,406	2,223	11,629
1 - 5 years	15,878	843	16,721	14,292	899	15,191
> 5 years	151	-	151	2,872	-	2,872
Total	**21,173**	**3,610**	**24,783**	**26,570**	**3,122**	**29,692**

The amounts above provide an indication of the size of the contracts but do not indicate the extent of the cash flows and risks attached to derivatives. In determining the capital adequacy requirement, both existing and potential future credit risk is taken into account. The current potential loss on derivatives, which is the fair value based on market conditions at balance sheet date (positive replacement cost), is increased by a percentage of the relevant notional amounts, depending on the nature and remaining term of the contract (potential future credit risk). This non-weighted credit risk is risk weighted based on the credit rating of the counterparty and the remaining term.

The Group maintains strict control limits from a credit risk point of view and Credit Support Annexes (CSAs) to International Swaps and Derivatives Association (ISDA) master agreements are used to mitigate the risk through periodic margin calls. This credit risk exposure is managed as part of the overall lending limits with financial institutions.

The table below lists the outstanding credit risks:

In millions of euros			2010			2009
	Interest rate contracts	Currency contracts	Total	Interest rate contracts	Currency contracts	Total
Positive replacement cost	309	20	329	249	26	275
Potential future credit risk	45	16	61	54	12	66
Total non-weighted	**354**	**36**	**390**	**303**	**38**	**341**
Risk weighted			145			131

The increased positive replacement costs in interest rate contracts in 2010 are a reflection of market volatility in interest rates.

B. CAPITAL ADEQUACY

To monitor the adequacy of its capital the Group uses ratios established by the Basel Committee of the Bank for International Settlements (BIS). These ratios measure capital adequacy by comparing the Group's eligible capital with its balance sheet assets, off-balance sheet commitments, both at weighted amounts to reflect their relative risk, and operational risk profile. In November 2008 the Company received approval from the Dutch Central Bank to use the Advanced Internal Ratings Based (AIRB) approach for credit risk and the Advanced Measurement Approach (AMA) for operational risk, for determining the risk weighting.

Credit risk, mainly due to leases with counterparties, is risk weighted based on the outcome of models as developed by the Group. These models are developed based on defined rules as set out by the Basel Committee (and as laid down in the Capital Adequacy Directive) and are continuously monitored for their predictive quality. Annually these models are being validated by external parties. The models for credit risk relate especially to the determination of:

- the probability of default (PD), being the likelihood of a client that is assigned a rating getting into default in the next twelve months (expressed in %);
- the loss given default (LGD), being the loss the Group expects to incur at the moment of a default (expressed in %); and
- the exposure at default (EAD), being the actual exposure to a client at the moment of measurement and expressed as expected amount if a client would go into default (in nominal currency represented by the remaining amortising book value of lease contracts).

The models for credit risk are applied to all client exposures, except those related to governments, banks and retail clients. For these exposures the Group applies the Standardised Approach of the Capital Adequacy Directive which prescribes fixed percentages for risk weighting depending on characteristics and conditions of the exposure. In respect of retail clients the Group is in preparation of implementing an Internal Rating Based (IRB) approach which will be finalised before December 2011. Current balance sheet exposure to retail clients is EUR 1.6 billion or 11.5% of total client exposures (2009: EUR 1.4 billion or 10.1% of total client exposures).

In respect of operational risk no on-balance sheet exposures exist. Therefore capital requirements for this risk are obtained from the outcome of the models that track historic losses and anticipate low frequency - high risk scenarios and predict from this the capital that is needed to cover the maximum (operational) loss the Group could incur under extreme circumstances. The confidence level which is used for this calculation amounts to 99.9%.

For the calculation of risk weights of other on-balance sheet and off-balance sheet exposures the standard approaches as described in the Capital Adequacy Directive are used.

The eligible capital (BIS capital) that is compared against the risk weighted exposures of the Group consists of Tier 1 capital and Tier 2 capital. The Tier 1 capital is derived from the Group's total equity position. In order to arrive at the Tier 1 capital, adjustments to the total equity are required for the IFRS prudential filters (IAS 39) and a part of the acquisition related intangible assets (IFRS 3). The Tier 2 capital is represented by the subordinated loans concluded by the Company.

The following table analyses actual capital and the minimum required capital, which are based on Basel II (Pillar 1) and include the transitional capital floor, as at 31 December.

In millions of euros		2010		2009
	Minimum required	**Actual**	**Minimum required**	**Actual**
Risk weighted assets Basel II (including transitional capital floor)		12,838		12,753
BIS capital	1,027	2,141	1,020	1,903
BIS ratio	8.0%	16.7%	8.0%	14.9%
Tier 1 capital		1,869		1,635
Tier 1 ratio		14.6%		12.8%

In monitoring the adequacy of its capital the Group is constantly reviewing the development in (risk weighted) exposures on the one hand and in eligible capital on the other hand. Stress testing forms a part of the aforementioned monitoring. Developments in (risk weighted) exposures typically represent movements in the portfolio's opportunities for growth of the Group's core business. The eligible capital will normally grow with profits made and retained. The Company has a dividend policy that supports the maintenance of adequate capital ratios.

C. CREDIT RISK

Credit risk definition

As a result of its normal business activities the Group is exposed to credit risk which is the risk that the counterparty will be unable to fulfil its financial obligations when due. This credit risk mainly relates to vehicles leased to counterparties, represented by accounts receivable due and the book value of vehicles which is (partly) mitigated by the sales proceeds of these vehicles.

Credit risk management structure and organisation

Each LeasePlan subsidiary is allowed to decide on counterparty acceptance and renewal within limits as set by the Group's Managing Board. Above the subsidiary's authority, the Group's credit risk management department, the Group's Credit Committee or the Credit Committee of the Supervisory Board is authorised to decide on credit acceptance and renewal.

Credit risk management policy

The Company has issued policies to subsidiaries, which regulate the governance of the local credit risk management organisation and set limits to industry sectors with which the Group can do business. Among others, subsidiaries are required to define their risk appetite and set their local limits in respect of counterparty and concentration risks, as well as the types of business and conditions thereof in local policies. Monitoring thereof is also conducted at Group level. Further policies and guidelines exist on the data and reports to be provided.

Credit risk measurement

The credit risk is measured via an internal rating system that aims at distinction of counterparties in terms of the likelihood that such counterparty will not be able to meet its obligations. This system also enables reporting on the overall creditworthiness of the client portfolio.

Exposures on receivables due are monitored on a monthly basis. A qualitative analysis of the overall credit exposures, defaults and losses is reported on a quarterly basis.

A summary of the approximation of the concentration of the financial assets in geographical sectors as at 31 December can be shown as follows:

In thousands of euros	Europe (euro)	Europe (non-euro)	Rest of the world	Total
FINANCIAL ASSETS				
Derivative financial instruments	329,014			329,014
Receivables from financial institutions	1,388,608	87,722	39,146	1,515,476
Receivables from clients	781,116	714,022	1,230,995	2,726,133
Rebates and bonuses and commissions receivable	137,339	15,869	7,530	160,738
Reclaimable damages	27,377	2,035	222	29,634
Interest to be received	2,610			2,610
Loans to associates and jointly controlled entities	186,571			186,571
Assets held-for-sale	2,378			2,378
Total as at 31 December 2010	**2,855,013**	**819,648**	**1,277,893**	**4,952,554**
Total as at 31 December 2009	**2,611,141**	**841,936**	**1,100,920**	**4,553,997**

A summary of the approximation of the concentration of the financial assets per industry as at 31 December can be shown as follows:

In thousands of euros	**Financial Institutions**	**Manufacturing**	**Wholesale trade**	**Transport and public utilities**	**Public sector**	**Other industries**	**Total**
FINANCIAL ASSETS							
Derivative financial instruments	329,014						329,014
Receivables from financial institutions	1,515,476						1,515,476
Receivables from clients	158,691	758,409	472,692	213,006	146,523	976,812	2,726,133
Rebates and bonuses and commissions receivable						160,738	160,738
Reclaimable damages						29,634	29,634
Interest to be received	2,610						2,610
Loans to associates and jointly controlled entities						186,571	186,571
Assets held-for-sale						2,378	2,378
Total as at 31 December 2010	**2,005,791**	**758,409**	**472,692**	**213,006**	**146,523**	**1,356,133**	**4,952,554**
Total as at 31 December 2009	**1,738,612**	**737,242**	**395,319**	**213,766**	**125,393**	**1,343,665**	**4,553,997**

The Group assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of such counterparties. These tools have been developed internally and combine statistical analysis with credit authority judgement and are benchmarked, where appropriate, by comparison with externally available data. Counterparties of the Group are segmented into fourteen non-default rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The governance framework built around models ensures that the rating tools are kept under constant review and are renewed when necessary. For this purpose the Group monitors on a quarterly basis if the performance of the models meets internal and external requirements. Annually, all models are validated by an external party. The Group's internal ratings scale and mapping of external ratings are:

Group's rating	**Description of the grade**	**External rating: Standard & Poor's equivalent**
1	Prime	AAA/AA-
2A	Very Strong	A+
2B	Strong	A
2C	Relatively Strong	A-
3A	Very Acceptable	BBB+
3B	Acceptable	BBB
3C	Relatively Acceptable	BBB-
4A	Very Sufficient	BB+
4B	Sufficient	BB
4C	Relatively Sufficient	BB-
5A	Somewhat Weak - Special Attention	B+
5B	Weak - Special Attention	B
5C	Very Weak - Watch	B-
6A	Sub-Standard - Watch	CCC+/C

The ratings of Standard & Poor's shown in the table above are mapped to the Group's rating classes based on the long-term average default rates for each external grade. The Group uses the external ratings where available to benchmark its internal credit risk assessment. Observed defaults per rating category vary year on year, especially over an economic cycle.

The table on the next page summarises the credit rating of the relevant financial assets of the Group, except for the lease contract portfolio which includes both financial assets (financial leases) and non-financial assets (operational leases) as credit rating is performed on the total lease contract portfolio. The credit rating of the financial lease portfolio is, however, not substantially different from the credit rating of the total lease contract portfolio.

In thousands of euros			2010			2009
External rating	**Lease contract portfolio**	**Derivative financial instruments**	**Receivables from financial institutions**	**Lease contract portfolio**	**Derivative financial instruments**	**Receivables from financial institutions**
AAA to AA-	388,296	124,601	374,839	467,696	95,509	200,617
A+ to A-	3,532,896	204,413	1,112,590	3,735,907	178,151	1,077,713
BBB+ to BBB-	4,236,056		28,047	4,251,589	1,494	35,311
BB+ to BB-	2,140,179			2,045,227		
B+ to B-	330,935			307,218		
CCC+ to C	7,925			8,947		
Unrated	2,987,398			2,803,911		
Total	**13,623,685**	**329,014**	**1,515,476**	**13,620,495**	**275,154**	**1,313,641**

Loss given default or loss severity represents the Group's expectation of the extent of a loss should default occur. It is expressed as percentage loss of the exposure at the time a counterparty is declared in default and typically varies by country and transactional features like the leased object. The average credit risk exposure weighted loss given default percentage applicable to the Group in 2010 amounted to 30% (2009: 30%).

Information on past due and/or impaired financial assets as at 31 December can be shown as follows:

In thousands of euros	**Carrying amount**	**Neither past due nor impaired**	**Past due but not impaired**	**Impaired**	**Allowance for impairment**
FINANCIAL ASSETS					
Derivative financial instruments	329,014	329,014			
Receivables from financial institutions	1,515,476	1,515,476			
Receivables from clients	2,726,133	2,472,668	251,599	80,963	-79,097
Rebates and bonuses and commissions receivable	160,738	160,738		638	-638
Reclaimable damages	29,634	29,634		3,869	-3,869
Interest to be received	2,610	2,610			
Loans to associates and jointly controlled entities	186,571	186,571		6,752	-6,752
Assets held-for-sale	2,378			6,001	-3,623
Total as at 31 December 2010	**4,952,554**	**4,696,711**	**251,599**	**98,223**	**-93,979**
FINANCIAL ASSETS					
Derivative financial instruments	275,154	275,154			
Receivables from financial institutions	1,313,641	1,313,641			
Receivables from clients	2,543,176	2,351,614	182,298	99,959	-90,695
Rebates and bonuses and commissions receivable	140,479	140,479			
Reclaimable damages	32,590	32,590			
Interest to be received	2,962	2,962			
Loans to associates and jointly controlled entities	232,849	232,849		5,634	-5,634
Assets held-for-sale	13,146			25,449	-12,303
Total as at 31 December 2009	**4,553,997**	**4,349,289**	**182,298**	**131,042**	**-108,632**

Derivative financial instruments

In addition to its natural exposure to credit risk in the leasing of vehicles, the Group is also exposed to credit risk because of its use of derivative financial instruments and because of excess cash being deposited with banks. Both credit risks arising from the Group's central Treasury operations are controlled by setting specific nominal limits for the limited number of financial institutions that such transactions are being concluded with and the requirement of minimal external rating grades that such counterparties are assigned.

Receivables from clients

Receivables from clients are individually assessed on indications for impairment. The sources for such indications can be internal, such as internal credit rating, payment behaviour and receivable ageing or external, such as external credit ratings and solvency information. Impairment is recognised when collection of receivables is at risk and when the recoverable amount is lower than the carrying amount of the receivable, also taking into account any security collateral.

Receivables from clients less than 90 days past due are not considered to be impaired, unless other information is available to indicate the contrary. Gross amounts of receivables from clients that were past due but not impaired were as follows:

In thousands of euros	2010	2009
Receivables from clients past due, but not impaired		
Past due up to 90 days	199,115	147,452
Past due between 90 - 180 days	27,739	14,352
Past due over 180 days	24,745	20,494
Total	**251,599**	**182,298**

Receivables from clients impaired and the allowance for impairment were as follows:

In thousands of euros	2010	2009
Impaired loans and receivables from clients	**80,963**	**99,959**
Provision on clients provided for	73,343	78,406
Expected loss provision	5,754	12,289
Total allowance for impairment	**79,097**	**90,695**

The total impairment allowance for loans and receivables is EUR 79.1 million (2009: EUR 90.7 million) of which EUR 73.3 million (2009: EUR 78.4 million) represents the impaired receivables and the remaining amount of EUR 5.8 million (2009: EUR 12.3 million) represents the expected loss provision determined in line with Basel II. When calculating the expected loss at year-end 2010 (i) the PD for corporate clients was maintained at the current level under the premise that the current economic circumstances are properly reflected in the Group's ratings; and (ii) the LGD was set at the current level under the premise that this properly reflects the level in used vehicle sales proceeds and non-collectable amounts in case of defaults. When calculating the expected loss at year-end 2009 (i) the PD for corporate clients was set one notch below the current level at that moment in time to reflect the expected impact of the envisaged economic circumstances in the Group's ratings in the year to come; and (ii) the LGD was set 5% above the current level at that moment in time to reflect the decreased level in used vehicle sales proceeds and increased non-collectable amounts in case of defaults. Reference is made to note 13 to the consolidated balance sheet.

Loans to associates and jointly controlled entities

Credit risk for the Group arises on lending to associates and jointly controlled entities. The underlying business of the respective associates and jointly controlled entities is very similar to the Group's core activities conducted through subsidiaries. In shareholder agreements the Group has agreed with its respective partners the ability to provide debt funding under specific credit documentation. Such provision of credit is committed and established limits are reviewed regularly. In the control on its investments in associates and jointly controlled entities, the Group also monitors and manages its credit exposures to such ventures.

The impairment relates to loans to Overlease, a jointly controlled entity in Italy. In June 2009 the shareholders of Overlease have decided to enter into a liquidation scenario for this entity. As a result it is expected that Overlease will not be able to fully repay loans received from the Group.

Assets held-for-sale and discontinued operations

In 2010 the impaired assets held-for-sale are the assets of the MOX group and in 2009 these impaired assets held-for-sale are the assets of the MOX group and the carrying amount of Excelease, a jointly controlled entity in Belgium. The MOX group and Excelease are measured at the lower of their carrying amount and the fair value less cost to sell which resulted in an impairment amounting to EUR 3.6 million at year-end 2010 (2009: EUR 12.3 million). Reference is made to note 21 to the consolidated balance sheet.

D. ASSET RISK

Asset risk definition

Asset risk is used within the Group as a combination of residual value risks and risks on repair and maintenance and tyre replacement. Residual value risk is the Group's exposure to potential loss due to the resale values of assets declining below the estimates made at lease inception. The risk related to repair, maintenance and tyres is the Group's exposure to potential loss due to the actual costs of the services repair and maintenance and tyres (over the entire contractual period) exceeding the estimates made at lease inception.

Asset risk management structure and organisation
The Managing Board is the highest ruling authority on asset risk management within LeasePlan. The Managing Board decides on the content of and alterations to policies and is informed about all relevant and significant developments with regard to LeasePlan's asset risk profile. Among others, trends in relevant asset risk related elements and audit findings are monitored by and discussed in the Group's Asset Risk Committee, which is a cross functional committee consisting of Managing Board members and relevant senior corporate managers. A subsidiary's management is responsible for the adequate management (assessment, measurement, reporting and mitigation) of asset risks in their respective portfolios. All LeasePlan subsidiaries have an asset risk management role in place and the Group has an advanced management information system that closely monitors changes in the contractual residual values used in lease contracts. On a quarterly basis relevant items are reported on a Group level.

Asset risk management policy
The Group has a robust policy in place with respect to residual value risks. This policy seeks to ensure that an adequate residual value risk management framework for local subsidiaries exists. This policy describes among others the roles and responsibilities with respect to residual value risk management, the mandatory frequency of risk measurement and reporting and the minimum standards with respect to risk mitigation.

