
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2010

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 1-10308

Avis Budget Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction
of incorporation or organization)*

6 Sylvan Way

Parsippany, NJ

(Address of principal executive offices)

06-0918165

*(I.R.S. Employer
Identification Number)*

07054

(Zip Code)

(973) 496-4700

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of the issuer's common stock was 102,664,630 shares as of April 30, 2010.

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FORWARD-LOOKING STATEMENTS

The forward-looking statements contained herein are subject to known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on various facts and were derived utilizing numerous important assumptions and other important factors that could cause actual results to differ materially from those in the forward-looking statements. Forward-looking statements include the information concerning our future financial performance, business strategy, projected plans and objectives. Statements preceded by, followed by or that otherwise include the words “believes”, “expects”, “anticipates”, “intends”, “projects”, “estimates”, “plans”, “may increase”, “may fluctuate” and similar expressions or future or conditional verbs such as “will”, “should”, “would”, “may” and “could” are generally forward-looking in nature and not historical facts. You should understand that the following important factors and assumptions could affect our future results and could cause actual results to differ materially from those expressed in such forward-looking statements:

- the high level of competition in the vehicle rental industry and the impact such competition may have on pricing and rental volume;
- an increase in our fleet costs as a result of an increase in the cost of new vehicles and/or a decrease in the price at which we dispose of used vehicles either in the used vehicle market or under repurchase or guaranteed depreciation programs;
- the results of operations or financial condition of the manufacturers of our cars, which could impact their ability to perform their payment obligations under repurchase and/or guaranteed depreciation arrangements they have with us, and/or their willingness or ability to make cars available to us or the rental car industry as a whole on commercially reasonable terms or at all;
- travel demand, including airline passenger traffic in the United States and in the other international locations in which we operate;
- the effects of economic conditions and weakness in the housing market and the impact such conditions may have on us, particularly during our peak season or in key market segments;
- our ability to obtain financing for our operations, including the funding of our vehicle fleet via the asset-backed securities and lending market at the same or similar cost, and the financial condition of financial-guaranty firms that have insured a portion of our outstanding vehicle-backed debt;
- an occurrence or threat of terrorism, pandemic disease, natural disasters or military conflict in the locations in which we operate;
- our dependence on third-party distribution channels;
- our ability to control costs through our cost-savings and efficiency improvement initiatives or otherwise and successfully implement our business strategy;
- the impact of our derivative instruments, which can be affected by fluctuations in interest rates and other factors;
- our ability to accurately estimate our future results;
- a major disruption in our communication or centralized information networks;
- our exposure to uninsured claims in excess of historical levels;
- our failure or inability to comply with regulations or contractual obligations or any changes in regulations or contractual obligations, including with respect to personally identifiable information;
- any impact on us from the actions of our licensees, dealers and independent contractors;
- substantial increases in the cost, or decreases in the supply, of fuel, vehicle parts, energy or other resources on which we depend to operate our business;

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- risks related to our indebtedness, including our substantial amount of debt and our ability to incur substantially more debt;
- our ability to meet the financial and other covenants contained in the agreements governing our indebtedness;
- the terms of agreements among us and the former real estate, hospitality and travel distribution businesses following the separation of those businesses from us during third quarter 2006, when we were known as Cendant Corporation, particularly with respect to the allocation of assets and liabilities, including contingent liabilities and guarantees, commercial arrangements, the ability of each of the separated companies to perform its obligations, including its indemnification obligations, under these agreements, and the former real estate business' right to control the process for resolving disputes related to contingent liabilities and assets;
- risks associated with litigation involving the Company;
- risks related to a potential proposal to acquire Dollar Thrifty Automotive Group, Inc.;
- our exposure to fluctuations in foreign exchange rates; and
- other business, economic, competitive, governmental, regulatory, political or technological factors affecting our operations, pricing or services.

Other factors and assumptions not identified above, including those described under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2009 Annual Report on Form 10-K and this Quarterly Report on Form 10-Q were also involved in the derivation of these forward-looking statements, and the failure of such other assumptions to be realized, as well as other factors, may also cause actual results to differ materially from those projected. Most of these factors are difficult to predict accurately and are generally beyond our control.

You should consider the areas of risk described above, as well as those described under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2009 Annual Report on Form 10-K and this Quarterly Report on Form 10-Q and those that may be disclosed from time to time in filings with the Securities and Exchange Commission, in connection with any forward-looking statements that may be made by us and our businesses generally. Except to the extent of our obligations under the federal securities laws, we undertake no obligation to release any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events. For any forward-looking statements contained in any document, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

PART I—FINANCIAL INFORMATION**Item 1. Financial Statements**

Avis Budget Group, Inc.
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(In millions, except per share data)
(Unaudited)

	Three Months Ended	
	March 31,	
	2010	2009
Revenues		
Vehicle rental	\$ 866	\$ 919
Other	287	275
Net revenues	<u>1,153</u>	<u>1,194</u>
Expenses		
Operating	612	640
Vehicle depreciation and lease charges, net	297	355
Selling, general and administrative	131	133
Vehicle interest, net	74	69
Non-vehicle related depreciation and amortization	23	22
Interest expense related to corporate debt, net		
Interest expense	41	38
Early extinguishment of debt	40	—
Restructuring charges	1	6
Impairment	—	1
Total expenses	<u>1,219</u>	<u>1,264</u>
Loss before income taxes	(66)	(70)
Benefit from income taxes	<u>(28)</u>	<u>(21)</u>
Net loss	<u>\$ (38)</u>	<u>\$ (49)</u>
Earnings (loss) per share, basic and diluted	\$ (0.37)	\$ (0.48)

See Notes to Consolidated Condensed Financial Statements (Unaudited).

Avis Budget Group, Inc.
CONSOLIDATED CONDENSED BALANCE SHEETS
(In millions, except share data)
(Unaudited)

	March 31, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	\$ 470	\$ 482
Receivables	260	290
Deferred income taxes	105	107
Other current assets	858	851
Total current assets	<u>1,693</u>	<u>1,730</u>
Property and equipment, net	431	442
Deferred income taxes	610	597
Goodwill	76	76
Other intangibles, net	480	478
Other non-current assets	275	248
Total assets exclusive of assets under vehicle programs	<u>3,565</u>	<u>3,571</u>
Assets under vehicle programs:		
Program cash	3	157
Vehicles, net	6,340	5,967
Receivables from vehicle manufacturers and other	108	170
Investment in Avis Budget Rental Car Funding (AESOP) LLC—related party	241	228
	<u>6,692</u>	<u>6,522</u>
Total assets	<u>\$ 10,257</u>	<u>\$ 10,093</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and other current liabilities	\$ 1,319	\$ 1,272
Current portion of long-term debt	9	12
Total current liabilities	<u>1,328</u>	<u>1,284</u>
Long-term debt	2,117	2,119
Other non-current liabilities	599	630
Total liabilities exclusive of liabilities under vehicle programs	<u>4,044</u>	<u>4,033</u>
Liabilities under vehicle programs:		
Debt	606	714
Debt due to Avis Budget Rental Car Funding (AESOP) LLC—related party	4,029	3,660
Deferred income taxes	1,269	1,267
Other	83	197
	<u>5,987</u>	<u>5,838</u>
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Preferred stock, \$.01 par value—authorized 10 million shares; none issued and outstanding	—	—
Common stock, \$.01 par value—authorized 250 million shares; issued 136,944,341 and 136,931,540 shares	1	1
Additional paid-in capital	8,994	9,098
Accumulated deficit	(2,729)	(2,691)
Accumulated other comprehensive income (loss)	3	(37)
Treasury stock, at cost—34,105,779 and 34,612,016 shares	(6,043)	(6,149)
Total stockholders' equity	<u>226</u>	<u>222</u>
Total liabilities and stockholders' equity	<u>\$ 10,257</u>	<u>\$ 10,093</u>

See Notes to Consolidated Condensed Financial Statements (Unaudited).

Avis Budget Group, Inc.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Three Months Ended	
	March 31,	
	2010	2009
Operating Activities		
Net loss	\$ (38)	\$ (49)
Adjustments to reconcile net loss to net cash used in operating activities exclusive of vehicle programs:		
Non-vehicle related depreciation and amortization	23	22
Net change in assets and liabilities, excluding the impact of acquisitions and dispositions:		
Receivables	(5)	13
Income taxes and deferred income taxes	(34)	(24)
Accounts payable and other current liabilities	45	—
Other, net	(1)	20
Net cash used in operating activities exclusive of vehicle programs	<u>(10)</u>	<u>(18)</u>
<i>Vehicle programs:</i>		
Vehicle depreciation	290	346
	<u>290</u>	<u>346</u>
Net cash provided by operating activities	<u>280</u>	<u>328</u>
Investing Activities		
Property and equipment additions	(7)	(8)
Proceeds received on asset sales	6	4
Other, net	(1)	—
Net cash used in investing activities exclusive of vehicle programs	<u>(2)</u>	<u>(4)</u>
<i>Vehicle programs:</i>		
Decrease in program cash	162	9
Investment in vehicles	(2,487)	(1,559)
Proceeds received on disposition of vehicles	1,832	2,229
Investment in AESOP debt securities—related party	(130)	—
Proceeds from AESOP debt securities—related party	130	—
Distribution from Avis Budget Rental Car Funding (AESOP) LLC—related party	—	100
	<u>(493)</u>	<u>779</u>
Net cash (used in) provided by investing activities	<u>(495)</u>	<u>775</u>

Avis Budget Group, Inc.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (Continued)
(In millions)
(Unaudited)

	Three Months Ended	
	March 31,	
	2010	2009
Financing Activities		
Proceeds from borrowings	444	—
Principal payments on borrowings	(454)	(2)
Debt financing fees	(28)	—
Other, net	1	—
Net cash used in financing activities exclusive of vehicle programs	<u>(37)</u>	<u>(2)</u>
<i>Vehicle programs:</i>		
Proceeds from borrowings	2,733	1,674
Principal payments on borrowings	(2,438)	(2,672)
Net change in short-term borrowings	(47)	(16)
Other, net	(11)	—
	<u>237</u>	<u>(1,014)</u>
Net cash provided by (used in) financing activities	<u>200</u>	<u>(1,016)</u>
Effect of changes in exchange rates on cash and cash equivalents	3	—
Net (decrease) increase in cash and cash equivalents	(12)	87
Cash and cash equivalents, beginning of period	482	258
Cash and cash equivalents, end of period	<u>\$ 470</u>	<u>\$ 345</u>

See Notes to Consolidated Condensed Financial Statements (Unaudited).

Avis Budget Group, Inc.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Unaudited)
(Unless otherwise noted, all dollar amounts in tables are in millions, except per share amounts)

1. Basis of Presentation and Recently Issued Accounting Pronouncements

Basis of Presentation

Avis Budget Group, Inc. provides car and truck rentals and ancillary services to businesses and consumers in the United States and internationally. The accompanying unaudited Consolidated Condensed Financial Statements include the accounts and transactions of Avis Budget Group, Inc. and its subsidiaries (“Avis Budget”), as well as entities in which Avis Budget directly or indirectly has a controlling financial interest (collectively, the “Company”), and have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”) for interim financial reporting.

The Company operates in the following business segments:

- **Domestic Car Rental**— provides car rentals and ancillary products and services in the United States.
- **International Car Rental**— provides vehicle rentals and ancillary products and services primarily in Argentina, Australia, Canada, New Zealand, Puerto Rico and the U.S. Virgin Islands.
- **Truck Rental**— provides truck rentals and related services to consumers and light commercial users in the United States.

