



Moody's Investors Service

Rating Action: **Moody's assigns Caa1 rating to ISS's new senior subordinated notes**

Global Credit Research - 24 Mar 2010

Approximately EUR75 million in senior subordinated notes announced to be issued

London, 24 March 2010 -- Moody's Investors Service has today affirmed the B2 corporate family rating of ISS Holding A/S ("ISS" or "the company") and assigned a Caa1 rating to the approximately EUR75 million of senior subordinated notes, due 2016, announced to be issued by ISS Holding A/S. The notes will be issued as a tap under the indenture for the EUR454 million 8.875% Senior Notes issued by the same entity and due in May 2016.

The outlook is stable.

"The rating assigned to the proposed notes issue reflects their relative ranking within the company's capital structure, with approximately 75% of debt constituted by senior secured bank debt and by the EMTNs expiring 2010 and 2014 and ranking ahead of the existing and proposed senior notes" said Stefano del Zompo, lead analyst for ISS at Moody's.

The notes are not directly guaranteed or secured over the company's assets but will benefit from i) a second-priority security interest in all the outstanding share capital of ISS and ii) a second-priority security interest on a €50 million proceeds loan representing a portion of the proceeds from the original notes. The same set of covenants on the existing 8.875% Notes will apply to the new issue.

The current stable outlook assumes the company will continue to show the performance improvements reported in the second half of 2009 through 2010. Moody's understands ISS is in the process of finalising a securitization of its receivables in an amount sufficient to redeem the EUR200 million EMTNs remaining outstanding and coming due 18 September 2010. However, Moody's ratings assume the company should be able to utilise the proceeds of this issue in conjunction with more than EUR450 million of readily available cash on balance sheet to redeem the notes should it need to.

The last rating action on ISS was on 10 May 2007, when Moody's affirmed the company's ratings and outlook after the announcement of the refinancing of part of its senior facilities, floating-rate notes and EMTNs.

The principal methodology used in rating ISS was the "Global Business & Consumer Service Industry" rating methodology, published in August 2007, and available on www.moody.com in the Rating Methodologies sub-directory under the Research & Ratings tab. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Rating Methodologies sub-directory on Moody's website.

ISS, based in Copenhagen, Denmark, is the fully owned subsidiary of ISS Holding A/S and one of the leading facility services providers in the world. In March 2005, the company was acquired by funds advised by EQT Partners and Goldman Sachs Capital Partners. In 2009, the company reported revenues and operating profits before extraordinary items and impairment in excess of DKK69 billion (ca. EUR9.2 billion) and DKK4 billion (ca. 540 million), respectively.

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