Asset risk measurement
The most important risk under asset risk is the residual value risk, which is mainly driven by external factors, such as the supply of used vehicles, consumer preferences and confidence, currency movements, changes in government policies and general economic circumstances. These external influences cannot be controlled. However, the Group's exposure to possible changes in governmental policies and its potential impact on future vehicle is considered manageable on a total portfolio basis. In case of sudden, unexpected changes in governmental policies that affect also the existing fleets of cars, the Group has contractually agreed with clients that so caused extra costs for amortisation can be passed on to clients. Internal influences, such as the calculation of residual values and risk mitigating measures during the term of the lease can be controlled. Statistical models and calculations (i.e. regressions) are used to calculate a vehicle's future value as accurately as possible. Each subsidiary uses special systems and approaches to estimate the residual value at the end of the contract taking into account country specific aspects.

On a quarterly basis all subsidiaries assess the exposures in their existing portfolios for future years and among others compare contracted residual values to the latest expectations of future market prices. With a view to the consolidated Group outcome of the assessment of expected residual value results in future years, an additional depreciation charge was taken in 2010, which will in principle also have an effect in subsequent periods. Reference is made to note 2 and note 17 to the consolidated financial statements.
The Group performs stress testing as part of the above-mentioned quarterly assessment. A one percentage point movement in the latest expectation of future market prices would lead to a EUR 55 million movement in estimated termination results for the year 2011.

In determining additional depreciation charges not only the outcome of the comparison between residual value and expected future market price is relevant. Also risk mitigating measures the Group is actively pursuing to manage residual value risk prior to, during and at the end of a lease contract is of importance. Examples of such measures are forward looking in respect of estimated numbers of early terminations, mileage variation adjustments to lease rentals and amounts of excessive wear and tear invoiced at contract termination. Additional management actions and compensating elements as well as other risk bearing elements of the product (i.e. maintenance, tyres and repairs) are included in the Group's exposure and in the determination of additional depreciation charges.

The Group monitors this exposure on a continuous basis and adjusts its residual values for new leases accordingly. New leases are originated for original terms of 3-4 years, but are in practice also regularly adjusted during the term of the lease or are early terminated.

In thousands of euros	2010	2009
Future lease payments	5,727,423	5,625,203
Residual value	7,896,262	7,995,292
Total	**13,623,685**	**13,620,495**

In addition to the above-mentioned on-balance residual value the Group has also provided off-balance residual value commitments for non-funded vehicles up to an amount of EUR 0.3 billion (2009: EUR 0.3 billion).

The above table includes both operational and finance leases. The Group is therefore not effectively exposed to the entire residual value, since part of this represents its finance lease portfolio. On the remaining amount that the Group is exposed to

risk mitigating measures as described above have an important (reducing) impact. Taking also into account the geographical and make/model diversification of the Group's portfolio of vehicles, it is appropriate to conclude that the Group is well capable of managing volatility in used vehicle prices.

E. TREASURY RISK

Treasury risk definitions

Treasury risk in this respect entails a combination of three individual risks, being liquidity risk, interest rate risk and currency risk. Liquidity risk is the risk that the Group is not able to meet its obligations for (re)payments, due to a mismatch between the (re)financing of its assets and liabilities. Interest rate risk is the risk that the profitability of the Group is affected by movements in interest rates. Currency risk entails the risk that currency fluctuations have an adverse impact on the Group's result.

Treasury risk management structure and organisation

On Group level these risks are managed via the Group's central treasury organisation (Group's central Treasury) whereby the Group's Asset & Liability committee (ALCO), consisting of Managing Board members and relevant senior corporate managers, is the highest ruling authority. The ALCO decides on the content of and alterations to policies and is informed about all relevant and significant developments with regard to LeasePlan's treasury risk profile.

Treasury risk management policy

As the matching of maturities, amounts, currency and re-pricing dates of interest bearing assets and liabilities for liquidity, interest rate and currency purposes is fundamental to the management of LeasePlan, the Group has defined specific policies.

Liquidity risk measurement

The Group is exposed to the risk that its liabilities require payment at a different moment in time than its assets turn into cash causing either a drain on the Group's available cash resources or creating excess liquidity. The Group cannot maintain cash resources to meet all liabilities of a going-concern. However, on the basis of a run-off of the existing, self-liquidating leased assets, the Group pursues to conclude liabilities for maturities that match or exceed this run-off profile. This policy of matched funding, not only from an interest rate perspective, but also from a liquidity perspective, has been pursued since 2002 because of a reduced use of interest rate derivatives and was accelerated in 2005 and 2006 as a reflection of LeasePlan's independent position in funding its current and future business.

From a going-concern perspective the continuous (re)financing of new lease contracts is a major factor in managing liquidity risk for the Group. By structurally pursuing 'matched' funding on a consolidated basis for all new business, the Group's central Treasury reduces the liquidity risk on written lease contracts to a minimum.

It is also Group policy to match the duration profile of the contract portfolio of leases held by each subsidiary with a corresponding profile in the funding to minimise the liquidity risk at subsidiary level. This matching principle is monitored through liquidity gap reports, which are reported on a monthly basis to the Group's corporate risk management department. The limits structure is identical to the interest rate risk limits set out below in 'Interest rate risk measurement'.

As a precaution the continued access to financial markets for funding is backed up by (standby) credit facilities to reduce the liquidity risk for the Group and to safeguard its ability to continue to write new business also when temporarily no new funding could be obtained.

First, a standby facility has been concluded bilaterally with an individual bank (EUR 125 million maturing in October 2011) and a 3 year committed revolving credit facility has been concluded with a consortium of 16 banks (EUR 1.475 billion maturing in December 2013). None of these facilities include material adverse change clauses. Furthermore the Group renewed its 3 year credit facility with Volkswagen A.G., through its subsidiary Volkswagen International Payment Services N.V., (EUR 1.475 billion) and extended the term to January 2014. During 2010 no calls were made on the above-mentioned facilities.

Secondly, the Group concluded three securitisation transactions under the name of Bumper 1 (2006), Bumper 2 (2008) and Bumper 3 (2009).
Bumper 1 involved the sale of a major part of the lease portfolio (EUR 1.25 billion) of LeasePlan Nederland N.V. to the special purpose company LeasePlan Securitisatie B.V. Debt securities were issued by the special purpose company, Bumper 1 B.V. to finance this transaction. The lease portfolio has been sold and effectively pledged as security for the redemption and interest obligations on the debt securities.
Bumper 2 involved the sale of future lease instalment receivables and related residual value receivables (EUR 875 million) originated by LeasePlan Deutschland GmbH to the special purpose company Bumper 2 S.A. Debt securities were issued by Bumper 2 S.A. to finance this transaction.
Bumper 3 involved the sale of future lease instalment receivables and associated residual value receivables (GBP 887 million) originated by LeasePlan UK Ltd. to the special purpose company Bumper 3 Finance Plc. Debt securities in EUR and GBP were

issued by this special purpose company to finance the transaction.
The notes issued under these transactions have initially all been bought by the Group's central Treasury. In 2010 the Group sold the highest rated notes (rated AAA) of the Bumper 3 transaction to external investors. For further details on the transaction reference is made to note 4 of the Company financial statements.

The highest rated notes (rated AAA) under the transactions (EUR 1,120.5 million for Bumper 1 and EUR 663.3 million for Bumper 2) are eligible to be used as collateral value when the Company engages as counterparty in monetary transactions with the European Central Bank (ECB). With regards to these notes the ECB requires a rating at the AAA/Aaa level from an external credit assessment institution at issuance. Over the lifetime of the notes, the single A minimum rating threshold would have to be retained.
The underlying pool should not consist, in whole or in part, of tranches of other asset backed securities.
During 2009 and 2010 this ability has proven useful, in particular with the unrest in financial markets. At the end of 2010 EUR 950 million (2009: EUR 1,115 million) was borrowed from the ECB, which was secured with notes from the securitisation transactions. LeasePlan is in the process of preparing for changes in relevant regulations which will become applicable in the year 2011. In February 2011 the Bumper 1 transaction was unwound.

Thirdly, the Company launched in February 2010 LeasePlan Bank, an internet savings bank in the Netherlands targeting at private individuals as well as business clients. Through the savings bank, the Company is aiming to fund between 10% and 20% of its financing needs for its core business over the medium term. By the end of 2010, LeasePlan Bank raised EUR 1.675 billion.

During 2008 and the beginning of 2009 the Group has experienced significant challenges in maintaining this matched funding policy due to constraints beyond LeasePlan on the world's financial markets. In particular the fourth quarter of 2008 was difficult, although at the end of that quarter a successful two year bond issue was done with the support of a Dutch State guarantee.
In the first half of 2009 the Group has on four occasions availed of the possibility to issue debt under this Dutch guarantee scheme (reference is made to note 25 to the consolidated balance sheet). The Dutch guarantee scheme is a public scheme, available for Dutch banks, subject to approval of the Dutch Central Bank. The scheme contains important terms and conditions that LeasePlan is comfortable to adhere to.

The table below presents the contractual undiscounted cash flows payable of the financial liabilities of the Group in the relevant contractual maturity groupings. The cash flows do not reconcile to the balance sheet because the balance sheet amounts are presented on an amortised cost basis.

In thousands of euros	**0-3 months**	**3-12 months**	**1-5 years**	**> 5 years**	**Total**
FINANCIAL LIABILITIES					
Borrowings from financial institutions	1,480,299	228,850	492,165		2,201,314
Funds entrusted	1,336,565	300,397	268,217	13,993	1,919,172
Debt securities issued	646,968	1,093,146	6,525,285	150,192	8,415,591
Subordinated loans		269,057			269,057
Trade payables	567,643				567,643
Liabilities held-for-sale	376				376
Future payments (interest and commitment fees)	340,898	284,956	649,599	119,041	1,394,494
Total as at 31 December 2010	**4,372,749**	**2,176,406**	**7,935,266**	**283,226**	**14,767,647**
FINANCIAL LIABILITIES					
Borrowings from financial institutions	1,737,880	405,017	236,528	10	2,379,435
Funds entrusted	22,140	52,676	132,036	10,770	217,622
Debt securities issued	1,122,235	2,955,082	5,850,426	140,807	10,068,550
Subordinated loans			268,750		268,750
Trade payables	441,851				441,851
Liabilities held-for-sale	2,417				2,417
Future interest payments	156,265	287,787	457,611	159,379	1,061,042
Total as at 31 December 2009	**3,482,788**	**3,700,562**	**6,945,351**	**310,966**	**14,439,667**

For interest rate swaps and forward rate agreements the undiscounted cash flows are presented on a net basis into the relevant maturity groupings, whereas the undiscounted cash flows on currency swaps are presented on a gross basis.

In thousands of euros	0-3 months	3-12 months	1-5 years	> 5 years	Total
Interest rate swaps/forward rate agreements, netted flow	-15,579	-24,752	109,283	96,868	165,820
Currency swaps inflow	2,667,102	447,044	431,813	-	3,545,959
Currency swaps outflow	-2,694,493	-508,250	-494,734	-	-3,697,477
Total as at 31 December 2010	**-42,970**	**-85,958**	**46,362**	**96,868**	**14,302**
Interest rate swaps/forward rate agreements, netted flow	-35,535	-96,942	50,072	107,947	25,542
Currency swaps inflow	2,016,351	703,906	631,164	-	3,351,421
Currency swaps outflow	-2,015,630	-729,043	-662,565	-	-3,407,238
Total as at 31 December 2009	**-34,814**	**-122,079**	**18,671**	**107,947**	**-30,275**

In the stress scenario that money market and debt capital market funding is unavailable, for a longer period of time, the Group is able to repay maturing debt when it falls due on the basis of matched funding of existing assets. New business can be continued for a substantial period of time on the basis of the aforementioned committed facilities in combination with available excess cash balances and overfunding of existing assets.

To control liquidity, risk limits are set for the Group's central Treasury on the maximum amount of maturing borrowings per future month. By spreading out maturities peak drains on liquidity are avoided.

In addition to the Group's own internal policies and controls, liquidity risk is also supervised by and reported to the Dutch Central Bank on a monthly basis. The liquidity supervision by the Dutch Central Bank is focused on identifying available sources of liquidity and required liquidity.

The table below analyses available and required liquidity for a one week bucket and a one month bucket as at 31 December. The Dutch Central Bank set outs minimum liquidity level requirements for each period, by demanding that available liquidity exceeds required liquidity, according to their definitions, at all times.

In millions of euros		2010		2009
	One week	One month	One week	One month
Available liquidity	2,402	4,241	2,075	3,650
Required liquidity	1,510	3,209	1,064	2,401
Surplus (minimum requirement is above nil)	**892**	**1,032**	**1,011**	**1,249**

Interest rate risk measurement

The level of risk is illustrated by interest margins on existing contracts increasing or decreasing purely as a result of movements in interest rates. Exposure to interest rate risk is a key feature of the Group's main product. Each lease contains, sometimes exclusively, a financing dimension and interest rates are set individually at the inception of every single lease.

The table on the next page summarises the Group's exposure to interest rate risks for currencies in which such risks exists. The risk measurement methodology is based on a 'Money at Risk' philosophy, whereby the outstanding interest exposures are clustered per currency in time buckets. In addition any (interest rate) derivatives concluded to manage interest rate risk exposures are included.

In thousands of euros	0-3 months	3-12 months	1-5 years	> 5 years	Non-interest bearing	Total
As at 31 December 2010						
FINANCIAL ASSETS						
Derivative financial instruments					329,014	329,014
Receivables from financial institutions	946,742	130,304	313,435	124,995		1,515,476
Receivables from clients	1,773,741	432,481	424,421	95,490		2,726,133
Rebates and bonuses and commissions receivable					160,738	160,738
Reclaimable damages					29,634	29,634
Interest to be received					2,610	2,610
Loans to associates and jointly controlled entities	24,119	74,368	88,084			186,571
Assets held-for-sale					2,378	2,378
Total	**2,744,602**	**637,153**	**825,940**	**220,485**	**524,374**	**4,952,554**
FINANCIAL LIABILITIES						
Borrowings from financial institutions	1,533,400	277,700	390,214			2,201,314
Funds entrusted	1,336,565	300,397	268,217	13,993		1,919,172
Debt securities issued	625,835	898,598	6,742,990	148,168		8,415,591
Derivative financial instruments					423,851	423,851
Subordinated loans		269,057				269,057
Trade payables					567,643	567,643
Interest payable					143,753	143,753
Liabilities held-for-sale					376	376
Total	**3,495,800**	**1,745,752**	**7,401,421**	**162,161**	**1,135,623**	**13,940,757**
Non-financial assets and liabilities	1,524,740	3,150,913	6,691,022	66,006	-508,074	10,924,607
Net on-balance position	**773,542**	**2,042,314**	**115,541**	**124,330**	**-1,119,323**	**1,936,404**
Derivative financial instruments						
Assets	15,232,243	1,039,191	8,145,992	121,589		
Liabilities	13,515,928	3,027,448	7,962,919	24,400		
INTEREST GAP	**2,489,857**	**54,057**	**298,614**	**221,519**		
As at 31 December 2009						
Total financial assets	2,521,873	964,270	488,132	74,428	505,294	4,553,997
Total financial liabilities	3,978,785	3,223,362	5,746,766	7,780	1,025,153	13,981,846
Non-financial assets and liabilities	1,345,729	3,110,716	7,038,660	53,692	-502,613	11,046,184
Net on-balance position	**-111,183**	**851,624**	**1,780,026**	**120,340**	**-1,022,472**	**1,618,335**
Derivative financial instruments						
Assets	19,852,742	1,408,989	7,536,598	857,770		
Liabilities	17,619,636	4,057,536	7,251,890	762,050		
INTEREST GAP	**2,121,923**	**-1,796,923**	**2,064,734**	**216,060**		

The interest gap is presented excluding total equity and non-interest bearing liabilities. When taking into account total equity of EUR 1.9 billion (2009: EUR 1.6 billion) and non-interest bearing liabilities of EUR 1.1 billion (2009: EUR 1.0 billion) the Group's interest rate risk exposures can be qualified as minimal in relation to the overall balance sheet size. Stress testing takes place regularly on similar exposures during the year by analysing the profit and loss effect of a 200 basis points parallel yield curve shift in all currencies. At 31 December 2010 the annualised effect of such a change in interest rates would be almost EUR 6.6 million, which is equal to approximately 2.4% of profit before tax and would impact total equity accordingly.

It is Group policy to match the interest rate risk profile of the contract portfolio of leases held by each subsidiary with a corresponding profile in the funding to minimise the interest rate risks at subsidiary level. This matching principle is monitored through interest rate gap reports, which are reported on a monthly basis to the Group's corporate risk management department. Subsidiaries have interest bearing assets (mainly lease contracts) which are funded through interest bearing liabilities (loans) and non-interest bearing liabilities (net working capital and equity). Subsidiaries are limited to have for every future month-end a maximum mismatch of 5% between their interest bearing assets and liabilities and on average a maximum of 2.5% mismatch for the full period. Special mismatch limits may be granted on a case by case basis for example start up subsidiaries while overtime these subsidiaries should revert to normal mismatch limits.

Centrally interest exposures are consciously assumed and controlled by the Group's central Treasury, which provides loans to Group companies and attracts funds from the market in combination with (interest rate) derivatives for hedging purposes. To enable the Group's central Treasury to achieve its economies of scale, smaller intercompany assets are packaged into larger size external funding transactions. Since some timing differences are unavoidable in this process, interest rate risk exposures are inherent to the central treasury process. To control this risk, limits are set for the level of mismatch of interest rate repricing that may be undertaken per currency and time bucket. Exposures to limits are monitored daily by the Group's corporate risk management department. Derivative financial instruments are concluded by the Group's central Treasury as an end-user and are important and effective instruments in managing and controlling interest rate risk exposures.