In presenting the Consolidated Condensed Financial Statements in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), management makes estimates and assumptions that affect the amounts reported and related disclosures. Estimates, by their nature, are based on judgments and available information. Accordingly, actual results could differ from those estimates. In management’s opinion, the Consolidated Condensed Financial Statements contain all normal recurring adjustments necessary for a fair presentation of interim results reported. The results of operations reported for interim periods are not necessarily indicative of the results of operations for the entire year or any subsequent interim period. These financial statements should be read in conjunction with the Company’s 2009 Annual Report on Form 10-K filed on February 24, 2010.

Vehicle Programs. The Company presents separately the financial data of its vehicle programs. These programs are distinct from the Company’s other activities since the assets under vehicle programs are generally funded through the issuance of debt that is collateralized by such assets. The income generated by these assets is used, in part, to repay the principal and interest associated with the debt. Cash inflows and outflows relating to the generation or acquisition of such assets and the principal debt repayment or financing of such assets are classified as activities of the Company’s vehicle programs. The Company believes it is appropriate to segregate the financial data of its vehicle programs because, ultimately, the source of repayment of such debt is the realization of such assets.

Separation. In connection with the separation of Cendant Corporation (as the Company was formerly known) into four independent companies (the “Separation”), the Company completed the spin-offs of Realogy Corporation (“Realogy”) and Wyndham Worldwide Corporation (“Wyndham”) on July 31, 2006 and completed the sale of Travelport, Inc. (“Travelport”) on August 23, 2006.

Adoption of New Accounting Standards during 2010

In June 2009, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2009-16, “Accounting for Transfers of Financial Assets” (“ASU No. 2009-16”). The Company adopted this guidance on January 1, 2010, as required, and it did not have a significant impact on its financial statements.

In December 2009, the FASB issued ASU No. 2009-17, “Accounting by Enterprises Involved with Variable Interest Entities” (“ASU No. 2009-17”). The Company adopted this guidance on January 1, 2010, as required, and it did not have a significant impact on its financial statements.

In February 2010, the FASB issued ASU No. 2010-09, “Subsequent Events – Amendments to Certain Recognition and Disclosure Requirements” (“ASU No. 2010-09”). ASU No. 2010-09 eliminates the requirement of an SEC filer to disclose the date through which subsequent events have been evaluated as the guidance potentially conflicted with SEC requirements. The Company adopted this guidance upon its issuance, as required, and it did not have a significant impact on its financial statements.

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In January 2010, the FASB issued ASU No. 2010-06, "Fair Value Measurements and Disclosures" ("ASU No. 2010-06"). ASU No. 2010-06 will expand fair value disclosures, requiring companies to provide (i) information about movements of assets between levels 1 and 2, (ii) a reconciliation of purchases, sales, issuance and settlements for all level 3 instruments and (iii) fair value measurement disclosures for each class of assets and liabilities. The Company adopted this guidance on January 1, 2010, as required, except for the disclosures about purchases, sales, issuances, and settlements for all level 3 instruments and fair value measurements, which will be adopted on January 1, 2011, as required, and it did not have, and is not expected to have, a significant impact on its financial statements.

2. Restructuring Charges

Beginning in late 2008, the Company implemented initiatives within the Company's Domestic Car Rental, International Car Rental and Truck Rental segments to reduce costs, enhance organizational efficiency and consolidate and rationalize existing processes and facilities. During the three months ended March 31, 2010, as part of this process, the Company formally communicated the termination of employment to approximately 450 employees, within its Domestic Car Rental segment and incurred \$1 million in restructuring charges. These charges primarily represent severance, outplacement services and other costs associated with the employee terminations. As of March 31, 2010, the Company had terminated approximately 175 of these employees.

At March 31, 2010, the remaining liability relating to restructuring actions amounted to \$4 million, primarily for lease obligation costs related to vacated locations which are expected to be paid through 2011. As part of this process, the Company continues to implement steps to reduce costs and consolidate certain customer facing and non-customer facing activities and locations. The Company expects further restructuring costs related to this process of approximately \$9 million to be incurred through December 31, 2010.

The restructuring charges and corresponding utilization are recorded within the Company's segments as follows:

	Domestic Car Rental	International Car Rental	Truck Rental	Total
Balance as of January 1, 2010	\$ 3	\$ 1	\$ 1	\$ 5
Incremental charges	1	—	—	1
Cash payment/utilization	(1)	(1)	—	(2)
Balance at March 31, 2010	<u>\$ 3</u>	<u>\$ —</u>	<u>\$ 1</u>	<u>\$ 4</u>

The restructuring charges and the corresponding utilization are summarized by category as follows:

	Personnel Related	Facility Related	Asset Impairments	Total
Balance as of January 1, 2010	\$ 1	\$ 4	\$ —	\$ 5
Incremental charges	1	—	—	1
Cash payment/utilization	(1)	(1)	—	(2)
Balance March 31, 2010	<u>\$ 1</u>	<u>\$ 3</u>	<u>\$ —</u>	<u>\$ 4</u>

3. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share ("EPS"):

	Three Months Ended March 31,	
	2010	2009
Net loss	\$ (38)	\$ (49)
Basic and diluted weighted average shares outstanding ^(a)	102.6	101.8
Earnings per share, basic and diluted	\$ (0.37)	\$ (0.48)

^(a) As the Company incurred a net loss for the three months ended March 31, 2010 and 2009, all outstanding stock options, restricted stock units, stock warrants and issuable shares underlying the 3 1/2% Convertible Senior Notes due 2014 have an anti-dilutive effect and therefore are excluded from the computation of diluted weighted average shares outstanding. Accordingly, basic and diluted weighted average shares outstanding are equal for such periods.

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The following table summarizes the Company's outstanding common stock equivalents that were anti-dilutive and therefore excluded from the computation of diluted EPS:

	Three Months Ended March 31,	
	2010	2009
Options ^(a)	6.0	8.9
Warrants ^(b)	21.2	—
Shares underlying 3 1/2% Convertible Senior Notes due 2014 ^(c)	21.2	—

^(a) For the three months ended March 31, 2010 and 2009, all outstanding stock options were anti-dilutive, as the Company incurred a loss from continuing operations.

^(b) Represents all outstanding warrants for the three months ended March 31, 2010 and 2009. The exercise price for the warrants outstanding in 2010 was \$22.50.

^(c) Represents the number of shares issuable pursuant to the convertible senior notes issued in October 2009.

4. Intangible Assets

Intangible assets consisted of:

	As of March 31, 2010			As of December 31, 2009		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
<i>Amortizable Intangible Assets</i>						
Franchise agreements	\$ 73	\$ 23	\$ 50	\$ 73	\$ 22	\$ 51
Customer lists	19	9	10	19	9	10
Other	2	1	1	2	1	1
	<u>\$ 94</u>	<u>\$ 33</u>	<u>\$ 61</u>	<u>\$ 94</u>	<u>\$ 32</u>	<u>\$ 62</u>
<i>Unamortizable Intangible Assets</i>						
Goodwill	<u>\$ 76</u>			<u>\$ 76</u>		
Trademarks ^(a)	<u>\$ 419</u>			<u>\$ 416</u>		

^(a) The increase in trademarks is primarily due to fluctuations in foreign currency.

Amortization expense relating to all intangible assets was approximately \$1 million during the first quarter of 2010 and 2009. Based on the Company's amortizable intangible assets at March 31, 2010, the Company expects amortization expense of approximately \$2 million for the remainder of 2010 and approximately \$3 million for each of the five fiscal years thereafter.

5. Financial Instruments

Debt Instruments

The fair value of the Company's financial instruments is generally determined by reference to market values resulting from trading on a national securities exchange or in an over-the-counter market. In some cases where quoted market prices are not available, prices are derived by considering the yield of the benchmark security that was issued to initially price the instruments and adjusting this rate by the credit spread that market participants would demand for the instruments as of the measurement date. The carrying amounts of cash and cash equivalents, available-for-sale securities, accounts receivable, program cash and accounts payable and accrued liabilities approximate fair value due to the short-term maturities of these assets and liabilities.

The carrying amounts and estimated fair values of debt instruments are as follows:

	<u>As of March 31, 2010</u>		<u>As of December 31, 2009</u>	
	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>
Corporate debt				
Current portion of long-term debt	\$ 9	\$ 9	\$ 12	\$ 12
Long-term debt	1,772	1,754	1,774	1,675
Convertible debt	345	346	345	376
Debt under vehicle programs				
Vehicle-backed debt due to Avis Budget Rental Car Funding	\$ 4,029	\$ 4,054	\$ 3,660	\$ 3,634
Vehicle-backed debt	602	606	705	707

Derivative instruments and hedging activities

The Company uses foreign exchange forward contracts to manage its exposure to changes in foreign currency exchange rates associated with its foreign currency denominated receivables and forecasted royalties, forecasted earnings of foreign subsidiaries and forecasted foreign currency denominated acquisitions. The Company primarily hedges its foreign currency exposure to the Canadian, Australian and New Zealand dollars. The majority of forward contracts do not qualify for hedge accounting treatment. The fluctuations in the value of these forward contracts do, however, largely offset the impact of changes in the value of the underlying risk they economically hedge. Forward contracts used to hedge forecasted third party receipts and disbursements up to 12 months are designated and do qualify as cash flow hedges. The amount of gains or losses reclassified from accumulated other comprehensive income to earnings resulting from ineffectiveness or from excluding a component of the forward contracts' gain or loss from the effectiveness calculation for cash flow hedges during the three months ended March 31, 2010 and 2009 was not material, nor is the amount of gains or losses the Company expects to reclassify from accumulated other comprehensive income to earnings over the next 12 months.

The Company uses various hedging strategies including interest rate swaps and interest rate caps to create an appropriate mix of fixed and floating rate assets and liabilities. The Company uses interest rate swaps, designated as cash flow hedges, to manage the risk related to its floating rate corporate debt. In connection with such cash flow hedges, the Company records changes in the intrinsic value of these cash flow hedges to other comprehensive income and subsequently reclassifies these amounts into earnings in the period during which the hedged transaction is recognized. The changes in fair values of hedges that were determined to be ineffective are immediately reclassified from accumulated other comprehensive income into earnings. During the three months ended March 31, 2010, the Company reclassified \$36 million from accumulated other comprehensive income to earnings in connection with the early termination of certain interest rate swaps related to the repayment of a portion of the Company's floating rate term loan. The Company estimates that approximately \$91 million of losses deferred in accumulated other comprehensive income will be recognized over the next twelve months, which is expected to be offset in earnings by the impact of the underlying hedged items.

To manage the risk associated with its floating rate vehicle-backed debt, the Company uses derivatives. These derivatives include freestanding derivatives and derivatives designated as cash flow hedges. In connection with such cash flow hedges, the Company records the effective portion of the change in fair value in other comprehensive income, net of tax. The Company records the change in fair value gains or losses related to freestanding derivatives in its consolidated results of operations.

The Company periodically enters into derivative commodity contracts to manage its exposure to changes in the price of unleaded gasoline. These instruments were designated as freestanding derivatives and the changes in fair value are recorded in the Company's consolidated results of operations.

Certain of the Company's derivative instruments contain collateral support provisions that require the Company to post cash collateral to the extent that these derivatives are in a liability position. The aggregate fair value of such derivatives that are in a liability position and the aggregate fair value of assets needed to settle these derivatives on March 31, 2010 was approximately \$6 million, for which the Company has posted cash collateral in the same amount in the normal course of business.

