

**Liquidity Risk Assessment: LeasePlan Corporation N.V.**

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*Almere, Netherlands*

**Broad Industry:** Finance  
**Specific Industry:** Leasing  
**Short Term Rating:** P-1

**Contacts**

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**Opinion**

LeasePlan has a leading position in the global car leasing market, with about 1.2 million cars either financed or under management at the end of 2005.

ABN AMRO's sale of LeasePlan's to a consortium led by the Volkswagen Group closed in November 2004 with Volkswagen Group owning 50% of the company, and two financial investors will each hold 25%: the Saudi Investment house, Olayan, and the Abu Dhabi government's Mubadala Development Company (both unrated). Also in November 2004 the 50% stake held by the Volkswagen group in Leaseplan was transferred to Volkswagen Bank (rated A2/P-1/C+). LeasePlan's business model has not changed under its new ownership, continuing its history of independent management from its parent. Also, LeasePlan will continue to be supervised by the Dutch Central Bank.

As part of the sale agreement, ABN AMRO has committed to keep in place its current EUR 5bn facility until the end of 2007, with a remaining amount reducing until the facility's maturity date of June 2009. Since this funding has been a central pillar of LeasePlan's funding profile, and LeasePlan is wholly dependent on wholesale funding.

The rating outlook on the Prime 1 short term rating is negative. The negative outlook reflects the imminent run-off the ABN AMRO bridge credit facility. LeasePlan was previously owned by ABN AMRO and as part of the sale agreement, the bank has committed to keep in place its current EUR 5bn facility until the end of 2007, with a remaining amount reducing gradually until the facility's maturity date of June 2009. The outlook on the A3 issuer rating and C financial strength rating is stable.

Moody's expects that LeasePlan's levels of short-term debt will remain at a level broadly in line with that of its stand-by facilities. The downgrade of the short-term rating of ABN AMRO Bank would likely trigger a rating review.

Moody's rates at Prime-1 the company's \$3bn ECP programme and its EUR 2bn Belgian CD programme. In addition to LeasePlan Corporation, three entities may issue debt from the ECP Programme: LeasePlan Finance N.V. (Dublin Branch), LeasePlan Australia Limited and LeasePlan New Zealand Limited. Since September 2004 a long term debt rating of A3 was assigned to the company's senior unsecured debts issued under its Euro Medium Term Note (EMTN) Programme. On 20 July 2005, the EMTN Programme was increased from EUR 3 billion to EUR 7.5 billion, and renewed in order to comply with new EU directives.

A\$ 2 bn Debt Programme, signed on 3 April 2006, under which Leaseplan can issue short term notes (STNs) and medium term notes (MTNs) is also rated. Three entities may issue debt under the Australian programme: LeasePlan Australia Ltd, LeasePlan Corporation NV & LeasePlan Finance NV (Dublin Branch)

LeasePlan will have replaced majority of ABN AMRO facility with DCM funding by the end of 2006. Half of the facility has already been replaced and at the end of 2005, ABN AMRO provided EUR 2.7 bn of company's total EUR 11bn senior debt. CP/CD's outstanding were at year end at EUR 2.4bn. EMTN outstandings were at EUR 4.5billion. Bilateral local and interbank funding accounts for the remainder.

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