In relation to the Group's financial assets and financial liabilities the exposures to interest rate risk fit within the overall profile as described above.

Currency risk measurement
The Group has a limited exposure to effects of fluctuations in currencies on its financial position and cash flows. The main cause for this limited exposure is that nearly all debt funding, directly or via derivatives, is concluded in the currency in which assets are originated. Also the Group's capital is allocated to the currencies in which assets are denominated. Limits are set on the level of capital versus assets in each currency and groups of currencies that are linked, thereby protecting the capital adequacy ratios of the consolidated balance sheet against currency movements.

The Group is present in 30 countries in and outside the euro currency zone. With the euro as its functional currency the Group is therefore exposed to translation risk. This risk is the volatility in the euro value of its non-euro subsidiaries, both for equity and result for the year. On the basis of a going-concern approach this risk is not hedged. The main reason for not hedging the absolute euro equity value of non-euro subsidiaries is to protect balance sheet ratios. The exposure in Group equity to the non-euro subsidiaries is managed in relation to assets in the same respective currency originated by the non-euro subsidiaries. Thereby the balance sheet ratios are managed on a neutral basis, not being impacted by currency movements. In view of such limited exposure to effects of fluctuations in currencies on its financial position the Group has not performed a sensitivity analysis on the impact of such fluctuations.

The table below summarises the Group's exposure to currency risk as at 31 December.

In thousands of euros	EUR	GBP	USD	AUD	Other	Total
As at 31 December 2010						
FINANCIAL ASSETS						
Receivables from financial institutions	1,388,331	84,077	19,411	12,278	11,379	1,515,476
Receivables from clients	781,117	256,338	831,801	379,126	477,751	2,726,133
Rebates and bonuses and commissions receivable	137,340	3,438	5,935	1,049	12,976	160,738
Reclaimable damages	27,377				2,257	29,634
Interest to be received	2,336		22		252	2,610
Loans to associates and jointly controlled entities	171,698		4,486		10,387	186,571
Assets held-for-sale	2,378					2,378
Total	**2,510,577**	**343,853**	**861,655**	**392,453**	**515,002**	**4,623,540**
FINANCIAL LIABILITIES						
Borrowings from financial institutions	1,553,889	4,439	13,617	152,091	477,278	2,201,314
Funds entrusted	1,919,172					1,919,172
Debt securities issued	5,973,851		2,239,526	38,023	164,191	8,415,591
Subordinated loans	269,057					269,057
Trade payables	385,673	12,694	27,571	23,477	118,228	567,643
Interest payable	119,460	614	8,803	2,522	12,354	143,753
Liabilities held-for-sale	376					376
Total	**10,221,478**	**17,747**	**2,289,517**	**216,113**	**772,051**	**13,516,906**
Non-financial assets and liabilities	7,270,711	1,124,469	123,986	616,609	1,788,832	10,924,607
Net on-balance position	**-440,190**	**1,450,575**	**-1,303,876**	**792,949**	**1,531,783**	**2,031,241**
Derivatives position	1,842,804	-1,321,669	1,346,604	-693,248	-1,269,328	-94,837
CURRENCY POSITION		**128,906**	**42,728**	**99,701**	**262,455**	
Net investment subsidiaries		130,939	42,956	99,750	262,499	
Other		-2,033	-228	-49	-44	
As at 31 December 2009						
Total financial assets	2,306,832	380,049	748,603	331,145	512,214	4,278,843
Total financial liabilities	9,769,280	542,324	2,110,067	288,198	791,592	13,501,461
Non-financial assets and liabilities	7,659,912	1,044,667	117,070	506,264	1,718,271	11,046,184
Net on-balance position	**197,464**	**882,392**	**-1,244,394**	**549,211**	**1,438,893**	**1,823,566**
Derivatives position	966,347	-766,006	1,278,805	-488,076	-1,196,301	-205,231
CURRENCY POSITION		**116,386**	**34,411**	**61,135**	**242,592**	
Net investment subsidiaries		116,588	34,159	60,870	237,531	
Other		-202	252	265	5,061	

F. DAMAGE RISK

Damage risk definition
Damage risk is the exposure to potential loss due to costs related to damages incurred for the account of LeasePlan exceeding the compensations included in lease rentals. This damage risk refers to long-tail risks (motor third-party liability, TPL) and short-tail risks (motor material damage, passenger indemnity, and legal defence).

Damage risk management structure and organisation
The Managing Board is the highest ruling authority with respect to Damage Risk Management within LeasePlan. The Managing Board has delegated the monitoring of damage risks on Group level to the Group's Motors Insurance Risk Committee. This Risk Committee is a cross functional committee consisting of Managing Board members accompanied by other relevant senior corporate managers.

Damage risk management policy
In order to clearly define, manage and limit the risks, principles are laid down in a motor insurance policy that needs to be adhered to by all subsidiaries and the managing director of Euro Insurances.

Damage risk measurement
The tail of a risk indicates the length of time elapsing between the occurrence and the ultimate settlement of any damage relating to such risk. Short-tail risks (own damage) are normally run off in the course of a year whereas for long-tail risks (TPL) it can take years to identify and settle. These risks are either retained in own damage programmes by local Group companies, or by its own internal insurance company, Euro Insurances based in Dublin (Ireland). Euro Insurances is regulated by the Irish Financial Services Regulatory Authority and its 'European passport' enables it to support Group companies in all EU countries.

The overall approach is to selectively accept damage risk taking into account the best risk/return ratio. In principal the Group only accepts damage risk retention positions arising from its own operational and (to a lesser extent) finance lease portfolio. Damage specialists in each Group company and Euro Insurances accept damage risk in accordance with the strict guidelines of a pre-agreed policy. These policies set out the scope and nature of the risks to be accepted (or not) as well as the authority rules. Special perils falling outside the scope of the policy are transferred to external insurance companies.

Settlement of damages is outsourced to specialised independent damage handling companies in accordance with the strict terms of a service level agreement and following a pro-active approach to damage handling, from expert investigation to early settlement at the lowest possible cost.

The Group monitors the damage risk acceptance process and the financial performance in each geography using actuarial and statistical methods for estimating liabilities and determining adequate pricing levels. Regular analysis of damage statistics, strict compliance with damage handling procedures and policies and when necessary, reviews of damage risk pricing, ensure a healthy balance between revenues and damages at both an aggregate level and an individual fleet level. The provision for damages is regularly assessed and periodically verified by (external) actuaries.

The price for acceptance of damage risk is set in each market based on prevailing local market conditions after determining appropriate levels of (re)insurance cover and the expected costs of managing and settling damages. Regular external actuarial assessments support internal actuary assessments of the individual programme damage ratios, which are influenced by statistical evidence of accident frequency in the local market and the cost per large damage. These support the IBNR (Incurred But Not Reported) factors used to determine appropriate reserve levels necessary to meet projected short and long-tail damages.

(Re)insurance cover is purchased by the Group on an excess of loss basis for the two principal risks, motor third-party liability and motor material damage, to minimise the financial impact of a single large accident and/or event. Reinsurers are selected on the basis of their financial strength, price, capacity and service and are monitored on a quarterly basis. A part of the insurance cover is channelled through the Group's reinsurance captive Globalines.
The Group ensures that the damage risk policy's terms and conditions are mapped against the reinsurance cover in place in order to prevent any uncovered risks.

G. FAIR VALUE OF FINANCIAL INSTRUMENTS

The financial assets and liabilities held by the Group are not held for trading purposes, but are intended to be held-to-maturity. The Group does not manage its risk exposures related to operational and finance leases, financial assets, loan commitments and borrowings on a fair value basis, except for derivative financial instruments.

The table below summarises the Group's financial assets and financial liabilities of which the derivatives are measured at fair value and the other financial assets and other financial liabilities are measured at amortised costs on the balance sheet as at 31 December.

In thousands of euros		Carrying value		Fair value	
		2010	2009	2010	2009
FINANCIAL ASSETS					
Derivative financial instruments in hedge	(i)	159,184	124,642	159,184	124,642
Financial assets at fair value through the income statement					
Derivative financial instruments not in hedge	(i)	169,830	150,512	169,830	150,512
Loans and receivables					
To financial institutions	(ii)	1,515,476	1,313,641	1,509,850	1,313,795
To clients	(ii)	2,726,133	2,543,176	2,311,340	2,697,184
To associates and jointly controlled entities	(ii)	186,571	232,849	191,677	243,318
Rebates and bonuses and commissions receivable	(iii)	160,738	140,479	160,738	140,479
Reclaimable damages	(iii)	29,634	32,590	29,634	32,590
Interest to be received	(iii)	2,610	2,962	2,610	2,962
Assets held-for-sale	(iv)	2,378	13,146	2,378	13,146
Total		**4,952,554**	**4,553,997**	**4,537,241**	**4,718,628**
FINANCIAL LIABILITIES					
Derivative financial instruments in hedge	(i)	107,065	257,356	107,065	257,356
Financial liabilities at fair value through the income statement					
Derivative financial instruments not in hedge	(i)	316,786	223,029	316,786	223,029
Other liabilities measured at amortised cost					
Borrowings from financial institutions	(ii)	2,201,314	2,379,435	2,218,742	2,403,469
Funds entrusted	(ii)	1,919,172	217,622	1,919,078	216,690
Debt securities issued	(ii)	8,415,591	10,068,550	8,601,901	10,189,709
Subordinated loans	(ii)	269,057	268,750	269,558	270,453
Trade payables	(iii)	567,643	441,851	567,643	441,851
Interest payable	(iii)	143,753	122,836	143,753	122,836
Liabilities held-for-sale	(iv)	376	2,417	376	2,417
Total		**13,940,757**	**13,981,846**	**14,144,902**	**14,127,810**

(i) Derivative financial instruments

The fair value of derivative financial instruments is based upon the method as stated under the table below.

(ii) Loans to financial institutions, clients and associates and jointly controlled entities, borrowings from financial institutions, funds entrusted, debt securities issued and subordinated loans

The fair value of these captions is in principle estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(iii) Other

For other receivables and other payables with a remaining life of less than one year the notional amount is deemed to reflect the fair value.

(iv) Assets and liabilities held-for-sale

These assets and liabilities are valued at the lower of the carrying value and the fair value less cost to sell. The financial assets and financial liabilities which are measured at fair value are classified in three different levels (measurements).

- Level 1
The fair value of financial instruments which are traded in active markets is based on quoted market prices at the balance sheet date (level 1). A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Group has no financial instruments that qualify for level 1.

- Level 2
The fair value of financial instruments which are not traded in an active market is determined by using valuation techniques. These instruments qualify for level 2. The Group calculates the fair value of the interest rate swaps using a discounted cash flow method, by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at measurement date, while taking into account the current creditworthiness of the swap counterparties.
The fair value of forward exchange contracts is based on their quoted market price at the balance sheet date, being the present value of the quoted forward price. If a listed market price is not available, then the fair value is estimated by discounting the difference between the contractual forward bid price and the current forward price for the remaining maturity of the contract using a risk-free interest rate (based on government bonds).

- Level 3
If the fair value is not based on observable market data, the financial instrument is included in level 3. The Group has no financial instruments that qualify for level 3.

The table below summarises the Group's financial assets and financial liabilities which are measured at fair value on the balance sheet as per 31 December 2010.

In thousands of euros	**Level 2**	
	2010	**2009**
FINANCIAL ASSETS		
Derivative financial instruments in hedge	159,184	124,642
Derivative financial instruments not in hedge	169,830	150,512
Total	**329,014**	**275,154**
FINANCIAL LIABILITIES		
Derivative financial instruments in hedge	107,065	257,356
Derivative financial instruments not in hedge	316,786	223,029
Total	**423,851**	**480,385**

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SPECIFIC NOTES

All amounts are in thousands of euros, unless stated otherwise

NOTE 1 - SEGMENT INFORMATION

Operating segments are reported in accordance with the internal reporting provided to the Group's key management (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assesses its performance. Segment information is presented in the consolidated financial statements in respect of the Group's leasing activities (LeasePlan) and Group support activities, which are the basis of segment reporting.

Leasing activities

Leasing activities comprise the main activity of the Group which is providing fleet management services including the purchase, financing, maintenance and remarketing of vehicles. The Group offers a mono-line product through all of its 30 LeasePlan subsidiaries allowing for some differentiation based on the maturity of local markets. As a result the subsidiaries are grouped in categories based on maturity of the market and to a lesser extent maturity of the subsidiary. Segmentation is presented as follows:

- Mature

The focus in this segment is on innovation of services and products as well as cost excellence by means of harmonisation and standardisation. Geographies in these segments are: United Kingdom, Spain, Portugal, the Netherlands, United States, Belgium, Germany, Australia, France and Italy.

- Developing

The focus in this segment is on a seamless and efficient organisational structure facilitating a further development of the business. Geographies in this segment are: Norway, Denmark, Finland, Sweden, Switzerland, Ireland, New Zealand, Luxembourg, Austria, Czech Republic and Poland.

- Start-up

The focus in this segment is on client segmentation and differentiation of services from competitors as well as on a high quality management and service excellence while investing in sales force. Geographies in this segment are: Brazil, Slovakia, Hungary, India, Greece, Turkey, Romania, United Arab Emirates and Mexico.

Group support activities

These activities provide services in the area of treasury, damage risk retention, procurement and infrastructure to support the leasing activities. Companies included are: LeasePlan Supply Services, LeasePlan Infrastructure Services, LeasePlan International, Euro Insurances as well as the Group's central Treasury (including LeasePlan Bank) and other support activities.

The segment reporting format reflects the Group's management and internal reporting structure and is based on the internal system of management accounting. The main purpose of the management accounting is to enable a comparison between leasing subsidiaries. This results in an allocation of income and expense from Group support activities to the leasing activities as well as a zero equity assumption for the leasing activities in order to facilitate comparison. There are no asymmetrical allocations as both the leasing activities and the Group support activities are measured on the basis of the same internal system of management accounting. The Group support activities allocate all relevant revenues and related costs to the leasing activities.

Segment revenues, operating income, operating expenses and operating result include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment assets include property and equipment under operational lease and rental fleet and amounts receivable under finance lease contracts.

Inter-segment pricing is determined on an arm's length basis. Internal segment revenues are not presented separately given their insignificance.

The segment information is presented in the table below as at 31 December.

Segment	**LeasePlan**									
	Mature		**Developing**		**Start-up**		**Group support activities**		**Total**	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
VOLUME										
Number of vehicles	1,032,130	1,053,288	210,001	208,456	51,385	47,552	-	-	**1,293,516**	**1,309,296**
Nominal staff	4,317	4,408	864	881	431	362	467	420	**6,079**	**6,071**
Lease contracts	10,383,206	10,467,324	2,786,672	2,710,613	453,807	442,558	-	-	**13,623,685**	**13,620,495**
PROFITABILITY										
Revenues	5,407,080	5,228,173	1,255,375	982,378	227,900	201,628	87,613	47,059	**6,977,968**	**6,459,238**
Cost of revenues	4,912,664	4,786,394	1,140,106	883,159	217,033	190,915	21,565	71,983	**6,291,368**	**5,932,451**
Gross profit	**494,416**	**441,779**	**115,269**	**99,219**	**10,867**	**10,713**	**66,048**	**-24,924**	**686,600**	**526,787**
Net finance income	**173,030**	**100,679**	**32,861**	**32,788**	**9,775**	**1,601**	**58,952**	**150,465**	**274,618**	**285,533**
Total operating and net finance income	**667,446**	**542,458**	**148,130**	**132,007**	**20,642**	**12,314**	**125,000**	**125,541**	**961,218**	**812,320**
Total operating expenses	**489,918**	**441,864**	**105,665**	**92,393**	**38,329**	**28,209**	**62,894**	**40,888**	**696,806**	**603,354**
Share of profit of associates	-673	-1,056	-	-19	3,850	411	4,220	666	**7,397**	**2**
Profit before tax	**176,855**	**99,538**	**42,465**	**39,595**	**-13,837**	**-15,484**	**66,326**	**85,319**	**271,809**	**208,968**
Income tax expenses	44,040	16,198	10,337	8,613	-6,092	-5,009	26,768	20,962	**75,053**	**40,764**
Profit for the year from continuing operations	**132,815**	**83,340**	**32,128**	**30,982**	**-7,745**	**-10,475**	**39,558**	**64,357**	**196,756**	**168,204**
Profit for the year from discontinued operations	-1,118	-2,971	-	-	-	-	2,996	-	**1,878**	**-2,971**
Profit for the year	**131,697**	**80,369**	**32,128**	**30,982**	**-7,745**	**-10,475**	**42,554**	**64,357**	**198,634**	**165,233**
NET FINANCE INCOME DETAILS										
Interest income	684,531	694,464	138,785	151,646	52,969	55,343	19,836	37,735	**896,121**	**939,188**
Interest expenses	489,088	542,413	102,603	116,646	42,657	51,787	-37,357	-51,568	**596,991**	**659,278**
Net interest income	**195,443**	**152,051**	**36,182**	**35,000**	**10,312**	**3,556**	**57,193**	**89,303**	**299,130**	**279,910**
Impairment charges	45,605	96,030	3,817	4,205	1,375	1,571	83	438	**50,880**	**102,244**
Reversal of impairment	-23,235	-44,616	-496	-1,993	-838	384	-6,548	-9	**-31,117**	**-46,234**
Net interest income after impairment charges	**173,073**	**100,637**	**32,861**	**32,788**	**9,775**	**1,601**	**63,658**	**88,874**	**279,367**	**223,900**
Unrealised gains/(losses) on financial instruments	-43	42	-	-	-	-	-4,706	-1,778	**-4,749**	**-1,736**
Other financial gains	-	-	-	-	-	-	-	63,369	**-**	**63,369**
Net finance income	**173,030**	**100,679**	**32,861**	**32,788**	**9,775**	**1,601**	**58,952**	**150,465**	**274,618**	**285,533**

Revenues and other key figures of the subsidiaries are distributed relatively evenly over the segments and in principal there are no individual subsidiaries that contribute more than 10% to the overall revenues except for LeasePlan in the Netherlands. The Netherlands is also the domicile country of the Group. Key figures for the Netherlands are: Revenues EUR 920 million (2009: EUR 956 million), Number of vehicles 115,711 (2009: 117,960), Staff 850 (2009: 858) and Lease contracts EUR 1.7 billion (2009: EUR 1.8 billion).