As of March 31, 2010, the Company held derivative instruments with absolute notional values as follows: interest rate caps of approximately \$3.9 billion, interest rate swaps of \$592 million, foreign exchange forward contracts of \$72 million and commodity contracts for the purchase of 9 million gallons of unleaded gasoline.

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The Company used significant observable inputs (Level 2 inputs) to determine the fair value of its derivative assets and liabilities. Derivatives entered into by the Company are typically executed over-the-counter and are valued using internal valuation techniques, as no quoted market prices exist for such instruments. The valuation technique and inputs depend on the type of derivative and the nature of the underlying exposure. The principal techniques used to value these instruments are discounted cash flows and Black-Scholes option valuation models. These models take into account a variety of factors including, where applicable, maturity, commodity prices, interest rate yield curves, credit curves of the Company and counterparties, counterparty creditworthiness and forward and spot currency exchange rates. These factors are applied on a consistent basis and are based upon observable inputs where available.

Fair values of derivative instruments are as follows:

	As of March 31, 2010		As of December 31, 2009	
	Fair Value Asset Derivatives	Fair Value Liability Derivatives	Fair Value Asset Derivatives	Fair Value Liability Derivatives
Derivatives designated as hedging instruments ^(a)				
Interest rate swaps ^(b)	\$ —	\$ 7	\$ —	\$ 39
Derivatives not designated as hedging instruments ^(a)				
Foreign forward contracts ^(c)	—	1	—	—
Commodity contracts ^(d)	2	—	—	—
Interest rate swaps ^(e)	—	2	—	—
Interest rate contracts ^(e)	—	2	—	9
Total	\$ 2	\$ 12	\$ —	\$ 48

^(a) Amounts in this table exclude derivatives issued by Avis Budget Rental Car Funding (AESOP) LLC (“Avis Budget Rental Car Funding”), as it is not consolidated by the Company; however, certain amounts related to the derivatives held by Avis Budget Rental Car Funding are included within accumulated other comprehensive income, as discussed in Note 12—Stockholders’ Equity.

^(b) Included in other non-current liabilities.

^(c) Included in other current liabilities.

^(d) Included in other current assets.

^(e) Included in liabilities under vehicle programs.

The effect of derivative instruments not designated as hedging instruments in the Company’s consolidated results of operations for the three months ended March 31, 2010 was (i) a loss of \$2 million recognized as a component of interest expense related to interest rate swaps and interest rate caps not designated as hedging instruments, (ii) a loss of \$1 million recognized as a component of operating expenses related to foreign exchange forward contracts, and (iii) a gain of \$2 million recognized as a component of operating expenses related to our commodity contracts. The loss on the interest rate swaps had no impact on net interest expense as it was offset by reduced interest expense on the underlying floating rate debt which it hedges.

The Company also recorded an unrealized gain of \$6 million as a component of other comprehensive income, net of tax, for the three months ended March 31, 2010 which primarily relates to interest rate swaps designated as cash flow hedges.

The effect of derivative instruments not designated as hedging instruments in the Company’s consolidated results of operations for the three months ended March 31, 2009, was (i) a loss of \$1 million recognized as a component of operating expenses related to foreign exchange forward contracts, (ii) an insignificant loss recognized as a component of operating expenses related to our commodity contracts and (iii) a loss of \$2 million, recognized as a component of interest expense related to interest rate swaps not designated as hedging instruments. The loss on the interest rate swaps had no impact on net interest expense as it was offset by reduced interest expense on the underlying floating rate debt which it hedges.

The Company also recorded an unrealized gain of \$7 million as a component of other comprehensive income, net of tax, for the three months ended March 31, 2009, which primarily relates to interest rate swaps designated as cash flow hedges.

6. Vehicle Rental Activities

The components of the Company's vehicles, net within assets under vehicle programs are as follows:

	As of March 31, 2010	As of December 31, 2009
Rental vehicles	\$ 7,230	\$ 6,090
Less: Accumulated depreciation	<u>(1,051)</u>	<u>(945)</u>
	6,179	5,145
Vehicles held for sale	161	822
Vehicles, net	<u>\$ 6,340</u>	<u>\$ 5,967</u>

The components of vehicle depreciation and lease charges, net are summarized below:

	Three Months Ended March 31,	
	2010	2009
Depreciation expense	\$ 290	\$ 346
Lease charges	15	7
(Gain) loss on sales of vehicles, net including cost of vehicle disposition	<u>(8)</u>	<u>2</u>
Vehicle depreciation and lease charges, net	<u>\$ 297</u>	<u>\$ 355</u>

For the three months ended March 31, 2010 and 2009, vehicle interest, excludes \$41 million and \$39 million, respectively, of interest expense related to the Company's convertible senior notes and the fixed and floating rate borrowings of the Company's Avis Budget Car Rental, LLC ("Avis Budget Car Rental") subsidiary. Such interest is recorded within interest expense related to corporate debt, net.

7. Income Taxes

The Company's effective tax rate from continuing operations for the three months ended March 31, 2010 is a benefit of 42.4%. Such rate differs from the Federal statutory rate of 35.0% primarily due to a \$3 million benefit relating to additional tax depreciation within the Company's operations in Australia.

The Company's effective tax rate from continuing operations for the three months ended March 31, 2009 is a benefit of 30.0%. Such rate differs from the Federal statutory rate of 35.0% primarily due to differences in the amount of stock-based compensation recorded for book and tax purposes. In addition, the Company established a valuation allowance related to certain state deferred tax assets.

8. Accounts Payable and Other Current Liabilities

Accounts payable and other current liabilities consisted of:

	As of March 31, 2010	As of December 31, 2009
Income taxes payable – current	\$ 395	\$ 399
Accounts payable	162	151
Accrued payroll and related	123	145
Public liability and property damage insurance liabilities – current	97	97
Accrued interest related to tax contingencies	93	89
Other	449	391
	<u>\$ 1,319</u>	<u>\$ 1,272</u>

9. Long-term Debt and Borrowing Arrangements

Long-term debt consisted of:

	Maturity Dates	As of March 31, 2010	As of December 31, 2009
Floating rate term loan ^(a)	April 2012	\$ 52	\$ 778
Floating rate term loan ^(a)	April 2014	273	—
Floating rate notes	May 2014	250	250
7 ⁵ / ₈ % notes	May 2014	375	375
3 ¹ / ₂ % convertible notes	October 2014	345	345
7 ³ / ₄ % notes	May 2016	375	375
9 ⁵ / ₈ % notes	March 2018	444	—
		<u>2,114</u>	<u>2,123</u>
Other		12	8
Total long-term debt		<u>2,126</u>	<u>2,131</u>
Less: Current portion		9	12
Long-term debt		<u><u>\$ 2,117</u></u>	<u><u>\$ 2,119</u></u>

^(a) The floating rate term loans and our revolving credit facilities are secured by pledges of all of the capital stock of all of the Company's direct or indirect domestic subsidiaries and up to 66% of the capital stock of each direct foreign subsidiary, subject to certain exceptions, and liens on substantially all of the Company's intellectual property and certain other real and personal property. In March 2010, the Company repaid \$451 million of the floating rate term loan and amended \$273 million of the outstanding floating rate term loan to extend the maturity by two years to April 2014. The floating rate term loan due 2012 bears interest at three month LIBOR plus 375 basis points, for a rate of 4.01% at March 31, 2010, and the floating rate term loan due 2014 bears interest at the greater of three month LIBOR or 1.50%, plus 425 basis points, for a rate of 5.75% at March 31, 2010.

During March 2010, the Company issued \$450 million aggregate principal amount of 9 ⁵/₈% Senior Notes due 2018. The notes will pay interest semi-annually on March 15 and September 15 of each year, beginning on September 15, 2010. The notes are unsecured obligations of Avis Budget Car Rental and are guaranteed on a senior basis by the Company and certain of its domestic subsidiaries. These notes were issued at approximately 98.6% of par and the proceeds were used primarily to repay a portion of the Company's floating rate term loan. The notes rank equally with all existing and future senior unsecured indebtedness and are senior to all existing and future subordinated indebtedness. The Company has the right to redeem these notes in whole or in part at any time at the applicable redemption price plus any accrued and unpaid interest through the redemption date.

In connection with the sale of the notes, the Company entered into a Registration Rights Agreement, (the "Registration Rights Agreement"), under which it has agreed to file an exchange offer registration statement related to the notes with the SEC no later than April 18, 2011. Under certain circumstances, the Company may also be required to file and pursue effectiveness of a shelf registration statement with respect to the resale of the notes. In accordance with the Registration Rights Agreement, the Company could be required to pay additional interest of up to 0.50% per annum on the principal amount of the notes from April 18, 2011 until the exchange offer is completed, a shelf registration statement, if required, is declared effective or the restricted notes become freely tradable under the Securities Act. The Company believes the likelihood of occurrence of such event is remote and, as such, the Company has not recorded a related liability at March 31, 2010.

Committed Credit Facilities and Available Funding Arrangements

At March 31, 2010, the committed credit facilities available to the Company and/or its subsidiaries at the corporate or Avis Budget Car Rental level were as follows:

	Total Capacity	Outstanding Borrowings	Letters of Credit Issued	Available Capacity
Revolving credit facility maturing 2011 ^(a) ^(c)	\$ 192	\$ —	\$ 66	\$ 126
Revolving credit facility maturing 2013 ^(b) ^(c)	983	—	337	646

^(a) This revolving credit facility expires in April 2011 and bears interest of one month LIBOR plus 400 basis points.

^(b) This revolving credit facility, which is the portion of the pre-existing revolving credit facility that was amended in March 2010 to extend its maturity by two years (to April 2013), bears interest of one month LIBOR plus 450 basis points.

^(c) The senior credit facilities, which encompass the floating rate term loans and the revolving credit facilities, are secured by pledges of all of the capital stock of all of the Company's direct or indirect domestic subsidiaries and up to 66% of the capital stock of each direct foreign subsidiary, subject to certain exceptions, and liens on substantially all of the Company's intellectual property and certain other real and personal property.

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The Company's debt agreements contain restrictive covenants, including restrictions on dividends paid to the Company by certain of its subsidiaries, the incurrence of additional indebtedness by the Company and certain of its subsidiaries, acquisitions, mergers, liquidations, and sale and leaseback transactions. Commencing with the fiscal quarter ending June 30, 2010, the Company's senior credit facilities contain maximum leverage and minimum coverage ratio requirements. The indentures governing the Company's senior unsecured notes, among other things, limit its ability to incur additional debt, subject to certain exceptions.

10. Debt Under Vehicle Programs and Borrowing Arrangements

Debt under vehicle programs (including related party debt due to Avis Budget Rental Car Funding (AESOP) LLC ("Avis Budget Rental Car Funding")) consisted of:

	As of March 31, 2010	As of December 31, 2009
Debt due to Avis Budget Rental Car Funding ^(a)	\$ 4,029	\$ 3,660
Budget Truck financing:		
Budget Truck Funding program	247	220
Capital leases	28	31
Other ^(b)	331	463
	<u>\$ 4,635</u>	<u>\$ 4,374</u>

^(a) The increase reflects increased borrowing within Domestic Car Rental operations due to an increase in the size of the Company's domestic car rental fleet.

^(b) The decrease principally reflects decreased borrowing within International Car Rental operations due to a decrease in the Company's international vehicle rental fleet.

