Rating Action: **FS Funding A/S**

MOODY'S ASSIGNS (P)B1 CORPORATE FAMILY RATING TO FS FUNDING A/S (ISS A/S); OUTLOOK STABLE.

London, 20 April 2006 -- Moody's today assigned a (P)B1 corporate family rating to FS Funding A/S, the holding company of ISS A/S and ISS Global. Moody's concurrently assigned a (P)B3 rating to the proposed EUR 975 million high yield notes. The outlook on all ratings is stable.

The (P)B1 corporate family rating reflects, (i) the company's global leadership in the facilities services industry and its leading market positions in many of the countries in which it operates, (ii) its ability and strategy to offer an integrated service (cleaning, property, office support, catering) across countries and to benefit from any accruing cost synergies, (iii) its flexible cost base, which has enabled it to mitigate the impact of market volatility on operating margins; (iv) its strong and successful focus on cash management and generation at the individual country level, (v) its low capex requirements (c. 1.4% of revenues) which enable it to generate steady free cash flows before acquisitions; and (vi) its success in integrating a large number of bolt-on acquisitions to date.

However, the ratings also reflect (i) the company's highly leveraged capital structure following the largely debt-funded leveraged buy-out transaction; (ii) the company's stated strategy to pursue its ambitious bolt-on acquisition strategy and to continue to increase nominal debt, thereby relying on growth in operating profits to reduce leverage; (iii) the company's current reliance on the western European markets (c.92% of 2005 revenues), where organic growth has been weak in recent years; (iv) the sector's vulnerability to government policies concerning outsourcing; and v) the increasing industry trend from 'cost-plus-fee' contracts towards 'P&L' and fixed fee contracts that place the burden of cost overruns on suppliers in the industry.

The (P)B3 rating for the proposed high yield bonds reflects their structural and contractual subordination to a significant portion of other debt in the capital structure. On a pro forma basis, at the close of the transaction, debt senior to the notes will represent approximately 76% of total debt (including the subordinated PIK loan) on a fully drawn basis.

Under the proposed capital structure, immediately after the offering of the notes the company will have access to senior facilities in the aggregate amount of DKK 14,825 million (c.EUR 1,991 million). At the close of the transaction, Acquisition Facility B (DKK 3,500 million) and the majority of the revolving credit facility (DKK 2,500 million) are expected to be undrawn. Following completion of the acquisition of the company by private equity partners EQT and Goldman Sachs Capital Partners (GSCP) in 2005, Net Adj. debt is estimated at over 7x EBITDA at the end of 2005.

The rating outlook is stable, although credit metrics are considered to be weak for the rating category. In addition, given the company's ambitious growth targets, nominal debt is expected to continue to rise in coming years. A reduction in leverage such that Adj. Total Debt/EBITDA is reduced toward 6x would result in ISS being more strongly positioned within the rating category. A sustainable reduction in leverage below the 6x range accompanied by financial policies supportive of further deleveraging could be positive for the rating. The ratings could come under negative pressure if the company's leverage did not trend towards 6.5x over a 12-18 month period which would be required to be more solidly positioned within the current rating category.

ISS is one of the world's leading providers of facility services, based in Copenhagen, Denmark. Its services are categorised as cleaning, office support, property, catering and integrated facilities services. In 2005 the company reported revenues and operating profits of DKK 46.44 billion (EUR 624 million) and DKK 2.650 billion (EUR 355 million), respectively, under IFRS.

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