The Group is predominantly funded from the Group's central Treasury and therefore the majority of the Group's financial liabilities are included in the segment 'Group support activities'.

The geographical information is presented in the following table:

	Total revenues		Lease contracts	
	2010	2009	2010	2009
Europe (euro)	4,406,388	4,364,016	7,922,889	8,369,585
Europe (non-euro)	1,634,556	1,280,256	3,499,081	3,323,102
Rest of the world	937,024	814,966	2,201,715	1,927,808
Total	**6,977,968**	**6,459,238**	**13,623,685**	**13,620,495**

NOTE 2 - REVENUES AND COST OF REVENUES

(i) Revenues

Revenues comprise the various service components as included in the lease instalment, such as repair, maintenance and tyres, damage risk retention and depreciation, as well as the proceeds of the sale of cars and trucks from terminated contracts.

	2010	2009
Depreciation	2,676,441	2,641,637
Lease services	843,374	898,238
Management fees	190,832	188,952
Damage risk retention	470,534	482,155
Rental	224,544	202,087
Proceeds of cars and trucks sold	2,346,445	1,887,318
Other	225,798	158,851
Total	**6,977,968**	**6,459,238**

Damage risk retention includes EUR 77.6 million (2009: EUR 95.5 million) for Third Party Liability risk retained by Euro Insurances, the Groups own internal insurance company.
Other mainly includes bonuses earned in connection with costs recharged to clients and income related to various non-leasing activities. In 2010 the gain on the sale of property in the Netherlands amounting to EUR 10.1 million is included, reference is made to note 18.

(ii) Cost of revenues

Cost of revenues comprise the various service components as included in the lease instalment, such as repair, maintenance and tyres, damage risk retention and depreciation, as well as the cost of the cars and trucks sold.

	2010	2009
Depreciation	2,578,894	2,594,838
Lease services	697,559	792,236
Damage risk retention	294,602	299,819
Rental	214,108	197,899
Cost of cars and trucks sold	2,371,972	1,984,247
Other	134,233	63,412
Total	**6,291,368**	**5,932,451**

In view of the significant decreases in the used vehicle prices in some of the major geographies where the Group is active, prospective adjustments were made to the depreciation charges as a result of changes in the estimated residual value of the property and equipment under operational lease. For 2010 this resulted in an additional depreciation charge of EUR 9.0 million (2009: EUR 27.0 million). For 2011 no additional depreciation charges are expected. Reference is made to note 17 and the financial risk section (Asset Risk).

NOTE 3 - INTEREST AND SIMILAR INCOME

This caption mainly includes interest income from operational and finance leases, and to a lesser extent also interest income on deposits placed by the Group's central Treasury with financial institutions amounting to EUR 14.9 million (2009: EUR 29.2 million). In 2009 this caption also included EUR 13.3 million interest on financial assets held-to-maturity and a gain of EUR 15.1 million resulting from the sale of all held-to-maturity bonds in the last quarter of 2009.

NOTE 4 - INTEREST EXPENSES AND SIMILAR CHARGES

	2010	2009
Interest expense on debt securities issued	304,044	306,876
Interest expense on funds entrusted	72,180	119,003
Interest expense on subordinated loans	12,427	17,304
Other	208,340	216,095
Total	**596,991**	**659,278**

Other mainly includes interest expense on 'Borrowings from financial institutions'.

NOTE 5 - OTHER FINANCIAL GAINS

During 2010 there were no other financial gains or losses accounted for. In June 2009 the Company repurchased below par part of the subordinated 10 year non-call 5 bond for a nominal amount of EUR 230 million resulting in a gain of EUR 63.4 million. Reference is made to note 28.

NOTE 6 - STAFF EXPENSES

	Note	2010	2009
Wages and salaries		304,388	284,816
Social security charges		46,786	45,159
Pension costs - defined contribution plans		17,988	17,905
Defined benefit plans		7,993	3,801
Other post-employment costs/(benefits)		4,525	534
Charge to/(release of) provision for share-based payments	27 (iii) (c)	18	-4
Other staff costs		30,694	25,619
Total		**412,392**	**377,830**

The average number of staff employed (including temporary staff) by the Group during the year was 5,772 (2009: 5,919), of whom 850 (2009: 858) were employed in the Netherlands. At year-end the nominal number of staff employed by the Group was 6,079 (2009: 6,071).

The breakdown of post-employment benefits is as follows:

	Note	2010	2009
Current service costs	27 (ii)	2,248	2,450
Interest costs	27 (ii)	3,367	2,875
Expected return on plan assets	27 (ii)	-2,729	-2,127
Curtailment effect and settlements	27 (ii)	1	-
Amortisation of actuarial (gains)/losses	27 (ii)	145	603
Past service costs	27 (ii)	-54	-
Exchange rate differences		47	-
Other	27 (ii)	4,968	-
Defined benefit plans		**7,993**	**3,801**
Pension costs - defined contribution plans		17,988	17,905
Other post-employment costs/(benefits)		4,525	534
Total post-employment costs		**30,506**	**22,240**

Other includes the effect of the IAS 19 paragraph 58(b) limit, which relates to one defined benefit plan with a minimum funding requirement. Since the Company has no unconditional right to the surplus on wind-up and there is no economic benefit to the Company from any reductions in future contributions this minimum funding requirement has been reflected on top of the regular IAS 19 deficit.

For information on the actuarial assumptions reference is made to note 27 (ii).

NOTE 7 - GENERAL AND ADMINISTRATIVE EXPENSES

This item includes office overheads, automation costs, advertising costs, professional fees and other general expenses.

NOTE 8 - DEPRECIATION AND AMORTISATION

	Note	2010	2009
Depreciation other property and equipment	18	25,203	25,296
Impairment software	20	13,000	-
Amortisation intangible fixed assets	20	19,166	9,544
Total		**57,369**	**34,840**

The impairment on software is further disclosed in note 20.

NOTE 9 - INCOME TAX EXPENSES

The income tax expenses in the income statement can be shown as follows:

	Note	2010	2009
Current tax			
Current tax on profits for the year		85,052	74,310
Adjustments in respect of prior years		3,447	-827
Recognition of tax deductible goodwill		-	-49
Total current tax		**88,499**	**73,434**
Deferred tax			
Origination and reversal of temporary differences		-29,805	-33,441
Recognition of tax deductible goodwill		-	-389
Changes in tax rates		-397	-109
Adjustments in respect of prior years		16,756	1,269
Total deferred tax	19	**-13,446**	**-32,670**
Total		**75,053**	**40,764**

The deferred tax adjustments in respect of prior years include (i) valuation allowances on deferred tax assets in relation to tax losses amounting to EUR 5.2 million (2009: nil) as the Group considers it not probable that future taxable profits will be available against which these tax losses and tax credits can be utilised; and (ii) a charge of EUR 13 million for anticipated adjustments in settlements of prior years' tax returns (2009: nil).

Further information on deferred income tax assets and liabilities is presented in note 19.

Reconciliations of effective tax rate

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic nominal tax rate of the domicile country (25.5%) of the parent and is as follows:

		2010		2009
Profit before tax		271,809		210,139
Tax calculated at domicile country nominal tax rate	25.5%	69,311	25.5%	53,585
Effect of different tax rates in foreign countries		-8,903		-13,377
Weighted average taxation	**22.2%**	**60,408**	**19.1%**	**40,208**
Income not subject to tax		-8,064		-1,228
Expenses not deductible for tax purposes		2,902		1,888
Adjustment of deferred tax		19,807		-104
Total		**75,053**		**40,764**

The weighted average of the local tax rates applicable to the Group for 2010 is 22.2% (2009: 19.1%) which is lower than the domicile country nominal tax rate of 25.5% predominantly as a result of the fact that the Group realises on average profits in jurisdictions with a tax rate lower than 25.5% and losses in (some) jurisdictions with a rate higher than 25.5%. The increase of the weighted average of the local tax rates in 2010 is a result of both lower profits in jurisdictions with a tax rate below the average and lower losses in jurisdictions with a tax rate above the average.

The tax (charge)/credit relating to components of other comprehensive income is as follows:

			2010			2009
	Before tax	**Tax (charge)/ credit**	**After tax**	**Before tax**	**Tax (charge)/ credit**	**After tax**
Cash flow hedges	92,635	-7,042	85,593	41,663	-6,944	34,719
Currency translation differences	38,130	-	38,130	34,311	-	34,311
Total	**130,765**	**-7,042**	**123,723**	**75,974**	**-6,944**	**69,030**

NOTE 10 - CASH AND BALANCES WITH BANKS

	2010	2009
Cash and balances at central banks	**61,175**	**35,673**
Call money, bank overdrafts included in Receivables from financial institutions	95,535	102,884
Call money, bank overdrafts included in Borrowings from financial institutions	-200,335	-133,888
Balance as at 31 December for the purposes of the statement of cash flows	**-43,625**	**4,669**

This item includes all legal tender available at call.

Mandatory reserve deposits amounting to EUR 61.1 million (2009: EUR 35.6 million) are not available for use in the Group's day-to-day operations, but are readily available on demand for liquidity supervision by the Dutch Central Bank. The mandatory reserve deposits form part of the 'Cash and balances at central banks'.

NOTE 11 - DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are carried at fair value and are made up as follows:

			2010			2009
	Notional amounts	Fair value Assets	Fair value Liabilities	Notional amounts	Fair value Assets	Fair value Liabilities
Fair value hedge						
Interest rate swaps/ forward rate agreements	5,222,738	142,196	14,196	4,446,145	87,860	3,191
Currency swaps	27,491	919	-	-	-	-
Cash flow hedge						
Interest rate swaps/ forward rate agreements	3,345,000	16,069	92,869	7,371,611	36,782	254,165
Total derivatives in hedge	**8,595,229**	**159,184**	**107,065**	**11,817,756**	**124,642**	**257,356**
Interest rate swaps/ forward rate agreements	12,605,119	151,059	187,176	14,751,622	124,662	160,768
Currency swaps/ currency forwards	3,582,262	18,771	129,610	3,122,159	25,850	62,261
Total derivatives not in hedge	**16,187,381**	**169,830**	**316,786**	**17,873,781**	**150,512**	**223,029**
Total	**24,782,610**	**329,014**	**423,851**	**29,691,537**	**275,154**	**480,385**

The fair value is based on the price including accrued interest (dirty price). Reconciliation between the fair value of the derivative financial instruments and the hedging reserve included in group equity is as follows:

	2010	2009
Fair value cash flow hedges - assets	16,069	36,782
Fair value cash flow hedges - liabilities	-92,869	-254,165
Less: accrued interest on cash flow hedges	44,093	91,749
Total net position cash flow hedges	**-32,707**	**-125,634**
Less: cumulative fair value gains/(losses) through income statement (hedge imperfectness)	-244	48
Tax on cash flow hedges	8,260	15,302
Hedging reserve	**-24,691**	**-110,284**

The unrealised gains/(losses) on financial instruments recognised in the income statement breaks down as follows:

	Note	2010	2009
Derivatives not designated as hedges		-4,040	-2,632
Derivatives at fair value hedges		40,432	32,859
Derivatives at cash flow hedges (imperfectness)		244	231
		36,636	**30,458**
Financial liabilities used in fair value hedges	25	-41,385	-32,194
Unrealised gains/(losses) on financial instruments		**-4,749**	**-1,736**

NOTE 12 - RECEIVABLES FROM FINANCIAL INSTITUTIONS

This caption includes amounts receivable from Dutch and foreign credit institutions under government supervision. Amounts receivable from financial institutions includes call money and bank current account balances that form part of the cash and balances with banks in the cash flow statement. Besides the aforementioned items an amount of EUR 404 million (2009: EUR 369 million) is included which is deposited as cash collateral for the Bumper 1, Bumper 2 and Bumper 3 securitisation transactions and an amount of EUR 110 million (2009: EUR 204 million) is deposited as cash collateral for derivative financial instruments. Reference is made to the financial risk section (Liquidity risk).

The maturity analysis is as follows:

	2010	2009
Three months or less	946,742	577,202
Longer than three months, less than a year	20,404	158,966
Longer than a year, less than five years	548,325	577,469
Longer than five years	5	4
Balance as at 31 December	**1,515,476**	**1,313,641**

NOTE 13 - RECEIVABLES FROM CLIENTS

This item includes amounts receivable under lease contracts and trade receivables, after deduction of allowances for debtor risks, where necessary.

	2010	2009
Amounts receivable under finance lease contracts	2,191,005	2,071,739
Trade receivables	535,128	471,437
Balance as at 31 December	**2,726,133**	**2,543,176**

The maturity analysis is as follows:

	2010	2009
Three months or less	679,260	668,551
Longer than three months, less than a year	437,184	573,994
Longer than a year, less than five years	1,514,199	1,226,210
Longer than five years	95,490	74,421
Balance as at 31 December	**2,726,133**	**2,543,176**

The fair value of the receivables does not significantly differ from the carrying amount, as a significant part of these receivables is contracted at a floating interest rate and due to the short-tail of the average remaining term. Reference is made to the financial risk section (Fair value of financial instruments).

(i) Impairment

The movement in impairment on receivables is as follows:

	2010	2009
Balance as at 1 January	**90,695**	**57,275**
Net impairment charges	19,763	56,010
Receivables written off during the year as uncollectable	-32,007	-23,331
Exchange rate differences	646	741
Balance as at 31 December	**79,097**	**90,695**

The impairment charges can be detailed as follows:

	2010	2009
Impairment charges	50,881	102,244
Reversal of impairment through income statement	-31,118	-46,234
Total	**19,763**	**56,010**

For a description of the criteria used to determine whether receivables to clients are impaired reference is made to the financial risk section (Credit risk). The impairment policy is aligned with Basel II and the Group recognises, next to specific impairment allowances of EUR 73.3 million (2009: EUR 78.4 million), an expected loss provision of EUR 5.8 million (2009: EUR 12.3 million) based on the probability of default (PD) and the loss given default (LGD) as determined under the Basel II regime.

(ii) Finance lease contracts
The Amounts receivable from clients include finance lease receivables, which may be analysed as follows:

Gross investment in finance leases, with remaining maturities.

	2010	2009
Not longer than a year	714,117	859,721
Longer than a year, less than five years	1,632,200	1,326,925
Longer than five years	113,500	86,599
	2,459,817	**2,273,245**
Unearned finance income on finance leases	268,812	201,506
Net investment in finance leases	**2,191,005**	**2,071,739**

Net investment in finance leases, with remaining maturities.

	2010	2009
Not longer than a year	578,144	771,110
Longer than a year, less than five years	1,517,371	1,226,208
Longer than five years	95,490	74,421
Balance as at 31 December	**2,191,005**	**2,071,739**

The unguaranteed residual values of finance lease assets accruing to the benefit of the lessor amount to EUR 348 million (2009: EUR 364 million).

The accumulated allowance for uncollectable minimum lease payments receivable amount to EUR 11.5 million (2009: EUR 3.5 million).

NOTE 14 - INVENTORIES

	Note	2010	2009
Cars and trucks from terminated lease contracts		158,023	137,492
Valuation allowance		-9,000	-11,000
Carrying amount cars and trucks from terminated lease contracts	17	**149,023**	**126,492**
New cars and trucks in stock		9,519	7,716
Balance as at 31 December		**158,542**	**134,208**

Inventories are stated at the lower of cost or net realisable value.

NOTE 15 - OTHER RECEIVABLES AND PREPAYMENTS

This item includes prepayments in respect of expenses attributable to a subsequent period and amounts still to be received, as well as to amounts that are not classified under any other asset.

	2010	2009
Rebates and bonuses and commissions receivable	160,738	140,479
Prepaid motor vehicle tax and insurance premiums	129,006	126,057
VAT and other taxes	39,898	27,410
Reclaimable damages	29,634	32,590
Other prepayments and accrued income	66,180	50,921
Interest to be received	2,610	2,962
Re-insurance assets	28,969	54,770
Other	143,858	134,912
Balance as at 31 December	**600,893**	**570,101**

The majority, of the other receivables and prepayments, has a remaining maturity of less than one year.

Other mainly includes pass on costs to be invoiced to clients for leasing related services such as fuel, maintenance and insurances.