Avis Budget Rental Car Funding (AESOP) LLC. Avis Budget Rental Car Funding, an unconsolidated bankruptcy remote qualifying special purpose limited liability company, issues privately placed notes to investors as well as to banks and bank-sponsored conduit entities. Avis Budget Rental Car Funding uses the proceeds from its note issuances to make loans to a wholly-owned subsidiary of the Company, AESOP Leasing LP ("AESOP Leasing") on a continuing basis. AESOP Leasing is required to use the proceeds of such loans to acquire or finance the acquisition of vehicles used in the Company's rental car operations. By issuing debt through the Avis Budget Rental Car Funding program, Avis Budget has been paying a lower rate of interest than if the Company had issued debt directly to third parties. Avis Budget Rental Car Funding is not consolidated, as the Company is not the "primary beneficiary" of Avis Budget Rental Car Funding. The Company determined that it is not the primary beneficiary of Avis Budget Rental Car Funding based on a qualitative analysis whereby it determined that it does not have the ability to direct Avis Budget Rental Car Funding's activities outside of the terms of the relevant indenture, and does not have the obligation to absorb a majority of Avis Budget Rental Car Funding's potential losses. Because Avis Budget Rental Car Funding is not consolidated, AESOP Leasing's loan obligations to Avis Budget Rental Car Funding are reflected as related party debt on the Company's Consolidated Condensed Balance Sheets as of March 31, 2010 and December 31, 2009. The Company also recorded an asset within Assets under vehicle programs on its Consolidated Condensed Balance Sheets at March 31, 2010 and December 31, 2009, which represents securities issued to the Company by Avis Budget Rental Car Funding. AESOP Leasing is consolidated, as the Company is the "primary beneficiary" of AESOP Leasing; as a result, the vehicles purchased by AESOP Leasing remain on the Company's Consolidated Condensed Balance Sheets. The Company determined it is the primary beneficiary of AESOP Leasing, as it has the ability to direct its activities, an obligation to absorb a majority of its expected losses and the right to receive the benefits of AESOP Leasing's activities. AESOP Leasing's vehicles and related assets, which approximate \$5.5 billion and many of which are subject to manufacturer repurchase and guaranteed depreciation agreements, collateralize the debt issued by Avis Budget Rental Car Funding. The assets and liabilities of AESOP Leasing are presented on the Company's Consolidated Condensed Balance Sheets within Assets under vehicle programs and Liabilities under vehicle programs, respectively. The assets of AESOP Leasing, included within Assets under vehicle programs (excluding the Investments in Avis Budget Rental Car Funding (AESOP) LLC-related party) are restricted. Such assets may be used only to repay the respective AESOP Leasing liabilities, included within Liabilities under vehicle programs, and to purchase new vehicles, although if certain collateral coverage requirements are met, AESOP Leasing may pay dividends from excess cash. The creditors of AESOP Leasing and Avis Budget Rental Car Funding have no recourse to the general credit of the Company. The Company periodically provides Avis Budget Rental Car Funding with non-contractually required support, in the form of equity and loans, to serve as additional collateral for the debt issued by Avis Budget Rental Car Funding. The Company also finances vehicles through other variable interest entities and partnerships, which are consolidated and whose assets and liabilities are included within Assets under vehicle programs and Liabilities under vehicle programs, respectively. The requirements of these entities include maintaining sufficient collateral levels and other covenants.

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The business activities of Avis Budget Rental Car Funding are limited primarily to issuing indebtedness and using the proceeds thereof to make loans to AESOP Leasing for the purpose of acquiring or financing the acquisition of vehicles to be leased to the Company's rental car subsidiaries and pledging its assets to secure the indebtedness. Because Avis Budget Rental Car Funding is not consolidated by the Company, its results of operations and cash flows are not reflected within the Company's financial statements. Borrowings under the Avis Budget Rental Car Funding program primarily represent floating rate notes with a weighted average interest rate of 3% and 2% as of March 31, 2010 and December 31, 2009, respectively.

During first quarter 2010, the Company established a variable funding note program with a maximum capacity of \$400 million of notes to be issued by Avis Budget Rental Car Funding to the Company to finance the purchase of vehicles. These variable funding notes pay interest at 8% and mature in March 2011. As of March 31, 2010, there were no outstanding amounts due to the Company from Avis Budget Rental Car Funding under the program; however, in first quarter 2010, the Company earned interest income and incurred interest expense of \$1 million on these notes, which was eliminated in consolidation in the Company's financial statements. As of March 31, 2010, the Company had an interest receivable of \$1 million from Avis Budget Rental Car Funding.

The following table provides the contractual maturities of the Company's debt under vehicle programs (including related party debt due to Avis Budget Rental Car Funding) at March 31, 2010:

	Vehicle-Backed Debt	Capital Leases	Total
Within 1 year	\$ 1,591	\$ 28	\$ 1,619
Between 1 and 2 years	542	—	542
Between 2 and 3 years	1,739	—	1,739
Between 3 and 4 years	115	—	115
Between 4 and 5 years	372	—	372
Thereafter	248	—	248
	<u>\$ 4,607</u>	<u>\$ 28</u>	<u>\$ 4,635</u>

As of March 31, 2010, available funding under the Company's vehicle programs (including related party debt due to Avis Budget Rental Car Funding) consisted of:

	Total Capacity ^(a)	Outstanding Borrowings	Available Capacity
Debt due to Avis Budget Rental Car Funding ^(b)	\$ 6,754	\$ 4,029	\$ 2,725
Budget Truck financing:			
Budget Truck Funding program ^(c)	247	247	—
Capital leases ^(d)	28	28	—
Other ^(e)	625	331	294
	<u>\$ 7,654</u>	<u>\$ 4,635</u>	<u>\$ 3,019</u>

^(a) Capacity is subject to maintaining sufficient assets to collateralize debt.

^(b) The outstanding debt is collateralized by approximately \$5.5 billion of underlying vehicles and related assets.

^(c) The outstanding debt is collateralized by approximately \$359 million of underlying vehicles and related assets.

^(d) These capital leases are collateralized by approximately \$38 million of underlying vehicles.

^(e) The outstanding debt is collateralized by approximately \$848 million of underlying vehicles and related assets.

Debt agreements under the Company's vehicle-backed funding programs contain restrictive covenants, including restrictions on dividends paid to the Company by certain of its subsidiaries and restrictions on indebtedness, mergers, liens, liquidations, and sale and leaseback transactions. As of March 31, 2010, the Company was not aware of any instances of non-compliance with such covenants.

11. Commitments and Contingencies

Contingencies

In connection with the spin-offs of Realogy and Wyndham, the Company entered into the Separation and Distribution Agreement ("Separation Agreement"), pursuant to which Realogy assumed 62.5% and Wyndham assumed 37.5% of certain contingent and other corporate liabilities of the Company or its subsidiaries, which are not primarily related to any of the respective businesses of Realogy, Wyndham, Travelport and/or the Company's vehicle rental operations, in each case incurred or allegedly incurred on or prior to the separation of Travelport from the Company ("Assumed Liabilities"). Realogy is entitled to receive 62.5% and Wyndham is entitled to receive 37.5% of the proceeds from

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certain contingent corporate assets of the Company, which are not primarily related to any of the respective businesses of Realogy, Wyndham, Travelport and/or the Company's vehicle rental operations, arising or accrued on or prior to the separation of Travelport from the Company ("Assumed Assets"). Additionally, if Realogy or Wyndham were to default on its payment of costs or expenses to the Company related to any Assumed Liabilities, the Company would be responsible for 50% of the defaulting party's obligation. In such event, the Company would be allowed to use the defaulting party's share of the proceeds of any Assumed Assets as a right of offset.

The Company does not believe that the impact of any unresolved proceedings constituting Assumed Liabilities related to pre-Separation activities, including the Credentials Litigation described below as well as other liabilities related to the Company's litigation that are not related to its vehicle rental operations, should result in a material liability to the Company in relation to its consolidated financial position or liquidity, as Realogy and Wyndham each have agreed to assume responsibility for these liabilities.

In April 2007, Realogy was acquired by an affiliate of Apollo Management VI, L.P. The acquisition does not affect Realogy's obligation to satisfy 62.5% of the contingent and other corporate liabilities of the Company or its subsidiaries pursuant to the terms of the Separation Agreement. As a result of the acquisition, Realogy has greater debt obligations and its ability to satisfy its portion of the contingent and other corporate liabilities may be adversely impacted. In accordance with the terms of the Separation Agreement, Realogy posted a letter of credit in April 2007 for the benefit of the Company to cover its estimated share of the Assumed Liabilities discussed above, subject to adjustment, although there can be no assurance that such letter of credit will be sufficient or effective to cover Realogy's actual obligations if and when they arise.

The Internal Revenue Service ("IRS") is examining the Company's taxable years 2003 through 2006, the year of the Separation. The Company currently anticipates finalizing such audit prior to December 31, 2010. The Company has recorded within accounts payable and other current liabilities a \$383 million liability, plus interest, in respect of such taxable years. Such liability reflects the Company's current best estimates of the probable outcome with respect to certain tax positions. The Company believes that its accruals for tax liabilities, including the liabilities for which it is entitled to indemnification pursuant to the Separation Agreement and Tax Sharing Agreement ("Tax Sharing Agreement"), which was also entered into in connection with the Separation, are adequate for all remaining open years based on its assessment of many factors, including past experience and interpretations of tax law applied to the facts of each matter. The Company is entitled to indemnification for most pre-Separation tax matters from Realogy and Wyndham, including all of the \$383 million tax liability discussed above (and has received a letter of credit from Realogy to help ensure Realogy's performance under its indemnification obligations) and therefore does not expect such resolution to have a significant impact on its earnings, financial position or cash flows.

The rules governing taxation are complex and subject to varying interpretations. Therefore, the Company's tax accruals reflect a series of complex judgments about future events and rely heavily on estimates and assumptions. Although the Company believes the estimates and assumptions supporting its tax accruals are reasonable, the potential result of an audit or litigation related to tax could include a range of outcomes, and could result in tax liabilities for the Company that are materially different than those reflected in the Consolidated Condensed Financial Statements.

As a result of payments made by Realogy and Wyndham in July 2009, the judgment against us in respect of the litigation alleging breach of contract and fraud arising out of the acquisition of a business in 1998 ("Credentials Litigation") has been satisfied. Plaintiffs have petitioned the court for attorneys' fees in the amount of \$33 million, and the Company has accrued liabilities of approximately \$12 million in respect of this petition based on its assessment of amounts that plaintiffs are likely to recover. In January 2010, the court issued a summary order referring the determination of the proper amount of attorneys' fees to a magistrate. Regardless of the ultimate outcome of the petition for attorneys' fees, pursuant to the Separation Agreement, Realogy and Wyndham have assumed all liabilities related to this litigation and therefore a corresponding receivable has been established for such amount. Changes in liabilities related to such legal matters for which the Company is entitled to indemnification, and corresponding changes in the Company's indemnification assets, are recorded net in the Company's Consolidated Condensed Financial Statements. There was no net impact to the Company's financial statements or cash balances as a result of the satisfaction of this judgment or the petition for attorneys' fees.

In October 2009, a judgment was entered against the Company in the amount of \$16 million following the completion of a jury trial for damages related to a breach of contract claim by one of the Company's licensees in the United States District Court for the District of Alaska. The lawsuit, which was filed in 2003, involved claims related to the acquisition of the Budget vehicle rental business in 2002. The Company filed a notice of appeal of the judgment with the United States Court of Appeals for the Ninth Circuit in February 2010. Both parties have motions pending related to pre-judgment interest and/or attorneys' fees. Such motions filed by the plaintiff seek an aggregate amount of approximately \$4 million.