NOTE 16 - INVESTMENTS IN AND LOANS TO ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

Principal jointly controlled entities and associates that are accounted for under net equity accounting in the consolidated financial statements are:

Jointly controlled entities
LeasePlan Emirates Fleet Management – LeasePlan Emirates LLC, United Arab Emirates (49%)
LPD Holding A.Ş, Turkey (51%)
Excelease N.V., Belgium (51%)
Overlease S.r.L., Italy (51%)
Please S.C.S., France (99.3%)
E Lease S.A.S., France (5%)
Flottenmanagement GmbH, Austria (49%)

Associates
Terberg Leasing B.V., the Netherlands (24%)

The net equity accounting treatment is based on whether the Group has significant influence or joint control. In the situations where the Group has a majority shareholding in the entities listed above these entities still qualify as jointly controlled entities as the Group has contractually agreed to sharing of control whereby the strategic and operating decisions relating to the entity require the unanimous consent of the parties sharing control. The accounting period of the principal associates and jointly controlled entities aligns with the accounting period of the Group.

The Group's share of the result in its principal jointly controlled entities and associates is as follows:

	2010	2009
Balance as at 1 January	**22,447**	**23,852**
Transfers	5,510	-2,855
Share of results	7,397	2
Capital increase	1,311	1,448
Dividend received	-911	-
Balance as at 31 December	**35,754**	**22,447**

In 2009 the transfer mainly relates to the jointly controlled entity Excelease, which was transferred to the caption 'Assets classified as held-for-sale and discontinued operations'; an impairment of EUR 2 million in relation to this jointly controlled entity is included in 'Share of results'. In 2010 the impairment of Excelease was reversed in 'Share of results' upon the decision not to further pursue the sale in view of market circumstances.

The maturity analysis of the loans is as follows:

	2010	2009
Three months or less	24,119	37,621
Longer than three months, less than a year	74,368	135,727
Longer than a year, less than five years	88,084	59,501
Balance as at 31 December	**186,571**	**232,849**

The summarised financial information for the material interests in associates and jointly controlled entities can be shown as follows:

	2010	2009
Assets	384,041	397,507
Liabilities	348,288	375,060
Total income	59,800	60,940
Net income	7,397	2
Dividend paid	911	-

The loan commitments only relate to the jointly controlled entities and there are no material contingent liabilities of the associates and jointly controlled entities other than loan commitments (reference is made to note 32).

NOTE 17 - PROPERTY AND EQUIPMENT UNDER OPERATIONAL LEASE AND RENTAL FLEET

	Note	Operational lease	Rental fleet	Total
Carrying amount as at 1 January 2009		**11,888,296**	**62,676**	**11,950,972**
Purchases		3,932,306	19,710	3,952,016
Transfer to inventories	14	-126,492	-	-126,492
Disposals		-1,955,769	-34,297	-1,990,066
Depreciation		-2,585,402	-10,023	-2,595,425
Exchange rate differences		357,087	703	357,790
Carrying amount as at 31 December 2009		**11,510,026**	**38,769**	**11,548,795**
Cost		16,609,504	49,363	16,658,867
Accumulated depreciation and impairment		-5,099,478	-10,594	-5,110,072
Carrying amount as at 31 December 2009		**11,510,026**	**38,769**	**11,548,795**
Purchases		4,179,690	34,758	4,214,448
Transfer to inventories	14	-149,023	-	-149,023
Disposals		-1,894,821	-15,081	-1,909,902
Depreciation		-2,578,894	-9,746	-2,588,640
Exchange rate differences		316,534	468	317,002
Carrying amount as at 31 December 2010		**11,383,512**	**49,168**	**11,432,680**
Cost		16,762,367	59,573	16,821,940
Accumulated depreciation and impairment		-5,378,855	-10,405	-5,389,260
Carrying amount as at 31 December 2010		**11,383,512**	**49,168**	**11,432,680**

No impairment losses are recognised on leased assets in 2010 and 2009.

In view of the significant decrease in the used vehicle prices in some of the major geographies in which the Group is active, prospective adjustments were made to the depreciation charges as a result of changes in the estimated residual value of the property and equipment under operational lease. For 2010 this resulted in an additional depreciation charge of EUR 9.0 million (2009: EUR 27.0 million). For 2011 no additional depreciation charges are expected. Reference is made to note 2 and the financial risk section (Asset Risk).

An approximation of the future minimum lease payments under non-cancellable operational leases in aggregate and for each of the following periods can be summarised as follows:

	Nominal value	
	2010	2009
Not longer than a year	4,163,660	3,743,974
Longer than a year, less than five years	8,382,421	9,037,404
Longer than five years	98,525	125,999
Total	**12,644,606**	**12,907,377**

NOTE 18 - OTHER PROPERTY AND EQUIPMENT

	Note	Property	Equipment	Total
Carrying amount as at 1 January 2009		**24,104**	**71,719**	**95,823**
Purchases		692	32,993	33,685
Disposals		-43	-18,925	-18,968
Depreciation	8	-1,179	-24,117	-25,296
Exchange rate differences		-77	1,086	1,009
Carrying amount as at 31 December 2009		**23,497**	**62,756**	**86,253**
Cost		33,006	211,693	244,699
Accumulated depreciation and impairment		-9,509	-148,937	-158,446
Carrying amount as at 31 December 2009		**23,497**	**62,756**	**86,253**
Purchases		910	42,498	43,408
Disposals		-11,502	-13,746	-25,248
Depreciation	8	-1,872	-23,331	-25,203
Exchange rate differences		238	2,408	2,646
Carrying amount as at 31 December 2010		**11,271**	**70,585**	**81,856**
Cost		33,849	216,077	249,926
Accumulated depreciation and impairment		-22,578	-145,492	-168,070
Carrying amount as at 31 December 2010		**11,271**	**70,585**	**81,856**

In the fourth quarter of 2010 the Group sold property in the Netherlands with a carrying amount of EUR 11.3 million. This resulted in a gain of EUR 10.1 million which is included in the caption ‘Revenues’, reference is made to note 2. There are no bank borrowings secured against land and buildings.

NOTE 19 - DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities as at 31 December are attributable to the following:

	Deferred tax asset		Deferred tax liability	
	2010	2009	2010	2009
Goodwill	14,163	17,467	-	-
Property and equipment under operational leases	49,273	7,115	244,623	258,508
Other property and equipment	3,594	3,238	1,717	664
Provisions	13,605	12,511	80	238
Deferred leasing income	48,355	44,179	22,525	25,362
Tax value of losses carried forward recognised	148,413	146,577	-	-
Tax credits and prepayments	17,176	31,764	1,555	531
Other receivables	32,153	36,435	31,742	11,245
Other payables	34,535	31,647	42,765	23,443
Tax assets/liabilities	**361,267**	**330,933**	**345,007**	**319,991**
Offset of deferred tax assets and liabilities	-206,132	-197,504	-206,132	-197,504
Balance as at 31 December	**155,135**	**133,429**	**138,875**	**122,487**
Net tax position	**16,260**	**10,942**		
Movement net tax position 2010	**5,318**			

A breakdown of the movement in the net deferred tax position can be summarised as follows:

	Note	2010	2009
Balance as at 1 January		**10,942**	**-7,898**
Income statement (charge)/credit	9	13,446	32,670
Tax (charge)/credit relating to components of other comprehensive income	9	-7,042	-6,944
Exchange rate differences		-1,086	-6,886
Balance as at 31 December		**16,260**	**10,942**

The income statement (charge)/credit can be broken down as follows:

	Deferred tax asset		Deferred tax liability	
	2010	2009	2010	2009
Goodwill	-3,741	-3,553	-	-
Property and equipment under operational leases	37,744	-5,532	-24,558	-42,879
Other property and equipment	239	-7,420	902	-564
Provisions	597	-11,030	-158	-1,299
Deferred leasing income	3,631	-1,544	-3,065	4,762
Tax value of losses carried forward recognised	-3,443	-267	-	-
Tax credits and prepayments	-15,434	-3,182	814	-2,052
Other receivables	2,579	12,116	17,912	-1,815
Other payables	2,293	7,435	19,172	-1,800
Movement in deferred tax	**24,465**	**-12,977**	**11,019**	**-45,647**
Offsetting movement in deferred tax liability	-11,019	45,647		
Income statement (charge)/credit	**13,446**	**32,670**		

The Group has not recognised identifiable tax losses for an amount of EUR 70.1 million (2009: 49.7 million) and has not recognised tax credits for an amount of EUR 10.4 million (2009: EUR 11.4 million) as the Group considers it not probable that future taxable profits will be available (also taking into account expiry dates when applicable) against which these tax losses and tax credits can be utilised.

The expiration profile of the losses carried forward can be illustrated as follows:

	2010	2009
Expire within a year	-	-
Expire after a year, less than five years	22,769	39,124
Expire after five years	90,583	71,502
No expiry date	356,549	383,936
Total	**469,901**	**494,562**
Tax value	148,413	146,577

The total tax value of losses carried forward is presented before offsetting the corresponding deferred tax liabilities (which are reflected in the offset of deferred tax assets and liabilities as shown in the disclosure of tax assets and liabilities). The deferred tax liability relating to property and equipment under operational leases reverses over the remaining maturity of the operational lease contracts which ranges from 3-4 years.

If the nominal income tax rates applicable to the Group in all relevant jurisdictions increases by 1%, the Group would have a benefit of EUR 0.7 million as a result of the increase of the net deferred tax asset, and if these tax rates would decrease by 1% the Group would have a charge of EUR 0.7 million.

NOTE 20 - INTANGIBLE ASSETS

	Note	Capitalised software	Purchased software	Customer relationship	Customer contract	Goodwill	Total
Carrying amount as at 1 January 2009		**30,267**	**8,590**	**9,260**	**171**	**86,171**	**134,459**
Purchases		20,915	6,460				27,375
Divestments		-20	-96				-116
Amortisation	8	-3,639	-4,311	-1,423	-171		-9,544
Exchange rate differences		6,477	227				6,704
Carrying amount as at 31 December 2009		**54,000**	**10,870**	**7,837**	**-**	**86,171**	**158,878**
Cost		77,886	44,823	13,732	9,446	86,171	232,058
Accumulated amortisation and impairment		-23,886	-33,953	-5,895	-9,446		-73,180
Carrying amount as at 31 December 2009		**54,000**	**10,870**	**7,837**	**-**	**86,171**	**158,878**
Purchases		12,319	5,598				17,917
Divestments		-65	-4,194				-4,259
Impairment	8	-13,000					-13,000
Amortisation	8	-12,511	-5,225	-1,430			-19,166
Exchange rate differences		9,909	457				10,366
Carrying amount as at 31 December 2010		**50,652**	**7,506**	**6,407**	**-**	**86,171**	**150,736**
Cost		102,252	46,583	13,025		86,171	248,031
Accumulated amortisation and impairment		-51,600	-39,077	-6,618			-97,295
Carrying amount as at 31 December 2010		**50,652**	**7,506**	**6,407**	**-**	**86,171**	**150,736**

The remaining amortisation period for the intangible assets with a finite life is approximately six years.

The capitalised software mainly relates to an internally developed leasing application in the Group's Australian subsidiary. The development started in 2007 and the application was implemented early 2010. In the course of 2010 indications for

impairment were identified in the sense that (i) the originally anticipated efficiencies of being able to manage the core business with a relative smaller number of required staff, is not deemed sufficient in the foreseeable future to the extent it is required to justify the carrying amount of the application; and (ii) it is currently deemed less likely that the application is easily transferable to other Group companies in view of the expected modifications to allow usage of the system in the unique local business environment of each Group company. Therefore the impairment test was performed based on value in use. The value in use was determined by discounting future cash flows generated from cost savings and to a minor extent revenue enhancements associated with the application taking into account a remaining economic life of eight years. A discount rate of 7% was applied which was based on an average weighted cost of capital applicable in the Australian market. As the carrying amount exceeded the value in use by an amount of EUR 13 million, an impairment charge was recognised for this difference.

The goodwill relates to the acquisition in 2005 of three entities of Europcar Fleet Services in Italy, Spain and Portugal and to the acquisition in 2008 of Daimler Chrysler Fleet Management France S.A.S., which operates under the brand name DCS fleet. All acquired companies were engaged in providing leasing services. Goodwill is reviewed for impairment annually, or more frequently when there are indications that impairment may have occurred. There was no impairment identified in 2010 (2009: nil).
The impairment test was based on value in use. The value in use was determined by discounting future cash flows generated from the continuing use of cash generating units, being the acquired operating companies. Cash flows were projected on actual financial results and the 5-year business plans. The growth rates included in the business plans exceed the long term average growth rate for this business as a reflection of the relative growth potential of the markets and to allow for an improvement in market position. In order to align the planned growth rate to the long-term growth rate, the cash flows were extrapolated for a further 11 years based on a gradually declining growth rate, ending at a terminal (market) growth rate of 1.5%. A discount rate of 9% (2009: 9%) was applied which was based on an industry average weighted cost of capital.
A sensitivity analysis on the most relevant parameters in the value in use calculation, being the discount rate and net result projections, revealed that the sensitivity to a significant adverse change in the parameters is remote.

NOTE 21 - ASSETS CLASSIFIED AS HELD-FOR-SALE AND DISCONTINUED OPERATIONS

This caption includes the MOX group. In 2010 the Group continued its sales efforts in respect of the MOX group that leases small, mostly electric vehicles and operates in the United Kingdom, France and Spain. Parts of the assets were sold in 2009 and 2010 and the remaining business activities will be phased out and/or sold. Therefore the MOX group remains classified as held-for-sale at 31 December 2010 and the net result remains classified as arising from discontinued operations. In 2009 this caption also includes Excelease, a jointly controlled entity in Belgium. In the course of 2010 the group decided not to pursue the sale of Excelease and therefore this entity is excluded from this caption in 2010.

The MOX group is measured at the lower of its carrying amount and the fair value less costs to sell, which resulted in a value adjustment amounting to EUR 17.0 million at year-end 2007. In the course of 2008, 2009 and 2010 operational losses of the MOX group were written off against this value adjustment resulting in a balance of EUR 3.6 million at year-end 2010 (2009: EUR 10.3 million).
Excelease was also measured at the lower of its carrying amount and the fair value less cost to sell, which resulted in a value adjustment of EUR 2.0 million at year-end 2009. This value adjustment was reversed in 2010, following the Group's decision not to further pursue this sale.

Effect of classification as assets held-for-sale

For the years ended 31 December 2010 and 31 December 2009, the MOX group and Excelease had no significant cash inflows from operating activities, cash outflows from investing activities and cash flows from financing activities.

Assets and liabilities classified as held-for-sale and discontinued operations are detailed in the table below.

	2010	2009
Cash	22	320
Receivables from financial institutions	-	19
Receivables from customers	1,923	2,870
Impairment receivables from customers	-948	-1,314
Inventories	1,316	3,641
Other receivables and prepayments	-3	120
Property and equipment under operational lease and rental fleet	1,149	8,562
Other property and equipment	115	185
Deferred corporate income tax receivable	2,427	3,536
Investments in associates and jointly controlled entities	-	7,510
Value adjustment	-3,623	-12,303
Total assets held-for-sale and discontinued operations	**2,378**	**13,146**
Cash equivalent included in Borrowings from financial institutions	263	1,423
Trade and other payables and deferred income	113	924
Deferred tax liabilities	-	70
Total liabilities classified as held-for-sale and discontinued operations	**376**	**2,417**

Result for the year from discontinued operations

A breakdown of the result of discontinued operations after tax is as follows:

	2010	2009
Operating income	-1,567	-183
Operating expenses	5,523	5,019
Result before tax	**-7,090**	**-5,202**
Income tax expenses	-2,386	-1,065
Result from associates and joint ventures	-1,118	-2,970
Movement in value adjustment	7,700	4,136
Result for the year from discontinued operations	**1,878**	**-2,971**

Discontinued operations in 2010

The result from discontinued operations includes the result from the MOX group, and the result of Overlease a jointly controlled entity. In June 2009 the Group together with the other shareholder of Overlease decided to enter into a liquidation scenario for this entity. As a result loans provided by the Group to Overlease were impaired for an amount of EUR 6.7 million. Reference is made to the financial risk section (Credit Risk).

Discontinued operations in 2009

The result from discontinued operations includes the result from the MOX group, and the result of Overlease a jointly controlled entity. In June 2009 the Group together with the other shareholder of Overlease decided to enter into a liquidation scenario for this entity. As a result loans provided by the Group to Overlease were impaired for an amount of EUR 5.6 million. Reference is made to the financial risk section (Credit Risk).

NOTE 22 - EFFECT OF ACQUISITIONS

In 2010 and 2009 there were no acquisitions.

NOTE 23 - BORROWINGS FROM FINANCIAL INSTITUTIONS

This item includes amounts owed to credit institutions under government supervision.

The maturity analysis of these loans is as follows:

	2010	2009
On demand	200,335	133,888
Three months or less	1,279,964	1,603,992
Longer than three months, less than a year	228,850	405,017
Longer than a year, less than five years	492,165	236,528
Longer than five years	-	10
Balance as at 31 December	**2,201,314**	**2,379,435**

Amounts owed to financial institutions on demand relating to call money and bank overdraft balances form part of the cash and balances with central banks in the cash flow statement.

Borrowings from financial institutions include an outstanding balance of EUR 647 million (2009: EUR 805 million) which is non-euro currency denominated as at 31 December 2010. The remainder of the borrowings from financial institutions is denominated in euro. Reference is made to the financial risk section (Currency risk).

In December 2010 the Group concluded a EUR 1.475 billion three-year committed credit facility with a consortium of 16 banks. During 2010 no amounts were drawn under this facility.

NOTE 24 - FUNDS ENTRUSTED

This item includes all non-subordinated loans not included in the caption 'Borrowings from financial institutions' or 'Debt securities issued'.

The maturity analysis of these loans is as follows:

	2010	2009
Three months or less	1,336,565	22,140
Longer than three months, less than a year	300,397	52,676
Longer than a year, less than five years	268,217	132,036
Longer than five years	13,993	10,770
Balance as at 31 December	**1,919,172**	**217,622**

As of 2010 this caption also includes savings deposits raised by LeasePlan Bank amounting to EUR 1.675 billion of which 28.1% is deposited for a fixed term. LeasePlan Bank is the brand name under which savings deposits are raised by LeasePlan Corporation N.V. which holds a universal banking licence in the Netherlands.

The average interest rates on the outstanding balances of the savings deposits in original maturity terms are as follows:

	2010	2009
On demand	2.91%	n.a
A year or less	2.78%	n.a
Longer than a year, less than or equal to two years	3.04%	n.a
Longer than two years	3.85%	n.a

The interest rate of the on demand accounts is set on a monthly basis; the rate for January 2011 is set at 2.54%.

The funds entrusted do not include an outstanding balance which is non-euro currency denominated as at 31 December 2010 (2009: EUR 0.1 million). The remainder of the funds entrusted is denominated in euro. Reference is made to the financial risk section (Currency risk).

NOTE 25 - DEBT SECURITIES ISSUED

This item includes negotiable, interest-bearing securities, other than those of a subordinated nature.

	Note	2010	2009
Bonds and notes - originated from securitisation transactions		420,998	-
Bonds and notes - other		7,626,088	9,901,211
Bonds and notes - fair value adjustment on hedged risk	11	76,001	34,616
Commercial Paper		190,298	78,010
Certificates of Deposit		102,206	54,713
Balance as at 31 December		**8,415,591**	**10,068,550**

There is no pledge of security for these debt securities except for the Bonds and notes which are originated from securitisation transactions.

The debt securities issued include an outstanding balance of EUR 2.9 billion (2009: EUR 2.8 billion) which is non-euro currency denominated as at 31 December 2010. The remainder of the debt securities is denominated in euro. The fair value adjustment is attributable to the hedged risk on bonds and notes in fair value hedges. The policy is commented on in the financial risk section (Strategy in using financial instruments).

The average interest rates applicable to the outstanding balances can be summarised as follows:

	2010	2009
Bonds and notes	3.0%	3.3%
Commercial Paper	2.7%	4.1%
Certificates of Deposit	1.4%	0.9%
Average interest rate	**3.0%**	**3.3%**

The maturity analysis of these debt securities issued is as follows:

	2010	2009
Three months or less	646,969	1,122,236
Longer than three months, less than a year	1,093,146	2,955,082
Longer than a year, less than five years	6,525,284	5,850,425
Longer than five years	150,192	140,807
Balance as at 31 December	**8,415,591**	**10,068,550**

At year-end 2010 'Bonds and notes – originated from securitisation transactions' include EUR 421 million (2009: nil) being all remaining outstanding A-notes arising from the Bumper 3 securitisation transaction. All A-notes from the Bumper 3 transaction (EUR 733.8 million) were placed with external investors in 2010. As these notes were previously held by Group the sale resulted in the initial recognition of a liability whereby the gain on sale amounting to EUR 1.6 million is amortised over the (expected) remaining duration of the notes. Reference is made to note 4 of the Company financial statements.

At year-end 2010 'Bonds and notes – other' include the following bonds raised under the Credit Guarantee Scheme of the State of the Netherlands. The 2010 annual fee payable to the State of the Netherlands amounted to EUR 59.3 million (2009: EUR 47.2 million).

Term	Rate option	Interest rate	Maturity date	Currency	Notional amount
Three year	Fixed	3.125%	February 2012	EUR	1,250,000
Three year	Fixed	3.000%	May 2012	USD	2,500,000
Five year	Fixed	3.250%	May 2014	EUR	1,500,000
Five year	Floating 3m libor	+ 1.125%	June 2014	USD	500,000

In December 2010 the Group redeemed the first tranche of bonds raised under the Credit Guarantee Scheme of the State of the Netherlands amounting to EUR 1.45 billion. The fixed rate bonds listed above are included in fair value hedges whereby the

bonds (hedged item) are measured at amortised cost and are constantly being adjusted for gains/losses that are attributable to the risk being hedged. This adjustment is booked in the income statement, where it offsets the remeasurement of the fair value of the hedging instrument that is also recorded in the income statement.

At year-end 2010 'Bonds and notes – other' include an outstanding balance of EUR 230 million (2009: nil) of floating rate notes with step-up spread and embedded put option whereby the note-holder has the right to put the notes back to the issuer at the end of each interest period. In the maturity analysis these notes are assumed to mature at the next interest date.

NOTE 26 - TRADE AND OTHER PAYABLES AND DEFERRED INCOME

	2010	2009
Trade payables	567,643	441,851
Other amounts owed	183,283	181,131
Deferred leasing income	629,368	564,260
Interest payable	143,753	122,836
Advance lease instalments received	74,817	57,108
Other accruals and other deferred income	203,374	196,739
VAT and other taxes	33,096	56,196
Balance as at 31 December	**1,835,334**	**1,620,121**

The majority, of the trade and other payables and deferred income, has except for deferred leasing income, a remaining maturity less than one year.

Deferred leasing income relates to amounts received in advance, as part of the monthly lease instalments, to cover lease expenses in a subsequent period. The service income included in deferred leasing income is recognised and presented based on the percentage of completion method.

NOTE 27 - PROVISIONS

		2010	2009
Damage risk retention provision	(i)	221,500	253,181
Post-employment benefits	(ii)	18,786	14,876
Other provisions	(iii)	29,613	14,887
Balance as at 31 December		**269,899**	**282,944**

The majority of provisions is expected to be recovered or settled after more than 12 months.

(i) Damage risk retention provision

	2010	2009
Provision for Third Party Liability (TPL)	99,476	110,948
Provision for damage claims	23,042	27,530
Incurred but not reported (IBNR)	98,982	113,415
Unearned premium reserve	-	1,288
Balance as at 31 December	**221,500**	**253,181**

The damage risk retention provision breaks down as follows:

			2010			2009
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Damages reported	122,518	-28,969	93,549	138,478	-54,770	83,708
Damages IBNR	98,982	-	98,982	113,415	-	113,415
Unearned premium reserve	-	-	-	1,288	-	1,288
Total damage risk provisions	**221,500**	**-28,969**	**192,531**	**253,181**	**-54,770**	**198,411**
Current	44,807	-	44,807	78,995	-	78,995
Non-current	176,693	-28,969	147,724	174,186	-54,770	119,416
Total damage risk provisions	**221,500**	**-28,969**	**192,531**	**253,181**	**-54,770**	**198,411**

The development of the Third Party Liability (TPL) exposures provides a measure of the Group's ability to estimate the ultimate value of damages. The top half of the table below illustrates how the Group's estimate of total damages outstanding for each accident year has changed at successive year-ends. The bottom half of the table below reconciles the cumulative damages to the amounts appearing in the balance sheet for TPL. The accident year basis is considered the most appropriate for the business written by the Group.

Accident year	**< 2005**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**Total**
At end of accident year	178,591	61,167	58,510	53,116	57,619	49,325	46,874	
One year later	178,578	59,111	49,213	49,873	48,282	45,177		
Two years later	161,304	55,700	42,437	46,649	51,016			
Three years later	150,834	51,821	36,227	42,687				
Four years later	152,775	52,194	38,178					
Five years later	152,169	50,296						
More than five years later	151,339							
Estimate of cumulative claims	151,339	50,296	38,178	42,687	51,016	45,177	46,874	
Cumulative payments to date	-126,225	-33,897	-28,704	-33,626	-25,816	-19,588		
Gross outstanding damage liabilities	**25,114**	**16,399**	**9,474**	**9,061**	**25,200**	**25,589**	**46,874**	**157,711**
Less: IBNR	1,807	3,136	3,318	2,479	11,457	10,986	25,052	58,235
Total provision for TPL, excluding IBNR	**23,307**	**13,263**	**6,156**	**6,582**	**13,743**	**14,603**	**21,822**	**99,476**

The total provision for TPL, excluding IBNR for the years prior to 2005 can be detailed as follows:

	Gross outstanding damage liabilities	Less: IBNR	Total provision for TPL, excluding IBNR
2004	8,488	640	7,848
2003	2,887	379	2,508
2002	7,858	233	7,625
2001	2,774	205	2,569
2000	1,646	393	1,253
< 2000	1,461	-43	1,504
Total	**25,114**	**1,807**	**23,307**

(ii) Provision for post-employment benefits

The Group operates a number of pension plans around the world. Most of these pension plans are defined contribution plans. In seven countries, the Group has defined benefit pension plans, which for the majority are not open to new participants. The total number of participants of these pension plans is 767 (2009: 780). In addition, the Group operates other post-employment

benefit plans in four countries which relate to legally required termination indemnities, which are payable at either the retirement date or the date the employees leave. The total number of participants of other post-employment benefit plans is 1,042 (2009: 1,029).

The provision for post-employment benefits comprises both defined benefit plans and other post-employment benefits.

The valuations of provisions for post-employment benefits are performed by independent qualified actuaries on an annual basis. The following table summarises the impact on the balance sheet, payment obligations, assets and economic assumptions in respect of the main post-employment benefits in the various countries.

	2010	2009
Balance as at 1 January	**61,752**	**52,004**
Movements in projected benefit obligations:		
Current service costs	2,248	2,450
Interest costs	3,367	2,875
Employer's contributions/(refunds)	204	269
Actuarial (gains)/losses	2,146	4,958
Benefits paid	-1,895	-2,117
Curtailments	1	-
Past service cost	-54	-
Exchange rate differences	2,774	1,313
Balance as at 31 December: benefit obligations	**70,543**	**61,752**
Balance as at 1 January	**43,917**	**36,423**
Movements in plan assets:		
Expected return on plan assets	2,729	2,127
Actuarial gains/(losses) on plan assets	-1,270	2,444
Employer's contribution	3,918	2,921
Employee contribution	217	-
Benefits paid	-1,610	-1,498
Currency translation differences	2,051	1,500
Balance as at 31 December: plan assets	**49,952**	**43,917**
Funded status: surplus /(deficit) as at 1 January	**-17,835**	**-15,581**
Funded status: surplus/(deficit) as at 31 December	**-20,591**	**-17,835**
Unrecognised actuarial (gains)/losses	6,748	3,433
Effect of paragraph 58(b) limit	-4,943	-
Prepaid pension cost (included in other assets)	-	-474
Prepaid/(accrued) benefit cost as at 31 December	**-18,786**	**-14,876**
Unrecognised actuarial (gains)/losses as at 1 January	**3,433**	**1,522**
Actuarial (gains)/losses on pension obligation	2,146	4,958
Actuarial (gains)/losses on plan assets	1,270	-2,444
Amortisation of actuarial gains/(losses)	-145	-603
Exchange rate differences	44	-
Unrecognised actuarial (gains)/losses as at 31 December	**6,748**	**3,433**

The effect of the IAS 19 paragraph 58(b) limit relates to one defined benefit plan with a minimum funding requirement. Since the Company has no unconditional right to the surplus on wind-up and there is no economic benefit to the Company from any reduction in future contributions this minimum funding requirement has been reflected on top of the regular IAS 19 deficit.

Reference is made to note 6 for the details on the amounts recognised in the income statement in respect of the Group's post-employment benefit plans. The net periodic expense for post employment benefits for 2011 is expected to amount to EUR 4.0 million.

There are no pension plans that are wholly unfunded. None of the collective and individual pension plans in the various countries are fully funded.

The weighted averages of the main actuarial assumptions used to determine the value of the provision for post employment benefits as at 31 December were as follows:

	2010	2009
Discount rate	4.5%	5.2%
Inflation rate	2.7%	2.8%
Expected increment in salaries	2.5%	2.5%
Future pension increases	2.8%	3.0%
Expected return on plan assets	5.0%	5.9%

The expected return on plan assets is determined by considering the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk free premium associated with the respective asset classes and the expectations for future returns on each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets. The expected returns of the individual plans have been weighted on the basis of the fair value of the assets of the plans in order to determine the average expected return on plan assets. All other assumptions are weighted on the basis of the post-employment benefit obligations.

The actual return on plan assets amounted to EUR 1.5 million (2009: EUR 4.6 million).

Assumptions regarding future mortality experience are set based on published statistics and actuarial advice. The average life expectancy is in years of a pensioner retiring at age 65 on the balance sheet date as follows:

	2010	2009
Male	19.7	19.7
Female	23.2	23.2

The plan assets comprise the following:

	2010	2009
Equity instruments	10%	39%
Debt instruments	56%	54%
Other assets	34%	7%
Total	**100%**	**100%**

The experience adjustments on plan assets and plan liabilities are as follows:

	2010	2009	2008	2007	2006
Present value of defined benefit obligation	70,542	61,834	50,913	58,054	56,417
Fair value of plan assets	49,951	43,873	35,840	43,804	43,941
Deficit/(surplus) in the plans	**20,591**	**17,961**	**15,073**	**14,250**	**12,476**
Experience adjustments on plan liabilities	-413	455	2,199	1,739	2,773
Experience adjustments on plan assets	-1,039	2,346	-6,761	-363	1,545

(iii) Other provisions

	Other long-term employee benefits	Termination benefits	Provision for share-based payments	Litigation	Miscellaneous	Total
Balance as at 1 January	**4,976**	**3,753**	**86**	**4,240**	**1,832**	**14,887**
Charge/(credit) to income statement						
Additional provisions	2,834	3,255	-	6,076	7,874	20,039
Unused amounts reversal	-49	-751	-86	-	-1,475	-2,361
Usage during the year	-55	-837	-	-742	-1,411	-3,045
Exchange rate differences	84	-	-	-	9	93
Balance as at 31 December	**7,790**	**5,420**	**-**	**9,574**	**6,829**	**29,613**

(a) Other long-term employee benefits
Other long-term employee benefits include provisions for medium-term bonus schemes, jubilee payments and extra holiday entitlements.

(b) Termination benefits
The provision for termination benefits relates to expected payments in order to terminate the employment of an employee or group of employees before the normal termination date. The balance relates to a small number of employee related litigations and obligations of relatively small size and are expected to be settled in the short-term.

(c) Provision for share-based payments
Under the option plan introduced in 2001, the members of the Managing Board and a limited group of senior managers were granted options on depositary receipts for ordinary shares. The options granted have a life of seven years. The option plan was terminated in 2004, after which all options were fully vested.

At the end of 2010 the value per share was calculated at EUR 32.30 (2009: EUR 14.21). Until 2008 the fair value of the options outstanding at each balance sheet date was measured using a binomial lattice model, taking into account the terms and conditions at which the options were granted. In view of the negative difference between the value per share and the average exercise price of the outstanding options and taking into account the very short remaining duration of the outstanding options no binomial lattice valuation was performed in 2009. In 2010 all outstanding options at the money were exercised and all remaining options expired.

The movement in the stock option provision can be summarised as follows:

	Note	2010	2009
Balance as at 1 January		**86**	**90**
Options exercised		-104	-
Charge to/(release of) provision	6	18	-4
Balance as at 31 December		**-**	**86**

Options granted to employees Year	Number granted	Number exercised	Number expired	Number outstanding	Average exercise price in euros	Year of expiry
2001	242,190	169,180	73,010	-	32.78	2008
2001	259,610	216,190	43,420	-	34.62	2008
2002	294,060	257,260	36,800	-	34.83	2009
2003	329,030	301,930	27,100	-	31.79	2010
Total	**1,124,890**	**944,560**	**180,330**	**-**		

No options were granted to the members of the Supervisory Board. The current and former members of the Managing Board exercised all their outstanding option entitlements in 2004. The exercise price of the options granted is based on an annual valuation report issued by an external advisor. In accordance with the findings of this report, the exercise price offered participants in the option plan an 'at the money' variant or an 'out of the money' variant. The valuation report issued in November 2010 gave a value per share of EUR 32.30 (2009: EUR 14.21).

The movement in the number of options outstanding can be shown as follows:

	2010	2009
As at 1 January	**30,680**	**37,190**
Exercised	-18,920	-
Expired	-11,760	-6,510
As at 31 December	**-**	**30,680**

(d) Litigation
Litigation provisions have been set up to cover legal and administrative proceedings that arise in the ordinary course of business. These provisions are not employee related.

(e) Miscellaneous
Miscellaneous provisions include items which cannot be classified under one of the other captions. The nature of the items is divers and includes provisions for guarantee payments, onerous contracts and expected payments resulting from a legal merger.

NOTE 28 - SUBORDINATED LOANS

In November 2006 under the Group's debt issuing programme (EMTN) a EUR 500 million lower Tier 2 10 year non-call 5 bond was issued. In view of the terms of this issue, the Dutch Central Bank has agreed to qualify this issue as subordinated. The issue was bought by a variety of (foreign) institutional investors.

In June 2009 the Company repurchased bonds below par for a nominal amount of EUR 230 million resulting in a gain of EUR 63.4 million which is included in the caption 'Other financial gains' (reference is made to note 5).

NOTE 29 - SHARE CAPITAL

At 31 December 2010, the authorised capital amounted to EUR 250 million (2009: EUR 250 million), divided into 250,000,000 ordinary shares with a nominal value of EUR 1.00 each, of which EUR 71.6 million is issued and paid up. The holders of the ordinary shares are entitled to receive dividend as declared from time to time and are entitled to vote per share at meetings of the Company.

NOTE 30 - OTHER RESERVES

Translation reserve
The translation reserve comprises all foreign exchange rate differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Company. In 2010 no translation differences related to discontinued operations were recycled to the income statement (2009: EUR 0.1 million gain).

Hedging reserve
The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments where the hedged transaction has not yet occurred.

Dividend
In 2010 a dividend of EUR 4.3 million was paid. In 2009 no dividend was paid or declared.