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In addition to the matters discussed above, the Company is also involved in claims, legal proceedings and governmental inquiries related to its vehicle rental operations, including with respect to contract disputes, business practices including wage and hour claims, insurance claims, intellectual property claims, environmental issues and other commercial, employment and tax matters, and claims by licensees. The Company believes that it has adequately accrued for such matters as appropriate or, for matters not requiring accrual, believes that they will not have a material adverse impact on its results of operations, financial position or cash flows based on information currently available. However, litigation is inherently unpredictable and, although the Company believes that its accruals are adequate and/or that it has valid defenses in these matters, unfavorable resolutions could occur, which could adversely impact the Company's results of operations or cash flows in a particular reporting period.

Commitments to Purchase Vehicles

The Company maintains agreements with vehicle manufacturers which require the Company to purchase approximately \$2.7 billion of vehicles from manufacturers over the next twelve months. The majority of these commitments are subject to the vehicle manufacturers' satisfying their obligations under the repurchase and guaranteed depreciation agreements. The purchase of such vehicles is financed primarily through the issuance of vehicle-backed debt in addition to cash received upon the sale of vehicles in the used car market and under repurchase or guaranteed depreciation programs.

Concentrations

Concentrations of credit risk at March 31, 2010 include (i) risks related to the Company's repurchase and guaranteed depreciation agreements with domestic and foreign car manufacturers, including General Motors Company, Chrysler Group LLC, Ford Motor Company, Kia Motors America, Inc. and Hyundai Motor America, primarily with respect to receivables for program cars that have been returned to the car manufacturers and (ii) risks related to Realogy and Wyndham, including receivables of \$508 million and \$310 million, respectively, related to certain contingent, income tax and other corporate liabilities assumed by Realogy and Wyndham in connection with the Separation. As discussed above, Realogy has posted a letter of credit for the benefit of the Company to cover its estimated share of Assumed Liabilities, which includes a substantial portion of the Realogy receivables referred to above.

Other Guarantees

The Company has provided certain guarantees to, or for the benefit of, subsidiaries of Realogy, Wyndham and Travelport which, as previously discussed, were disposed of during third quarter 2006. These guarantees relate to various real estate operating leases that were entered into prior to the Separation. The maximum potential amount of future payments that the Company may be required to make under the guarantees relating to the various real estate operating leases is estimated to be approximately \$221 million, the majority of which expire by the end of 2013. At March 31, 2010, the liability recorded by the Company in connection with these guarantees was approximately \$4 million. To the extent that the Company would be required to perform under any of these guarantees, the Company is entitled to indemnification by Realogy, Wyndham and Travelport. The Company monitors the credit ratings and other relevant information for Realogy, Wyndham and Travelport's parent company in order to assess the status of the payment/performance risk of these guarantees.

12. Stockholders' Equity

Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss) was as follows:

	Currency Translation Adjustments	Net Unrealized Gains (Losses) on Cash Flow Hedges ^(a)	Minimum Pension Liability Adjustment	Accumulated Other Comprehensive Income (Loss)
Balance, January 1, 2010	\$ 111	\$ (106)	\$ (42)	\$ (37)
Current period change	12	28	—	40
Balance, March 31, 2010	<u>\$ 123</u>	<u>\$ (78)</u>	<u>\$ (42)</u>	<u>\$ 3</u>

All components of accumulated other comprehensive income (loss) are net of tax, except currency translation adjustments, which exclude income taxes related to indefinite investments in foreign subsidiaries.

^(a) Includes the reclassification of unrealized losses on cash flow hedges of \$36 million (\$22 million, net of tax) to early extinguishment of debt in connection with the repayment of a portion of the Company's floating rate term loan and the settlement of such hedges.

Total Comprehensive Income

Comprehensive income (loss) consists of net loss and other gains and losses affecting stockholders' equity that, under U.S. GAAP, are excluded from net loss.

The components of other comprehensive income (loss) were as follows:

	Three Months Ended	
	March 31,	
	2010	2009
Net loss	\$ (38)	\$ (49)
Other comprehensive income (loss):		
Reclassification of unrealized losses on cash flow hedges to net loss, net of tax	22	—
Unrealized gains on cash flow hedges, net of tax	6	7
Currency translation adjustments	12	(9)
	<u>40</u>	<u>(2)</u>
Total comprehensive income (loss)	<u>\$ 2</u>	<u>\$ (51)</u>

During the three months ended March 31, 2010 and 2009, the Company recorded unrealized gains on cash flow hedges of \$9 million and \$10 million (\$6 million and \$7 million, net of tax), respectively, in other comprehensive income (loss), which primarily related to the derivatives used to manage the interest-rate risk associated with the Company's vehicle-backed debt and the Company's floating rate debt. Such amount in the three months ended March 31, 2010 and 2009, included \$13 million and \$12 million of unrealized gains, (\$8 million and \$7 million, net of tax), respectively, on cash flow hedges related to the Company's vehicle-backed debt and is offset by a corresponding change in the Company's Investment in Avis Budget Rental Car Funding on the Consolidated Condensed Balance Sheets.

13. Stock-Based Compensation

The Company records compensation expense for all outstanding employee stock awards based on the estimated fair value of the award at the grant date, which is recognized over the requisite service period. The Company recorded stock-based compensation expense of \$4 million and \$3 million (\$2 million and \$2 million, net of tax) during first quarter 2010 and 2009, respectively, related to employee stock awards that were granted by the Company.

The Company applies the direct method and tax law ordering approach to calculate the tax effects of stock-based compensation. In jurisdictions with net operating loss carryforwards, tax deductions for 2010 and 2009 exercises of stock-based awards did not generate a cash benefit. Approximately \$31 million of tax benefits will be recorded in additional paid-in capital when realized in these jurisdictions.

During first quarter 2010, the Company granted 160,000 stock options, 962,000 market-vesting restricted stock units and 968,000 time-based restricted stock units under the Company's amended 2007 Equity and Incentive Plan. The stock options (i) vest ratably over a five year term, (ii) expire ten years from the date of grant and (iii) have an exercise price that was set at the closing price of the Company's common stock on the date of the grant. The number of market-vesting restricted stock units which will ultimately vest is based on the Company's common stock achieving certain price targets for a specified number of trading days, with 600,000 of the market-vesting restricted stock units vesting ratably over years two through five following the date of grant and 362,000 of the market-vesting restricted stock units cliff vesting after three years. These market-vesting restricted stock unit awards have five- and three-year terms, respectively. Of the time-based restricted stock units, 768,000 vest ratably over a three-year period and 200,000 of the time-based restricted stock units vest on the first anniversary of the date of the grant.

The Company used the Black-Scholes option pricing model to calculate the fair value of the time-vesting stock options granted in first quarter 2010. The Company determined the fair value of its market-vesting restricted stock units granted in 2010 using a Monte Carlo simulation model with assumptions including, but not limited to, the risk-free rate at the date of grant and the price volatility of the underlying stock. Based on facts and circumstances at the time of the grants, the Company used the implied volatility of its publicly traded, near-the-money stock options with a remaining maturity of at least one year as the most appropriate indicator of the Company's expected volatility. The Company considered several factors in estimating the life of the options granted, including the historical option exercise behavior of employees and the option vesting periods. The risk-free interest rate is derived from the U.S. Treasury yield curve in effect at the time of grant and, since the Company does not currently pay or plan to pay a dividend on its common stock, the expected dividend yield was zero. Based on these assumptions, the fair value of each of the Company's time-vesting stock options and market-vesting restricted stock units which contain five- and three-year vesting periods, issued in first quarter 2010, was estimated to be approximately \$6.16, \$9.57 and \$8.88, respectively.

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The weighted average fair value of stock options granted during the periods and the assumptions used to estimate those values using the Black-Scholes simulation option pricing and the Monte Carlo simulation stock unit awards in 2010 and the Black-Scholes and Monte Carlo simulation option pricing in 2009, as applicable, were as follows:

	Three Months Ended March 31,	
	2010	2009
Expected volatility of stock price	54%	130%
Risk-free interest rate	1.47% - 2.82%	1.22% - 1.46%
Expected life of options	6 years	3-4 years
Dividend yield	0.0%	0.0%

The activity related to the Company's restricted stock units ("RSUs") and stock option plans consisted of (in thousands of shares):

	Three Months Ended March 31, 2010			
	RSUs		Options	
	Number of RSUs	Weighted Average Grant Price	Number of Options	Weighted Average Exercise Price
Balance at January 1, 2010	1,855	\$ 19.32	7,196	\$ 11.30
Granted at fair market value	1,930	11.53	160	11.53
Vested/exercised ^(a)	(285)	19.75	(321)	0.79
Cancelled	(92)	22.06	(1,024)	30.99
Balance at March 31, 2010 ^{(b) (c)}	<u>3,408</u>	<u>14.80</u>	<u>6,011</u>	<u>8.51</u>

^(a) During the three months ended March 31, 2010, zero performance RSUs vested. Stock options exercised during the three months ended March 31, 2010 had intrinsic value of \$3 million.

^(b) As of March 31, 2010, the Company's outstanding RSUs had aggregate intrinsic value of \$39 million; aggregate unrecognized compensation expense related to RSUs amounted to \$38 million; and the balance of RSUs at March 31, 2010 consists of 1,677,000 related to time-based awards and 1,731,000 related to market-vesting and performance-based awards.

^(c) As of March 31, 2010, the Company's outstanding stock options had aggregate intrinsic value of \$39 million; aggregate unrecognized compensation expense related to unvested stock options amounted to \$2 million; and there were 3.7 million "in-the-money" stock options.

The table below summarizes information regarding the Company's outstanding stock options as of March 31, 2010 (in thousands of shares):

Range of Exercise Prices	Weighted Average Contractual Life (years)	Number of Options
Less than \$5.00	8.8	3,679
\$5.01 to \$10.00	—	—
\$10.01 to \$15.00	2.4	873
\$15.01 to \$20.00	1.8	275
\$20.01 to \$25.00	0.6	115
\$25.01 to \$30.00	1.6	1,058
\$30.01 and above	3.9	11
	6.1	<u>6,011</u>

As of March 31, 2010, the Company also had approximately 0.5 million outstanding stock appreciation rights with a weighted average exercise price of \$24.40, a weighted average remaining contractual life of 3.3 years and an insignificant amount of unrecognized compensation expense.

14. Segment Information

The reportable segments presented below represent the Company's operating segments for which separate financial information is available and is utilized on a regular basis by its chief operating decision maker to assess performance and allocate resources. In identifying its reportable segments, the Company also considers the nature of services provided by its operating segments. Management evaluates the operating results of each of its reportable segments based upon revenue and "EBITDA," which is defined as income from continuing operations before non-vehicle related depreciation and amortization, any impairment charge, non-vehicle related interest and income taxes. The Company's presentation of EBITDA may not be comparable to similarly-titled measures used by other companies.

	Three Months Ended March 31,			
	2010		2009	
	<u>Revenues</u>	<u>EBITDA</u>	<u>Revenues</u>	<u>EBITDA</u>
Domestic Car Rental	\$ 880	\$ 16	\$ 960	\$ (11)
International Car Rental	201	29	164	19
Truck Rental	71	(4)	70	(10)
Corporate and Other ^(a)	1	(3)	—	(7)
Total Company	<u>\$ 1,153</u>	38	<u>\$ 1,194</u>	(9)
Less: Non-vehicle related depreciation and amortization		23		22
Interest expense related to corporate debt, net				
Interest expense		41		38
Early extinguishment of debt		40		—
Impairment		—		1
Loss before income taxes		<u>\$ (66)</u>		<u>\$ (70)</u>

^(a) Includes unallocated corporate overhead and the elimination of transactions between segments.