Profit appropriation
Reference is made to the Company financial statements on the appropriation of profit for the year and the movements in the reserves.

NOTE 31 - COMMITMENTS

Commitments entered into in connection with long-term rental and lease contracts amounted to EUR 165 million (2009: EUR 97 million) as at balance sheet date.

For a number of clients, residual value guarantees have been given to a total of EUR 305 million (2009: EUR 302 million).

Credit facilities have been concluded with associates and jointly controlled entities amounting to EUR 325 million (2009: EUR 313 million) of which EUR 187 million (2009: EUR 233 million) is drawn. Reference is made to note 16.

NOTE 32 - RELATED PARTIES

Identity of related parties

Related parties and enterprises, as defined by IAS 24, are parties and enterprises which can be influenced by the Company or which can influence the Company.

Global Mobility Holding B.V. is shareholder of the Company. The business relations between the two companies and its indirect shareholders are handled on normal market terms. No transactions occurred in 2010 and 2009.

In October 2008 the Company secured a EUR 1.5 billion 3 year credit facility from Volkswagen A.G. through its subsidiary Volkswagen International Payment Services N.V. At year-end 2008 EUR 1.3 billion was drawn under this facility (included in the balance sheet caption ‘Funds entrusted’), which was repaid in full in 2009. The interest expenses incurred on this facility amounted to EUR 14.9 million in 2009. In 2010 this credit facility was renewed for a period of 3 years ending January 2014 amounting to EUR 1.475 billion. No amounts were dawn under this facility in 2010.

All business relations with associates and jointly controlled entities are in the ordinary course of business and handled on normal market terms.

An amount of EUR 187 million (2009: EUR 233 million) is provided as loans to associates and jointly controlled entities (reference is made to note 16).

Transactions with key management personnel

Key management personnel are considered to be the Managing Board and the Senior Vice-Presidents.

In addition to their salaries, the Group also provides non-cash benefits to the key management and contributes to post-employment defined benefit and defined contribution plans on their behalf.

The key management personnel compensations are as follows:

	2010	2009
Short-term employee benefits	8,136	6,704
Post-employment benefits	1,567	1,339
Total	**9,703**	**8,043**

The post-employment benefits comprise pension costs EUR 0.8 million (2009: EUR 0.7 million) and other long-term benefits EUR 0.7 million (2009: EUR 0.7 million). In both 2010 and 2009 there were no termination benefits.

The compensations are distributed as follows:

	2010	2009
Managing Board	3,498	2,953
Senior Vice-Presidents	6,205	5,090
Total	**9,703**	**8,043**

The total remuneration is included in the caption 'Staff expenses' (reference is made to note 6).

In 2010 and 2009 no options were granted to key management personnel and no option payments were made following the share option scheme. Reference is made to note 27 (iii).

The Group has not granted any loans, guarantees or advances to the members of the Managing Board.

Remuneration of the members of the Supervisory Board
Ada van der Veer is compensated by the Company for her tasks and responsibilities as a member of the Supervisory Board. The other four members are associated, by way of employment, to the LeasePlan shareholders. As such those four members are compensated by the shareholders and receive no remuneration chargeable to the Group. The Group has not granted any loans, guarantees or advances to the members of the Supervisory Board.

NOTE 33 - CONTINGENT ASSETS AND LIABILITIES

As at year-end 2010, guarantees had been provided on behalf of the consolidated subsidiaries in respect of commitments entered into by those companies with an equivalent value of EUR 1.9 billion (2009: EUR 1.6 billion). The company charges a guarantee fee to the respective subsidiaries based on normal market terms.

The probability of any inflow of economic benefits arising from the contingent assets is difficult to estimate and remote. Accordingly no asset is recognised in the balance sheet.

COMPANY FINANCIAL STATEMENTS

BALANCE SHEET OF THE COMPANY

for the year ended 31 December (before profit appropriation)

In thousands of euros	Note	2010	2009
ASSETS			
Cash and balances with central banks	2	61,132	35,639
Amounts due from banks	3	913,573	499,152
Debt securities	4	2,011,950	2,745,750
Loans to group companies	5	6,944,545	6,813,855
Loans to jointly controlled entities	6	153,636	176,868
Investments in group companies	5	1,684,776	1,439,453
Investments in jointly controlled entities	6	12,904	8,692
Other assets	7	302,161	262,606
Intangible assets	8	1,371	-
Total assets		**12,086,048**	**11,982,015**
LIABILITIES			
Amounts due to banks	9	1,117,856	1,290,598
Funds entrusted	10	1,728,778	4,000
Debt securities issued	11	6,455,101	8,339,448
Other liabilities	12	578,398	458,698
Provisions	13	-	2,186
Subordinated loans	14	269,057	268,750
Total liabilities		**10,149,190**	**10,363,680**
EQUITY			
Share capital		71,586	71,586
Share premium		506,398	506,398
Hedging reserve		-24,691	-110,284
Legal reserves		287,470	234,175
Translation reserve		16,074	-22,057
Other reserves		880,933	773,284
Profit for the year		199,088	165,233
Shareholders' equity	15	**1,936,858**	**1,618,335**
Total equity and liabilities		**12,086,048**	**11,982,015**

INCOME STATEMENT OF THE COMPANY

In thousands of euros	Note	2010	2009
Result from subsidiaries after taxation	5	213,336	97,846
Other results after taxation		-14,248	67,387
Profit for the year		**199,088**	**165,233**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

All amounts are in thousands of euros, unless stated otherwise

NOTE 1 - GENERAL

For certain notes to the Company's balance sheet, reference is made to the notes to the consolidated balance sheet unless stated otherwise.

The Company's financial statements are prepared pursuant to the provisions in Part 9, Book 2, of the Netherlands Civil Code, by applying the accounting policies used in the consolidated financial statements under IFRSs pursuant to the provisions of Article 362 sub 8, Part 9, Book 2, of the Netherlands Civil Code.

The income statement in the Company's financial statements has been presented in abridged form pursuant to the provisions of Article 402, Part 9, Book 2, of the Netherlands Civil Code.

Under reference to Article 362 sub 8, Part 9, Book 2 of the Netherlands Civil Code, the associates and jointly controlled entities are measured and valued in accordance with the same IFRSs accounting standards as adopted in the consolidated financial statements of the Company.

The accounting policies set out before in preparing the consolidated financial statements for the year ended 31 December 2010 and the consolidated financial statements for the year ended 31 December 2009 are also applied in the Company's financial statements, with the exception of the valuation of investments in subsidiaries.

Investments in subsidiaries, associates and jointly controlled entities

The investments in subsidiaries that are not classified as held-for-sale are accounted for in accordance with the net value of assets and liabilities, based upon accounting policies used in the consolidated financial statements.
The investments associates and jointly controlled entities that are not classified as held-for-sale are accounted for in accordance with the net equity method based upon accounting policies used in the consolidated financial statements.
When the Group's share of losses exceeds its interest in a subsidiary, jointly controlled entity or associate, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations, which are expected to result in an outflow of resources, or made payments on behalf of the subsidiary, jointly controlled entity or associate.

NOTE 2 - CASH AND BALANCES WITH CENTRAL BANKS

Mandatory reserve deposits that amount to EUR 61.1 million (2009: EUR 35.6 million) are not available for use in the Group's day-to-day operations, but are readily available on demand for liquidity supervision by the Dutch Central Bank. The mandatory reserve deposits form part of the cash.

NOTE 3 - AMOUNTS DUE FROM BANKS

A break down of this caption is as follows:

	2010	2009
Call money and cash at banks	561,603	332,627
Cash collateral Bumper transactions	134,770	124,990
Cash collateral derivative financial instruments	17,200	41,535
Deposits with banks	200,000	-
Balance as at 31 December	**913,573**	**499,152**

NOTE 4 - DEBT SECURITIES

This caption only includes investments in bonds, which are used as collateral value by the Group's central Treasury when engaging in monetary transactions with the ECB. The Company has conducted three securitisation programmes under the names Bumper 1 (2006), Bumper 2 (2008) and Bumper 3 (2009).

Bumper 1
This securitisation programme consists of a transaction whereby EUR 1,274.3 million of the lease portfolio (future receivables of LeasePlan Nederland N.V. from clients with whom a lease contract has been concluded and the anticipated revenue from the sale of ex-lease cars at the end of the lease period) was sold to LeasePlan Securitisatie B.V. Debt securities were issued by Bumper 1 B.V. to finance this transaction. Both LeasePlan Securitisatie B.V. and Bumper 1 B.V. were specifically incorporated for the purpose of securitisation transactions. The vehicles and receivables have been sold and effectively pledged as security for the Group's redemption and interest obligations on the debt securities.

The notes issued under this securitisation programme have a final legal term of ten years and a revolving period of five years (starting December 2006), after which the contracts expire and redemption takes place. LeasePlan Securitisatie B.V. and Bumper 1 B.V. are bankruptcy remote special purpose vehicles, but are included in the consolidated financial statements of the Company. The debt securities issued are divided into A-notes (EUR 1,120.5 million), B-notes (EUR 56.6 million), C-notes (EUR 72.8 million) and D-notes (EUR 24.4 million). The notes are listed on the Irish Stock Exchange. The transaction was assessed by Fitch Ratings resulting in an AAA-rating for the A-notes and an AA-rating for the B-notes.

All notes are held by the Company. All A-notes have been placed with the Dutch Central Bank allowing the Company to act as counterparty for monetary transactions. The interest payable on the notes on a quarterly basis is equal to three-month Euribor® plus a mark-up. The D-notes are subordinate to the C-notes, the C-notes are subordinate to the B-notes and the B-notes are subordinate to the A-notes.

In February 2011 the Bumper 1 transaction was unwound.

Bumper 2
In March 2008 a securitisation transaction was completed whereby EUR 875.6 million of future lease instalment receivables and related residual value receivables originated by LeasePlan Deutschland GmbH (the "originator") were sold to Bumper 2 S.A., a bankruptcy remote entity incorporated under the laws of Luxembourg. Debt securities were issued by Bumper 2 S.A. to finance this transaction. Bumper 2 S.A. was specifically incorporated for the purpose of securitisation transactions. The residual value receivables are created through the expectancy rights purchaser (ERP), Bumper Car Sales GmbH, a German special purpose company that purchased the expectancy rights the originator has against the issuer. The ERP in turn contracted with the originator to pay the vehicle realisation proceeds as the purchase price for the expectancy rights. These claims the originator has against the ERP were sold to the issuer. The originator must pay the contractually residual value at the end of the leasing contract to the ERP.

The notes issued under this securitisation programme have a final legal term of fifteen years and a revolving period of five years, after which the contracts expire and redemption takes place. Bumper 2 S.A. and Bumper Car Sales GmbH are bankruptcy remote special purpose vehicles, but are included in the consolidated financial statements of the Company.
The debt securities issued in March 2008 are divided into A-notes (EUR 663.3 million), B-notes (EUR 74.4 million) and C-notes (EUR 137.9 million). The notes are listed on the Irish Stock Exchange. The transaction was assessed by Standard & Poor's resulting in an AAA-rating for the A-notes and an A-rating for the B-notes.

All notes are held by the Company, except for the C-notes which are held by LeasePlan Finance N.V. All A-notes have been placed with the Dutch Central Bank allowing the Company to act as counterparty for monetary transactions. The interest payable on the notes on a monthly basis is equal to one-month Euribor plus a mark-up. The C-notes are subordinate to the B-notes and the B-notes are subordinate to the A-notes.

Bumper 3
The Bumper 3 transaction was completed in April 2009 whereby GBP 887 million of future lease instalment receivables and associated residual value receivables originated by LeasePlan UK Ltd. (the "originator") were sold to Bumper 3 Finance Plc, a bankruptcy remote limited liability entity incorporated under the laws of England and Wales. Debt securities were issued by Bumper 3 Finance Plc in EUR and GBP to finance this transaction. To hedge the currency risk arising from purchasing GBP receivables and issuing EUR notes Bumper 3 Finance Plc concluded a currency swap. Bumper 3 Finance Plc was specifically incorporated for the purpose of securitisation transactions. The title to the underlying objects is retained by the originator (except for vehicles under an Employee Car Ownership Scheme).

The notes issued under this securitisation programme have a final legal term of thirteen years and a revolving period of one year. During this revolving period the residual value receivables may comprise up to 46% of the total assets balance and Bumper 3 Finance Plc can use available funds to purchase new receivables. Bumper 3 Finance Plc is a bankruptcy remote limited liability entity, but is included in the consolidated financial statements of the Company.
The debt securities issued in April 2009 are divided into A-notes (EUR 733.8 million), B-notes (GBP 79.9 million) and C-notes (GBP 142.0 million). The notes are listed on the Irish Stock Exchange. The transaction was assessed by Fitch Ratings resulting in an AAA-rating for the A-notes and an A-rating for the B-notes.

Initially all A-notes were held by the Company. In 2010 the A-notes were sold to external investors resulting in a gain of EUR 1.6 million. The B and C-notes are held by LeasePlan Finance N.V. The interest payable on the notes on a quarterly basis is equal to three-month Euribor plus a mark-up for the EUR notes and three-month Libor plus a mark-up for the GBP notes. The C-notes are subordinate to the B-notes and the B-notes are subordinate to the A-notes.

The maturity of the own debt securities issued is as follows:

	2010	2009
Longer than three months, less than a year	117,752	300,989
Longer than a year, less than five years	1,869,871	1,813,791
Longer than five years	24,327	630,970
Balance as at 31 December	**2,011,950**	**2,745,750**

NOTE 5 - INVESTMENTS IN AND LOANS TO GROUP COMPANIES

Movements in investments in group companies are as follows:

	2010	2009
Balance as at 1 January	**1,439,453**	**1,309,113**
Purchase of and increase in subsidiaries	4,121	38,530
Reductions in subsidiaries	-100,238	-65,068
Result of subsidiaries	213,336	97,846
Direct changes in equity	89,973	24,720
Exchange rate differences	38,131	34,312
Balance as at 31 December	**1,684,776**	**1,439,453**

The direct changes in equity relate to fair value changes in cash flow hedges.

The maturity analysis on the loans is as follows:

	2010	2009
Three months or less	4,162,818	4,348,482
Longer than three months, less than a year	1,010,009	543,506
Longer than a year, less than five years	1,770,046	1,920,404
Longer than five years	1,672	1,463
Balance as at 31 December	**6,944,545**	**6,813,855**

NOTE 6 - INVESTMENTS IN AND LOANS TO JOINTLY CONTROLLED ENTITIES

The investment relates to a jointly controlled entity in Turkey.

Movements in jointly controlled entities are as follows:

	2010	2009
Balance as at 1 January	**8,692**	**7,684**
Share of results	4,212	1,008
Balance as at 31 December	**12,904**	**8,692**

The loans relate to jointly controlled entities in France and Turkey.

The maturity analysis on the loans is as follows:

	2010	2009
Three months or less	21,000	27,101
Longer than three months, less than a year	55,814	109,792
Longer than a year, less than five years	76,822	39,975
Balance as at 31 December	**153,636**	**176,868**

The Company has entered into loan commitments of EUR 211 million (2009: EUR 200 million) of which EUR 154 million has been drawn at year-end 2010 (2009: EUR 177 million). There are no other material contingent liabilities of the jointly controlled entities.

NOTE 7 - OTHER ASSETS

This caption includes besides derivative financial instruments a corporate income tax receivable from fiscal authorities and Group companies forming part of the fiscal unity. The Company settles corporate income tax due or receivable on taxable income with its Group companies forming part of the fiscal unity as if these Group companies were responsible for their tax filings on a stand-alone basis.

	2010	2009
Derivative financial instruments	280,372	245,134
Tax receivables	9,104	12,666
Other	12,685	4,806
Balance as at 31 December	**302,161**	**262,606**

Derivative financial instruments are carried at fair value and are made up as follows:

	2010			2009		
	Notional amounts	Fair value		Notional amounts	Fair value	
		Assets	Liabilities		Assets	Liabilities
Fair value hedge						
Interest rate swaps/ forward rate agreements	5,096,348	126,718	12,935	4,391,460	79,683	3,191
Cash flow hedge						
Interest rate swaps/ forward rate agreements	1,150,000	12,111	22,256	2,890,670	36,782	44,055
Total derivatives in hedge	**6,246,348**	**138,829**	**35,191**	**7,282,130**	**116,465**	**47,246**
Interest rate swaps/ forward rate agreements	8,094,497	140,380	137,578	9,805,937	118,123	116,377
Currency swaps/ currency forwards	1,249,468	1,163	85,597	1,058,482	10,546	29,609
Total derivatives not in hedge	**9,343,965**	**141,543**	**223,175**	**10,864,419**	**128,669**	**145,986**
Total	**15,590,313**	**280,372**	**258,366**	**18,146,549**	**245,134**	**193,232**

The fair value is based on the price including accrued interest (dirty price).

The unrealised gains/(losses) on financial instruments recognised in the income statement breaks down as follows:

	2010	2009
Derivatives not designated as hedges	-2,498	2,219
Derivatives at fair value hedges	34,634	29,921
Derivatives at cash flow hedges (imperfectness)	-45	-1
	32,091	**32,139**
Financial liabilities used in fair value hedges	-35,577	-29,529
Unrealised gains/(losses) on financial instruments	**-3,486**	**2,610**

NOTE 8 - INTANGIBLE ASSETS

	Purchased software	
	2010	2009
Carrying amount as at 1 January	**-**	**-**
Purchases	2,168	-
Depreciation	-797	-
Carrying amount as at 31 December	**1,371**	**-**
Cost	2,168	-
Accumulated depreciation and impairment	-797	-
Carrying amount as at 31 December	**1,371**	**-**

The purchased software relates to a banking system for LeasePlan Bank.