Since December 31, 2009, there have been no significant changes in segment assets with the exception of the Company's Domestic Car Rental segment assets under vehicle programs. As of March 31, 2010 and December 31, 2009, Domestic Car Rental segment assets under vehicle programs amounted to approximately \$5.4 billion and approximately \$5.1 billion, respectively.

15. Guarantor and Non-Guarantor Consolidating Condensed Financial Statements

The following consolidating financial information presents Consolidating Condensed Statements of Operations for the three months ended March 31, 2010, and 2009, Consolidating Condensed Balance Sheets as of March 31, 2010 and December 31, 2009, and Consolidating Condensed Statements of Cash Flows for the three months ended March 31, 2010 and 2009 for: (i) Avis Budget Group, Inc. (the "Parent"); (ii) Avis Budget Car Rental and Avis Budget Finance, Inc. (the "Subsidiary Issuers"); (iii) the guarantor subsidiaries; (iv) the non-guarantor subsidiaries; (v) elimination entries necessary to consolidate the Parent with the Subsidiary Issuers, the guarantor and non-guarantor subsidiaries; and (vi) the Company on a consolidated basis. The Subsidiary Issuers and the guarantor and non-guarantor subsidiaries are 100% owned by the Parent, either directly or indirectly. All guarantees are full and unconditional and joint and several. This financial information is being presented in relation to the Company's guarantee of the payment of principal, premium (if any) and interest on the senior notes issued by Avis Budget Car Rental. These senior notes consist of Avis Budget Car Rental's 7⁵/₈% senior notes due 2014, 7³/₄% Senior Notes due 2016, Floating Rate Senior Notes due 2014 and 9⁵/₈% Senior Notes due 2018 (collectively, the "Notes"). See Note 9—Long-term Debt and Borrowing Arrangements for an additional description of these Notes. The Notes are guaranteed by the Parent and certain subsidiaries.

Investments in subsidiaries are accounted for using the equity method of accounting for purposes of the consolidating presentation. The principal elimination entries relate to investments in subsidiaries and intercompany balances and transactions. For purposes of the accompanying Consolidating Condensed Statements of Operations, certain expenses incurred by the Subsidiary Issuers are allocated to the guarantor and non-guarantor subsidiaries.

[Table of Contents](#)**Consolidating Condensed Statements of Operations**

Three Months Ended March 31, 2010

	<u>Parent</u>	<u>Subsidiary Issuers</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Total</u>
Revenues						
Vehicle rental	\$ —	\$ —	\$ 728	\$ 138	\$ —	\$ 866
Other	—	—	203	370	(286)	287
Net revenues	<u>—</u>	<u>—</u>	<u>931</u>	<u>508</u>	<u>(286)</u>	<u>1,153</u>
Expenses						
Operating	1	2	488	121	—	612
Vehicle depreciation and lease charges, net	—	—	253	220	(176)	297
Selling, general and administrative	3	—	108	20	—	131
Vehicle interest, net	—	—	69	30	(25)	74
Non-vehicle related depreciation and amortization	—	—	21	2	—	23
Interest expense related to corporate debt, net:						
Interest expense	3	38	—	—	—	41
Intercompany interest expense (income)	(1)	(38)	39	—	—	—
Early extinguishment of debt	—	40	—	—	—	40
Restructuring charges	—	—	1	—	—	1
Total expenses	<u>6</u>	<u>42</u>	<u>979</u>	<u>393</u>	<u>(201)</u>	<u>1,219</u>
Income (loss) before income taxes and equity in earnings of subsidiaries	(6)	(42)	(48)	115	(85)	(66)
Provision (benefit) for income taxes	(2)	1	(33)	6	—	(28)
Equity in earnings (loss) of subsidiaries	(34)	9	24	—	1	—
Net income (loss)	<u>\$ (38)</u>	<u>\$ (34)</u>	<u>\$ 9</u>	<u>\$ 109</u>	<u>\$ (84)</u>	<u>\$ (38)</u>

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Three Months Ended March 31, 2009

	<u>Parent</u>	<u>Subsidiary Issuers</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Total</u>
Revenues						
Vehicle rental	\$ —	\$ —	\$ 806	\$ 113	\$ —	\$ 919
Other	—	—	201	442	(368)	275
Net revenues	<u>—</u>	<u>—</u>	<u>1,007</u>	<u>555</u>	<u>(368)</u>	<u>1,194</u>
Expenses						
Operating	4	2	536	98	—	640
Vehicle depreciation and lease charges, net	—	—	313	287	(245)	355
Selling, general and administrative	3	—	115	15	—	133
Vehicle interest, net	—	—	64	18	(13)	69
Non-vehicle related depreciation and amortization	—	—	20	2	—	22
Interest expense related to corporate debt, net:						
Interest expense	—	39	—	(1)	—	38
Intercompany interest expense (income)	—	(39)	39	—	—	—
Restructuring charges	—	—	6	—	—	6
Impairment	—	1	—	—	—	1
Total expenses	<u>7</u>	<u>3</u>	<u>1,093</u>	<u>419</u>	<u>(258)</u>	<u>1,264</u>
Income (loss) before income taxes and equity in earnings of subsidiaries	(7)	(3)	(86)	136	(110)	(70)
Provision (benefit) for income taxes	(3)	2	(29)	9	—	(21)
Equity in earnings (loss) of subsidiaries	(45)	(40)	17	—	68	—
Net income (loss)	<u>\$ (49)</u>	<u>\$ (45)</u>	<u>\$ (40)</u>	<u>\$ 127</u>	<u>\$ (42)</u>	<u>\$ (49)</u>

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Consolidating Condensed Balance Sheets

As of March 31, 2010

	<u>Parent</u>	<u>Subsidiary Issuers</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Total</u>
Assets						
Current assets:						
Cash and cash equivalents	\$ 166	\$ 140	\$ 7	\$ 157	\$ —	\$ 470
Receivables, net	—	39	143	78	—	260
Deferred income taxes	8	—	111	4	(18)	105
Other current assets	672	64	72	81	(31)	858
Total current assets	<u>846</u>	<u>243</u>	<u>333</u>	<u>320</u>	<u>(49)</u>	<u>1,693</u>
Property and equipment, net	—	56	334	41	—	431
Deferred income taxes	52	292	254	12	—	610
Goodwill	—	—	74	2	—	76
Other intangibles, net	—	7	385	88	—	480
Other non-current assets	167	94	12	39	(37)	275
Intercompany receivables (payables)	106	581	(917)	230	—	—
Investment in subsidiaries	141	919	2,248	—	(3,308)	—
Total assets exclusive of assets under vehicle programs	<u>1,312</u>	<u>2,192</u>	<u>2,723</u>	<u>732</u>	<u>(3,394)</u>	<u>3,565</u>
Assets under vehicle programs:						
Program cash	—	—	—	3	—	3
Vehicles, net	—	11	53	6,276	—	6340
Receivables from vehicle manufacturers and other	—	—	—	108	—	108
Investment in Avis Budget Rental Car Funding (AESOP) LLC-related party	—	—	—	241	—	241
	<u>—</u>	<u>11</u>	<u>53</u>	<u>6,628</u>	<u>—</u>	<u>6,692</u>
Total assets	<u><u>\$ 1,312</u></u>	<u><u>\$ 2,203</u></u>	<u><u>\$ 2,776</u></u>	<u><u>\$ 7,360</u></u>	<u><u>\$ (3,394)</u></u>	<u><u>\$ 10,257</u></u>
Liabilities and stockholders' equity						
Current liabilities:						
Accounts payable and other current liabilities	\$ 576	\$ 219	\$ 467	\$ 103	\$ (46)	\$ 1,319
Current portion of long-term debt	—	4	5	—	—	9
Total current liabilities	<u>576</u>	<u>223</u>	<u>472</u>	<u>103</u>	<u>(46)</u>	<u>1,328</u>
Long-term debt	345	1,766	6	—	—	2,117
Other non-current liabilities	165	88	259	121	(34)	599
Total liabilities exclusive of liabilities under vehicle programs	<u>1,086</u>	<u>2,077</u>	<u>737</u>	<u>224</u>	<u>(80)</u>	<u>4,044</u>
Liabilities under vehicle programs:						
Debt	—	4	28	574	—	606
Due to Avis Budget Rental Car Funding (AESOP) LLC-related party	—	—	—	4,029	—	4,029
Deferred income taxes	—	—	1,092	177	—	1,269
Other	—	—	—	83	—	83
	<u>—</u>	<u>4</u>	<u>1,120</u>	<u>4,863</u>	<u>—</u>	<u>5,987</u>
Total stockholders' equity	<u>226</u>	<u>122</u>	<u>919</u>	<u>2,273</u>	<u>(3,314)</u>	<u>226</u>
Total liabilities and stockholders' equity	<u><u>\$ 1,312</u></u>	<u><u>\$ 2,203</u></u>	<u><u>\$ 2,776</u></u>	<u><u>\$ 7,360</u></u>	<u><u>\$ (3,394)</u></u>	<u><u>\$ 10,257</u></u>

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As of December 31, 2009

	<u>Parent</u>	<u>Subsidiary Issuers</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Total</u>
Assets						
Current assets:						
Cash and cash equivalents	\$ 242	\$ 70	\$ 7	\$ 163	\$ —	\$ 482
Receivables, net	—	82	136	72	—	290
Deferred income taxes	8	—	111	4	(16)	107
Other current assets	674	60	70	77	(30)	851
Total current assets	<u>924</u>	<u>212</u>	<u>324</u>	<u>316</u>	<u>(46)</u>	<u>1,730</u>
Property and equipment, net	—	57	344	41	—	442
Deferred income taxes	54	274	257	12	—	597
Goodwill	—	—	74	2	—	76
Other intangibles, net	—	7	385	86	—	478
Other non-current assets	166	69	10	48	(45)	248
Intercompany receivables (payables)	22	637	(938)	279	—	—
Investment in subsidiaries	137	932	2,203	—	(3,272)	—
Total assets exclusive of assets under vehicle programs	<u>1,303</u>	<u>2,188</u>	<u>2,659</u>	<u>784</u>	<u>(3,363)</u>	<u>3,571</u>
Assets under vehicle programs:						
Program cash	—	—	—	157	—	157
Vehicles, net	—	10	141	5,816	—	5,967
Receivables from vehicle manufacturers and other	—	—	—	170	—	170
Investment in Avis Budget Rental Car Funding (AESOP) LLC-related party	—	—	—	228	—	228
	<u>—</u>	<u>10</u>	<u>141</u>	<u>6,371</u>	<u>—</u>	<u>6,522</u>
Total assets	<u>\$ 1,303</u>	<u>\$ 2,198</u>	<u>\$ 2,800</u>	<u>\$ 7,155</u>	<u>\$ (3,363)</u>	<u>\$ 10,093</u>
Liabilities and stockholders' equity						
Current liabilities:						
Accounts payable and other current liabilities	\$ 572	\$ 168	\$ 471	\$ 105	\$ (44)	\$ 1,272
Current portion of long-term debt	—	10	2	—	—	12
Total current liabilities	<u>572</u>	<u>178</u>	<u>473</u>	<u>105</u>	<u>(44)</u>	<u>1,284</u>
Long-term debt	345	1,770	4	—	—	2,119
Other non-current liabilities	164	123	267	118	(42)	630
Total liabilities exclusive of liabilities under vehicle programs	<u>1,081</u>	<u>2,071</u>	<u>744</u>	<u>223</u>	<u>(86)</u>	<u>4,033</u>
Liabilities under vehicle programs:						
Debt	—	10	31	673	—	714
Due to Avis Budget Rental Car Funding (AESOP) LLC-related party	—	—	—	3,660	—	3,660
Deferred income taxes	—	—	1,093	174	—	1,267
Other	—	—	—	197	—	197
	<u>—</u>	<u>10</u>	<u>1,124</u>	<u>4,704</u>	<u>—</u>	<u>5,838</u>
Total stockholders' equity	<u>222</u>	<u>117</u>	<u>932</u>	<u>2,228</u>	<u>(3,277)</u>	<u>222</u>
Total liabilities and stockholders' equity	<u>\$ 1,303</u>	<u>\$ 2,198</u>	<u>\$ 2,800</u>	<u>\$ 7,155</u>	<u>\$ (3,363)</u>	<u>\$ 10,093</u>