NOTE 9 - AMOUNTS DUE TO BANKS

This caption includes amounts owed to credit institutions under government supervision.

The maturity of these loans is as follows:

	2010	2009
Three months or less	1,049,865	1,059,862
Longer than three months, less than a year	19,369	214,500
Longer than a year, less than five years	48,622	16,236
Balance as at 31 December	**1,117,856**	**1,290,598**

Amounts due to banks include an outstanding balance of EUR 3.0 million (2009: EUR 1.7 million) which is non-euro currency denominated as at 31 December 2010. The remainder of the amounts due to banks is denominated in euro.

NOTE 10 - FUNDS ENTRUSTED

The maturity analysis of funds entrusted is as follows:

	2010	2009
Three months or less	1,315,986	-
Longer than three months, less than a year	254,013	-
Longer than a year, less than five years	155,779	1,000
Longer than five years	3,000	3,000
Balance as at 31 December	**1,728,778**	**4,000**

As of 2010 this caption also includes savings deposits raised by LeasePlan Bank amounting to EUR 1.675 billion of which 28.1 % is deposited for a fixed term. LeasePlan Bank is the brand name under which savings deposits are raised by LeasePlan Corporation N.V. which holds a universal banking licence in the Netherlands.

The average interest rates on the outstanding balances of the savings deposits in original maturity terms are as follows:

	2010	2009
On demand	2.91%	n.a
A year or less	2.78%	n.a
Longer than a year, less than or equal to two years	3.04%	n.a
Longer than two years	3.85%	n.a

The interest rate of the on demand accounts is set on a monthly basis; the rate for January 2011 is set at 2.54%.

The funds entrusted are fully denominated in euro as at 31 December 2010 and 2009.

NOTE 11 - DEBT SECURITIES ISSUED

This caption includes negotiable, interest-bearing securities, other than those of a subordinated nature.
The debt securities issued include a number of bonds, which were raised under the Credit Guarantee Scheme of the State of the Netherlands. An overview of these bonds is included in note 25 of the consolidated financial statements of the Company.

	2010	2009
Bonds and notes	6,244,832	8,284,736
Commercial Paper	19,971	-
Certificates of Deposit	190,298	54,712
Balance as at 31 December	**6,455,101**	**8,339,448**

The average interest rates applicable on the outstanding balances can be summarised as follows:

	2010	2009
Bonds and notes	3.2%	3.3%
Commercial Paper	1.3%	-
Certificates of Deposit	1.4%	0.9%
Average interest rate	**3.1%**	**3.3%**

The maturity analysis of these debt securities issued is as follows:

	2010	2009
Three months or less	177,756	804,644
Longer than three months, less than a year	534,286	2,065,812
Longer than a year, less than five years	5,669,130	5,403,847
Longer than five years	73,929	65,145
Balance as at 31 December	**6,455,101**	**8,339,448**

The debt securities include an outstanding balance of EUR 2.3 billion (2009: EUR 2.1 billion) which is non-euro currency denominated as at 31 December 2010. The remainder of the debt securities is denominated in euro.

NOTE 12 - OTHER LIABILITIES

	2010	2009
Loans from Group companies	146,309	89,912
Amounts payable to Group companies	36,713	37,716
Derivative financial instruments	258,366	193,232
Other accruals and other deferred income	120,637	112,746
Corporate income tax payable	16,373	25,092
Balance as at 31 December	**578,398**	**458,698**

The amounts payable to Group companies comprise transactions with Euro Insurances and Lease Beheer N.V.
For derivative financial instruments reference is made to the table in note 7.

The maturity analysis of the loans from Group companies is as follows:

	2010	2009
Three months or less	146,309	89,912
Balance as at 31 December	**146,309**	**89,912**

NOTE 13 - PROVISIONS

In 2010 no provisions were recognised on the balance sheet whereas in 2009 this caption mainly includes a provision for termination benefits and relates to expected payments in order to terminate the employment of an employee or group of employees before the normal termination date. Furthermore this caption relates to the provision for share-based payments, reference is made to note 27 (iii) to the consolidated financial statements of the Company.

NOTE 14 - SUBORDINATED LOANS

With respect to the disclosure of the subordinated loans, reference is made to note 28 to the consolidated financial statements of the Company.

NOTE 15 - SHAREHOLDERS' EQUITY

Share capital

As at 31 December 2010, the authorised capital amounted to EUR 250 million (2009: EUR 250 million), divided into 250,000,000 ordinary shares with a nominal value of EUR 1.00 each, of which EUR 71.6 million is issued and paid up. There were no movements in the issued and paid up capital in 2010 and 2009.

The movement in shareholders' equity is as follows:

	Share capital	Share premium	Reserves				Result for the year	Share-holders' equity
			Legal reserves	Hedging reserve	Other reserves	Translation reserve		
Balance as at 1 January 2009	**71,586**	**506,398**	**226,932**	**-145,003**	**578,064**	**-56,368**	**202,463**	**1,384,072**
Changes in cash flow hedges				34,719				34,719
Currency translation differences						34,311		34,311
Net income/(expenses) recognised directly in equity	**-**	**-**	**-**	**34,719**	**-**	**34,311**	**-**	**69,030**
Profit for the year							165,233	165,233
Total recognised income/(expenses) for the period	**-**	**-**	**-**	**34,719**	**-**	**34,311**	**165,233**	**234,263**
Transfer from/to			7,243		-7,243			
Appropriation of result					202,463		-202,463	
Balance as at 31 December 2009	**71,586**	**506,398**	**234,175**	**-110,284**	**773,284**	**-22,057**	**165,233**	**1,618,335**
Changes in cash flow hedges				85,593				85,593
Currency translation differences						38,130		38,130
Net income/(expenses) recognised directly in equity	**-**	**-**	**-**	**85,593**	**-**	**38,130**	**-**	**123,723**
Profit for the year							199,088	199,088
Total recognised income/(expenses) for the period	**-**	**-**	**-**	**85,593**	**-**	**38,130**	**199,088**	**322,811**
Transfer from/to			53,295		-53,295			
Appropriation of result					165,233		-165,233	
Dividend					-4,288			-4,288
Balance as at 31 December 2010	**71,586**	**506,398**	**287,470**	**-24,691**	**880,934**	**16,073**	**199,088**	**1,936,858**

The share premium reserve is a reserve in which the amount paid in excess of the nominal value is included.

The translation reserve comprises all foreign exchange rate differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Company as of 1 January 2004. No translation differences related to discontinued operations are recycled to the income statement (2009: EUR 0.1 million gain).

Legal reserves are non-distributable reserves relating to requirements to establish reserves for specific purposes either by the Articles of Association of the Company, Part 9, Book 2, of the Netherlands Civil Code and/or by local law.
The legal reserves relate to minimum reserves to be maintained for the non-distributable share in cumulated profits of subsidiaries and associates and jointly controlled entities.

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred and that prove to be highly effective in relation to the hedged risk. The movement in cash flow hedges and net investment hedges is disclosed in the consolidated statement of comprehensive income.

The legal reserves, translation reserves and hedging reserves are non-distributable reserves of the Company pursuant to the provisions of Part 9, Book 2, of the Netherlands Civil Code.

There are no statutory reserves prescribed in the Articles of Association of the Company.

Shareholders' equity differs from the total equity in the consolidated financial statements due to the sale of Bumper 3 notes which resulted in initial recognition of a liability in the consolidated financial statements whereby the gain on this sale is amortised over the (expected) remaining duration of the notes. Reference is made to note 4 to the Company financial statements and note 25 to the consolidated financial statements.

Shareholders' equity as at 31 December 2010		**1,936,858**
Gain on sale Bumper 3 notes	-1,613	
Amortisation of gain on sale Bumper 3 notes in 2010	1,003	
Variance in result before tax	**-610**	
Taxation	-156	
Variance in net result		-454
Total equity in consolidated financial statements as at 31 December 2010		**1,936,404**

NOTE 16 - STAFF

The Company does not directly employ any staff.

NOTE 17 - MANAGING BOARD REMUNERATION

In addition to their salaries, the Group also provides non-cash benefits to the Managing Board and contributes to post-employment defined benefit and defined contribution plans on their behalf. The Managing Board is also the statutory board of the Company.

The statutory board remuneration is as follows:

	2010	2009
Short-term employee benefits	2,877	2,356
Post-employment benefits	621	597
Total	**3,498**	**2,953**

The post-employment benefits comprise pension costs EUR 0.3 million (2009: EUR 0.3 million) and other long-term benefits EUR 0.3 million (2009: EUR 0.3 million). In both 2010 and 2009 there were no termination benefits.

The Group has not granted any loans, guarantees or advances to members of the Managing Board.

Remuneration of the members of the Supervisory Board

Ada van der Veer is compensated by the Company for her tasks and responsibilities as a member of the Supervisory Board. The other four members are associated, by way of employment, to the LeasePlan shareholders. As such those four members are compensated by the shareholders and receive no remuneration chargeable to the Group. The Group has not granted any loans, guarantees or advances to members of the Supervisory Board.

NOTE 18 - AUDIT FEES

	2010	2009
Audit services	548	660
Audit-related services	4	39
Total services	**552**	**699**

NOTE 19 - COMMITMENTS

Credit facilities have been concluded with associates and jointly controlled entities amounting to EUR 211 million (2009: EUR 200 million) of which EUR 154 million (2009: EUR 177 million) is drawn (reference is made to note 6).

NOTE 20 - CONTINGENT LIABILITIES

Pursuant to the provisions of Article 403 f, Part 9, Book 2, of the Netherlands Civil Code, the Company has filed a declaration of joint and several liability with respect to the majority of the subsidiaries in the Netherlands. Abridged financial statements have accordingly been prepared for these subsidiaries.

The Company forms a fiscal unity with a number of Group companies in the Netherlands regarding corporate income tax and VAT. As a result the Company can be held jointly liable for tax returns of those subsidiaries.

As at 31 December 2010, guarantees have been provided on behalf of the consolidated subsidiaries outside the Netherlands. These guarantees have been provided in respect of commitments entered into by those companies and amount to a value of EUR 1.9 billion (2009: EUR 1.6 billion).

Almere, 30 March 2011

Supervisory Board

Frank Witter, Chairman
Michael Klaus, Deputy Chairman
Lars-Henner Santelmann
Christian Schlögell
Ada van der Veer - Vergeer

Managing Board

Vahid Daemi, Chairman and CEO
Guus Stoelinga, CFO
Hans Peter Lützenkirchen, COO

LIST OF PRINCIPAL CONSOLIDATED PARTICIPATING INTERESTS

Pursuant to Article 379, Part 9, Book 2, of the Netherlands Civil Code a full list of Group companies and associates and jointly controlled entities complying with the relevant statutory requirements has been filed with the Chamber of Commerce of Gooi-, Eem- en Flevoland. Unless stated otherwise, the percentage interest is 100% or nearly 100%.

Principal subsidiaries, which are fully included in the consolidated financial statements, are:

LeasePlan Australia Ltd., Australia
LeasePlan Brasil Ltda., Brazil
LeasePlan Česká republika s.r.o., Czech Republic
LeasePlan Danmark A/S, Denmark
LeasePlan Deutschland GmbH, Germany
LeasePlan Finland Oy, Finland
LeasePlan Fleet Management nv/sa, Belgium
LeasePlan Fleet Management (Polská) Sp. z.o.o., Poland
LeasePlan Fleet Management Services (Ireland) Ltd., Ireland
LeasePlan France S.A.S., France
LeasePlan Hellas SA, Greece
LeasePlan Hungária Gépjármü Kezelö és Fiannszírozó Részvénytá, Hungary
LeasePlan India Ltd., India
LeasePlan Italia S.p.A., Italy
LeasePlan Luxembourg S.A., Luxembourg
LeasePlan Mexico S.A. de C.V., Mexico
LeasePlan Nederland N.V., Netherlands
LeasePlan New Zealand Ltd., New Zealand
LeasePlan Norge AS, Norway
LeasePlan Österreich Fuhrparkmanagement GmbH, Austria
LeasePlan Portugal Comércio e Aluguer de Automóveis e Equipamentos Unipessoal Lda., Portugal
LeasePlan Romania SRL, Romania
LeasePlan (Schweiz) AG, Switzerland
LeasePlan Servicios S.A., Spain
LeasePlan Slovakia s.r.o., Slovakia
LeasePlan Sverige AB, Sweden
LeasePlan UK Ltd., United Kingdom
LeasePlan USA, Inc., USA
Euro Insurances Ltd., Ireland
Globalines Reinsurance Ltd., United Kingdom
LeasePlan Finance N.V., Netherlands
LeasePlan Infrastructure Services Ltd., Ireland
LeasePlan International B.V., Netherlands
LeasePlan Supply Services AG, Switzerland
Mobility Mixx B.V., Netherlands
Travelcard Nederland B.V., Netherlands

All holdings are in the ordinary share capital of the undertaking concerned and are unchanged from 2009.

Special purpose vehicles with no shareholding by the Group are:
Bumper I B.V., Netherlands
LeasePlan Securitisatie B.V., Netherlands
Bumper 2 S.A., Luxembourg
Bumper Car Sales GmbH, Germany
Bumper 3 Finance Plc, United Kingdom

Principal associates and jointly controlled entities that are accounted for under net equity accounting in the consolidated financial statements are:

LeasePlan Emirates Fleet Management – LeasePlan Emirates LLC, United Arab Emirates (49%)
LPD Holding A.Ş, Turkey (51%)
Excelease N.V., Belgium (51%)
Overlease S.r.L., Italy (51%)
Please S.C.S., France (99.3%)
E Lease S.A.S., France (5%)
Flottenmanagement GmbH, Austria (49%)
Terberg Leasing B.V., the Netherlands (24%)

The net equity accounting treatment is based on whether the Company has significant influence or joint control. In the situations where the Group has a majority shareholding in the entities listed above these entities still qualify as jointly controlled entities as the Group has contractually agreed to sharing of control whereby the strategic and operating decisions relating to the entity require the unanimous consent of the parties sharing control.

Pursuant to the provisions of Article 403 f, Part 9, Book 2, of the Netherlands Civil Code, LeasePlan Corporation N.V. has filed a declaration of joint and several liability with respect to the financial obligations of the majority of the participating interests in the Netherlands. For the following participating interests an Article 403 declaration is filed:

AALH Participaties B.V.
Accident Management Services B.V.
Energie LeasePlan B.V.
Firenta B.V.
Lease Beheer N.V.
Lease Beheer Holding B.V.
Lease Beheer Vastgoed B.V.
LeasePlan Finance N.V.
LeasePlan International B.V.
LeasePlan Nederland N.V.
LeasePlan Securitisatie B.V.
LPC Auto Lease B.V.
Mobility Mixx B.V.
Transport Plan B.V.
Travelcard Nederland B.V.

OTHER INFORMATION

DISTRIBUTION OF PROFIT

PROVISIONS OF THE ARTICLES OF ASSOCIATION ON PROFIT APPROPRIATION

Article 22

1. The Managing Board shall in respect of distributable profits make a proposal for distribution of dividend and the allocation to the general reserve. Such proposal is subject to the approval of the Supervisory Board.
2. With due observance of paragraph 1 of this article, the distributable profits shall be at the disposal of the General Meeting for distribution of dividend or in order to be added to the reserves or for such other purposes within the Company's objects as the meeting shall decide. In calculating the amount of profit to be distributed in respect of each share, only the amount of the mandatory payments towards the nominal amount of the shares shall be taken into account.
3. The Company may make distributions to shareholders and other persons entitled to distributable profits only to the extent that the shareholders' equity exceeds the sum of the paid and called-up part of the share capital and the reserves which must be maintained by law. In calculating the appropriation of profits, the shares held by the Company in its own share capital shall not be taken into account.
4. Distribution of profits shall take place after the adoption of the financial statements which show that the distribution is permitted.
5. The Supervisory Board may resolve to distribute one or more interim dividends and/or other interim distributions, provided that the requirement laid down in paragraph 2 of this article has been met as shown in an interim statement of assets and liabilities as referred to in article 2:105(4) Civil Code.
6. Dividends shall be payable immediately after they have been declared, unless the General Meeting provides otherwise.
7. The claim for payment of dividends shall lapse on the expiry of a period of five years.

Proposed profit appropriation

A dividend of EUR 4.3 million was paid out in December 2010. The remainder of the financial net profit amounting to EUR 194.3 million will be added to the general reserve (Other reserves).

AUDITOR'S REPORT

TO THE GENERAL MEETING OF SHAREHOLDERS OF LEASEPLAN CORPORATION N.V.

Report on the financial statements
We have audited the accompanying financial statements 2010 of LeasePlan Corporation N.V. (the Company), Amsterdam as set out on pages 53 to 131. The financial statements consist of the consolidated financial statements and the Company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2010, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory notes. The Company financial statements comprise the Company balance sheet as at 31 December 2010, the Company income statement for the year then ended and the notes, comprising a summary of accounting policies and other explanatory information.

The Managing Board's responsibility
The Managing Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the report of the Managing Board in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Managing Board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standard on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Managing Board, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position of LeasePlan Corporation N.V. as at 31 December 2010, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the Company financial statements
In our opinion, the Company financial statements give a true and fair view of the financial position of LeasePlan Corporation N.V. as at 31 December 2010, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements
Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the report of the Managing Board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the report of the Managing Board, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, 30 March 2011
PricewaterhouseCoopers Accountants N.V.

Originally signed by Dr H.F.M. Gertsen RA

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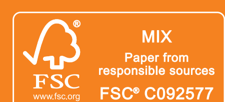

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