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Consolidating Condensed Statements of Cash Flows

Three Months Ended March 31, 2010

	<u>Parent</u>	<u>Subsidiary Issuers</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Total</u>
Net cash provided by (used in) operating activities	\$ 6	\$ 21	\$ 46	\$ 234	\$ (27)	\$ 280
Investing activities						
Property and equipment additions	—	(1)	(5)	(1)	—	(7)
Proceeds received on asset sales	—	4	—	2	—	6
Other, net	—	(1)	—	—	—	(1)
Net cash provided by (used in) investing activities exclusive of vehicle programs	<u>—</u>	<u>2</u>	<u>(5)</u>	<u>1</u>	<u>—</u>	<u>(2)</u>
<i>Vehicle programs:</i>						
Decrease in program cash	—	—	—	162	—	162
Investment in vehicles	—	(8)	—	(2,479)	—	(2,487)
Proceeds received on disposition of vehicles	—	9	3	1,820	—	1,832
Investment in AESOP debt securities-related party	(130)	—	—	—	—	(130)
Proceeds from AESOP debt securities-related party	130	—	—	—	—	130
	<u>—</u>	<u>1</u>	<u>3</u>	<u>(497)</u>	<u>—</u>	<u>(493)</u>
Net cash provided by (used in) investing activities	<u>—</u>	<u>3</u>	<u>(2)</u>	<u>(496)</u>	<u>—</u>	<u>(495)</u>
Financing activities						
Proceeds from borrowings	—	444	—	—	—	444
Principal payments on borrowings	—	(453)	(1)	—	—	(454)
Net intercompany transactions	(82)	91	(37)	1	27	—
Debt financing fees	—	(28)	—	—	—	(28)
Other, net	—	1	—	—	—	1
Net cash provided by (used in) financing activities exclusive of vehicle programs	<u>(82)</u>	<u>55</u>	<u>(38)</u>	<u>1</u>	<u>27</u>	<u>(37)</u>
<i>Vehicle programs:</i>						
Proceeds from borrowings	—	—	—	2,733	—	2,733
Principal payments on borrowings	—	(1)	(3)	(2,434)	—	(2,438)
Net change in short-term borrowing	—	—	—	(47)	—	(47)
Other, net	—	(8)	(3)	—	—	(11)
	<u>—</u>	<u>(9)</u>	<u>(6)</u>	<u>252</u>	<u>—</u>	<u>237</u>
Net cash provided by (used in) financing activities	<u>(82)</u>	<u>46</u>	<u>(44)</u>	<u>253</u>	<u>27</u>	<u>200</u>
Effect of changes in exchange rates on cash and cash equivalents	—	—	—	3	—	3
Net (decrease) increase in cash and cash equivalents	(76)	70	—	(6)	—	(12)
Cash and cash equivalents, beginning of period	242	70	7	163	—	482
Cash and cash equivalents, end of period	<u>\$ 166</u>	<u>\$ 140</u>	<u>\$ 7</u>	<u>\$ 157</u>	<u>\$ —</u>	<u>\$ 470</u>

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Three Months Ended March 31, 2009

	<u>Parent</u>	<u>Subsidiary Issuers</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Total</u>
Net cash provided by (used in) operating activities	\$ (4)	\$ (5)	\$ 33	\$ 374	\$ (70)	\$ 328
Investing activities						
Property and equipment additions	—	(6)	(1)	(1)	—	(8)
Proceeds received on asset sales	—	4	—	—	—	4
Net cash used in investing activities exclusive of vehicle programs	—	(2)	(1)	(1)	—	(4)
<i>Vehicle programs:</i>						
Decrease in program cash	—	—	—	9	—	9
Investment in vehicles	—	—	—	(1,559)	—	(1,559)
Proceeds received on disposition of vehicles	—	8	2	2,219	—	2,229
Distribution from Avis Budget Rental Car Funding (AESOP) LLC-related party	—	—	—	100	—	100
	—	8	2	769	—	779
Net cash provided by investing activities	—	6	1	768	—	775
Financing activities						
Principal payments on borrowings	—	(2)	—	—	—	(2)
Net intercompany transactions	—	40	(24)	(86)	70	—
Net cash provided by (used in) financing activities exclusive of vehicle programs	—	38	(24)	(86)	70	(2)
<i>Vehicle programs:</i>						
Proceeds from borrowings	—	—	—	1,674	—	1,674
Principal payments on borrowings	—	(12)	(11)	(2,649)	—	(2,672)
Net change in short-term borrowings	—	—	—	(16)	—	(16)
	—	(12)	(11)	(991)	—	(1,014)
Net cash provided by (used in) financing activities	—	26	(35)	(1,077)	70	(1,016)
Net increase (decrease) in cash and cash equivalents	(4)	27	(1)	65	—	87
Cash and cash equivalents, beginning of period	11	51	15	181	—	258
Cash and cash equivalents, end of period	<u>\$ 7</u>	<u>\$ 78</u>	<u>\$ 14</u>	<u>\$ 246</u>	<u>\$ —</u>	<u>\$ 345</u>

* * * *

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our Consolidated Condensed Financial Statements and accompanying Notes thereto included elsewhere herein and with our 2009 Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 24, 2010 (the “2009 Form 10-K”). Unless otherwise noted, all dollar amounts in tables are in millions and those relating to our results of operations are presented before taxes.

We operate two of the most recognized brands in the global vehicle rental industry through Avis Rent A Car System, LLC and Budget Rent A Car System, Inc. We provide car and truck rentals and ancillary services to businesses and consumers in the United States and internationally.

We operate in the following business segments:

- **Domestic Car Rental**— provides car rentals and ancillary products and services in the United States.
- **International Car Rental**— provides vehicle rentals and ancillary products and services primarily in Argentina, Australia, Canada, New Zealand, Puerto Rico and the U.S. Virgin Islands.
- **Truck Rental**— provides truck rentals and related services to consumers and light commercial users in the United States.

Our revenues are derived principally from car and truck rentals in our Company-owned operations and include (i) time and mileage (“T&M”) fees charged to our customers for vehicle rentals, (ii) reimbursement from our customers for certain operating expenses we incur, including gasoline and vehicle licensing fees, as well as airport concession fees, which we pay in exchange for the right to operate at airports and other locations, and (iii) sales of loss damage waivers and insurance and rentals of navigation units and other items in conjunction with vehicle rentals. We also earn royalty revenue from our franchisees in the United States and more than 60 other countries in conjunction with their vehicle rental transactions.

Car rental volumes are closely associated with the travel industry, particularly airline passenger volumes, or enplanements. Because we operate primarily in the United States and generate a significant portion of our revenue from our on-airport operations, we expect that our ability to generate revenue growth will be somewhat dependent on increases in domestic enplanements. Accordingly, our ability to achieve profit margins consistent with prior periods remains dependent on our ability to successfully manage our costs and to increase our revenues per vehicle. Our vehicle rental operations are seasonal. Historically, the third quarter of the year has been our strongest quarter due to the increased level of leisure travel and household moving activity. Any occurrence that disrupts rental activity during the third quarter could have a disproportionate adverse effect on our results of operations. We have a partially variable cost structure and routinely adjust the size and, therefore, the cost of our rental fleet in response to fluctuations in demand. However, certain expenses, such as rent, are fixed and cannot be reduced in response to seasonal fluctuations in our operations.

We believe that the following factors, among others, may affect and/or have impacted our financial condition and results of operations:

- Domestic enplanements, which declined in 2009 compared to 2008 and which for 2010 are expected to approximate 2009 levels;
- Difficulty in achieving sustained pricing increases;
- Changes in per-unit car fleet costs and in conditions in the used vehicle marketplace;
- Changes in the financial condition of vehicle manufacturers;
- Our strategies to expand in off-airport or local vehicle rentals, including insurance replacement rentals;
- Changes in borrowing costs and in market willingness to purchase corporate and vehicle-related debt;
- Changes in foreign exchange rates; and
- Demand for truck rentals.

We believe that the downturn in the U.S. and worldwide economies in 2009 negatively impacted demand for vehicle rental services. Historically, our results of operations have declined during periods of general economic weakness. If economic

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conditions in the United States were to weaken further or remain weak, our results of operations could be materially and adversely impacted for the remainder of 2010 and beyond. Due to uncertainties related to our business, there can be no assurance that we will be able to satisfy the covenants contained in our senior credit facilities and our asset-backed car rental conduit facilities. Failure to comply with such covenants could significantly impact our liquidity if we were unable to obtain an amendment or waiver or were unable to refinance or replace such facilities. See “Risk Factors” set forth in Item 1A of our 2009 Form 10-K.

RESULTS OF OPERATIONS

Discussed below are our consolidated results of operations and the results of operations for each of our reportable segments.

We measure performance using the following key operating statistics: (i) rental days, which represents the total number of days (or portion thereof) a vehicle was rented, and (ii) T&M revenue per rental day, which represents the average daily revenue we earned from rental and mileage fees charged to our customers. Our car rental operating statistics (rental days and T&M revenue per rental day) are all calculated based on the actual rental of the vehicle during a 24-hour period. We believe that this methodology, while conservative, provides our management with the most relevant statistics in order to manage the business. Our calculation may not be comparable to other companies’ calculation of similarly-titled statistics.

The reportable segments presented below represent our operating segments for which separate financial information is available and is utilized on a regular basis by our chief operating decision maker to assess performance and allocate resources. In identifying our reportable segments, we also consider the nature of services provided by our operating segments. Management evaluates the operating results of each of our reportable segments based upon revenue and “EBITDA”, which we define as income from continuing operations before non-vehicle related depreciation and amortization, any impairment charge, non-vehicle related interest and income taxes. Our presentation of EBITDA may not be comparable to similarly-titled measures used by other companies.

THREE MONTHS ENDED MARCH 31, 2010 VS. THREE MONTHS ENDED MARCH 31, 2009

Our consolidated results of operations comprised the following:

	Three Months Ended March 31,		
	2010	2009	Change
Net revenues	\$ 1,153	\$ 1,194	\$ (41)
Total expenses	1,219	1,264	(45)
Loss before income taxes	(66)	(70)	4
Benefit from income taxes	(28)	(21)	(7)
Net loss	\$ (38)	\$ (49)	\$ 11

During first quarter 2010, our net revenues decreased \$41 million (3%) principally due to a 6% decrease in T&M revenue in our car rental operations, resulting primarily from a 12% decrease in domestic and international car rental days. This decline was partially offset by (i) a 7% increase in T&M revenue per rental day and (ii) a 4% increase in our ancillary revenues, such as sales of insurance products, GPS navigation unit rentals, gasoline sales and fees charged to customers. These figures include a \$43 million (4%) favorable effect related to the translation of our international results into U.S. dollars.

Total expenses decreased \$45 million (4%) principally due to (i) a \$58 million (16%) decrease in vehicle depreciation and lease charges resulting from an 11% decline in our average car rental fleet and a reduction in per-unit depreciation costs, (ii) a \$28 million (4%) decrease in direct operating expenses largely resulting from the 12% decrease in car rental days, reduced staffing levels and other cost-saving actions and (iii) a \$5 million decrease in restructuring charges. These year-over-year decreases were partially offset by (i) a \$40 million expense related to the extinguishment of a portion of our corporate debt and associated interest rate swaps and (ii) a \$36 million adverse impact from foreign currency exchange rates. As a result of these items, our net loss decreased \$11 million.

Our effective tax rate for continuing operations was a benefit of 42.4% and 30.0% for first quarter 2010 and 2009, respectively. The tax rate for 2010 includes a \$3 million benefit relating to additional tax depreciation in Australia.

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Following is a discussion of the results of each of our reportable segments during the three months ended March 31:

	Revenues			EBITDA		
	2010	2009	% Change	2010	2009	% Change
Domestic Car Rental	\$ 880	\$ 960	(8%)	\$ 16	\$ (11)	*
International Car Rental	201	164	23%	29	19	53%
Truck Rental	71	70	1%	(4)	(10)	*
Corporate and Other ^(a)	1	—	*	(3)	(7)	*
Total Company	<u>\$1,153</u>	<u>\$1,194</u>		38	(9)	
Less: Non-vehicle related depreciation and amortization				23	22	
Interest expense related to corporate debt, net						
Interest expense				41	38	
Early extinguishment of debt				40	—	
Impairment ^(b)				—	1	
Loss before income taxes				<u>\$ (66)</u>	<u>\$ (70)</u>	

* Not meaningful.

^(a) Includes unallocated corporate overhead and the elimination of transactions between segments.

^(b) In first quarter 2009, we recorded an approximately \$1 million charge for the impairment of an investment.

Domestic Car Rental

Revenues decreased \$80 million (8%) while EBITDA increased \$27 million in first quarter 2010 compared with first quarter 2009. Revenues decreased primarily due to lower rental volumes, partially offset by improved pricing. The increase in EBITDA was primarily due to decreased operating expenses and lower fleet costs.

The revenue decrease of \$80 million was comprised of a \$79 million (11%) decrease in T&M revenue and a \$1 million (0%) decrease in ancillary revenues. The decrease in T&M revenue was principally the result of a 13% decrease in rental days partially offset by a 3% increase in T&M revenue per day. The \$1 million decrease in ancillary revenues reflects the reduced rental days offset by a 12% increase in ancillary revenues per rental day from GPS rentals, sales of insurance products and other items.

We continued to achieve significant benefits from our cost-saving initiatives. EBITDA reflected a \$44 million (8%) decrease in operating expenses, including a \$31 million decrease in maintenance and damage, agency operator commissions, shuttling, credit card fees, and other costs amid lower rental volumes and a \$7 million decrease in employee costs, rents and other expenses related primarily to reduced staffing levels and the closure of unprofitable locations. EBITDA also benefited from \$59 million (20%) of decreased fleet depreciation and lease charges, reflecting an 11% decrease in the average size of our domestic rental fleet and a 10% decrease in per-unit fleet costs.

International Car Rental

Revenues and EBITDA increased \$37 million (23%) and \$10 million (53%), respectively, in first quarter 2010 compared with first quarter 2009, primarily due to the impact of foreign currency exchange rate movements and increased car rental pricing.

The revenue increase of \$37 million was comprised of a \$26 million (23%) increase in T&M revenue and an \$11 million (22%) increase in ancillary revenues. The total increase in revenue includes a \$43 million increase related to foreign currency exchange rates, impacting T&M revenue by \$29 million and ancillary revenues by \$14 million, and was largely offset in EBITDA by the opposite impact on expenses of \$36 million. The increase in T&M revenue was principally driven by a 36% increase in T&M revenue per rental day (8% excluding exchange-rate effects), offset by a 10% decrease in rental days.

EBITDA reflected a \$19 million (24%) increase in operating expenses and a \$1 million increase in fleet depreciation and lease charges, virtually all due to foreign-exchange effects. Excluding the impact of currency rates, our per-unit fleet costs decreased 2% and the average size of our international rental fleet decreased 9%.

Truck Rental

Revenues and EBITDA increased \$1 million and \$6 million, respectively, in the first quarter 2010 compared with first quarter 2009.

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The revenue increase was primarily due to an increase of \$1 million in ancillary revenue, which reflected an increase in sales of insurance products and other items. EBITDA benefited from (i) a \$3 million (13%) decline in fleet depreciation, interest and lease charges, reflecting lower per-unit fleet costs and a 7% decrease in the average size of our truck rental fleet, and (ii) a \$2 million reduction in selling, general and administrative expense.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

We present separately the financial data of our vehicle programs. These programs are distinct from our other activities as the assets under vehicle programs are generally funded through the issuance of debt that is collateralized by such assets. The income generated by these assets is used, in part, to repay the principal and interest associated with the debt. Cash inflows and outflows relating to the generation or acquisition of such assets and the principal debt repayment or financing of such assets are classified as activities of our vehicle programs. We believe it is appropriate to segregate the financial data of our vehicle programs because, ultimately, the source of repayment of such debt is the realization of such assets.

FINANCIAL CONDITION

	March 31, 2010	December 31, 2009	Change
Total assets exclusive of assets under vehicle programs	\$ 3,565	\$ 3,571	\$ (6)
Total liabilities exclusive of liabilities under vehicle programs	4,044	4,033	11
Assets under vehicle programs	6,692	6,522	170
Liabilities under vehicle programs	5,987	5,838	149
Stockholders' equity	226	222	4

Total assets exclusive of assets under vehicle programs decreased \$6 million due to a \$30 million decrease in accounts receivable, primarily due to the collection of incentives from manufacturers, partially offset by a \$27 million increase in other non-current assets, primarily related to deferred debt financing costs.

Total liabilities exclusive of liabilities under vehicle programs increased \$11 million primarily due to a \$47 million increase in accounts payable and other current liabilities, principally related to an increase in accrued interest. This increase was partially offset by a \$31 million decrease in other non-current liabilities, primarily due to the early termination of our interest rate swaps related to the repayment of a portion of our floating rate term loan.

Assets under vehicle programs increased \$170 million primarily due to a \$373 million increase in our net vehicles, related mainly to the increase in our Domestic vehicle rental fleet from December 31, 2009, offset by (i) a \$154 million decrease in our program cash mainly due to the repayment of certain term notes that reached maturity and (ii) a \$62 million decrease in receivables from vehicle manufacturers.

Liabilities under vehicle programs increased \$149 million reflecting additional borrowing to support the growth in our Domestic vehicle rental fleet described above. See "Liquidity and Capital Resources—Debt and Financing Arrangements" for a detailed account of the change in our debt related to vehicle programs.

Stockholders' equity increased \$4 million principally due to a \$40 million increase in accumulated other comprehensive income, primarily resulting from the reclassification of \$36 million of unrealized losses on our interest rate swaps to earnings in connection with the extinguishment of a portion of our floating rate term loan, offset by an increase in our accumulated deficit due to a \$38 million net loss for the period.

LIQUIDITY AND CAPITAL RESOURCES

Our principal sources of liquidity are cash on hand and our ability to generate cash through operations and financing activities, as well as available funding arrangements and committed credit facilities, each of which is discussed below.

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CASH FLOWS

At March 31, 2010, we had \$470 million of cash on hand, a decrease of \$12 million from \$482 million at December 31, 2009. The following table summarizes such decrease:

	Three Months Ended March 31,		
	2010	2009	Change
Cash provided by (used in):			
Operating activities	\$ 280	\$ 328	\$ (48)
Investing activities	(495)	775	(1,270)
Financing activities	200	(1,016)	1,216
Effect of exchange rate changes	3	—	3
Net change in cash and cash equivalents	<u>\$ (12)</u>	<u>\$ 87</u>	<u>\$ (99)</u>

During the first quarter 2010, we generated \$48 million less cash from operating activities compared with the same period in 2009, primarily as a result of the expense and payment for the termination of interest rate swaps.

We used approximately \$1.3 billion more cash in investing activities during first quarter 2010 compared with the same period in 2009. This change primarily reflects the activities of our vehicle programs, which (i) used \$928 million more cash to purchase vehicles due to the timing of purchases for the current year and (ii) received \$397 million less in payments on disposition of vehicles due to reduced vehicle sales. We anticipate that our capital expenditures will approximate \$75-90 million in 2010.

We generated approximately \$1.2 billion more cash from financing activities during first quarter 2010 compared with the same period in 2009. This change primarily reflects an approximately \$1.3 billion net increase in cash provided under our vehicle programs' financing activities to fund the acquisition of the vehicles discussed above.

DEBT AND FINANCING ARRANGEMENTS

At March 31, 2010, we had approximately \$6.7 billion of indebtedness (including corporate indebtedness of approximately \$2.1 billion and debt under vehicle programs of approximately \$4.6 billion).

Corporate indebtedness consisted of:

	Maturity Date	As of March 31, 2010	As of December 31, 2009	Change
Floating rate term loan ^(a)	April 2012	\$ 52	\$ 778	\$ (726)
Floating rate term loan ^(a)	April 2014	273	—	273
Floating rate notes	May 2014	250	250	—
7 ⁵ / ₈ % notes	May 2014	375	375	—
3 ¹ / ₂ % convertible notes	October 2014	345	345	—
7 ³ / ₄ % notes	May 2016	375	375	—
9 ⁵ / ₈ % notes	March 2018	444	—	444
		<u>2,114</u>	<u>2,123</u>	<u>(9)</u>
Other		12	8	4
		<u>\$ 2,126</u>	<u>\$ 2,131</u>	<u>\$ (5)</u>

^(a) The floating rate term loans and our revolving credit facilities are secured by pledges of all of the capital stock of all of our direct or indirect domestic subsidiaries and up to 66% of the capital stock of each direct foreign subsidiary, subject to certain exceptions, and liens on substantially all of our intellectual property and certain other real and personal property. In March 2010, we repaid \$451 million of the floating rate term loan and amended \$273 million of the outstanding floating rate term loan to extend the maturity by two years to April 2014. The floating rate term loan due 2012 bears interest at three month LIBOR plus 375 basis points, for a rate of 4.01% at March 31, 2010, and the floating rate term loan due 2014 bears interest at the greater of three month LIBOR or 1.50%, plus 425 basis points, for a rate of 5.75% at March 31, 2010.

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The following table summarizes the components of our debt under vehicle programs (including related party debt due to Avis Budget Rental Car Funding (AESOP) LLC (“Avis Budget Rental Car Funding”)):

	As of March 31, 2010	As of December 31, 2009	Change
Debt due to Avis Budget Rental Car Funding ^(a)	\$ 4,029	\$ 3,660	\$ 369
Budget Truck financing:			
Budget Truck Funding program	247	220	27
Capital leases	28	31	(3)
Other ^(b)	331	463	(132)
	<u>\$ 4,635</u>	<u>\$ 4,374</u>	<u>\$ 261</u>

^(a) The increase reflects increased borrowing within Domestic Car Rental operations due to an increase in the size of our domestic car rental fleet.

^(b) The decrease principally reflects decreased borrowings within International Car Rental operations related to the decrease in our international vehicle rental fleet.

As of March 31, 2010, the committed credit facilities available to us and/or our subsidiaries at the corporate or Avis Budget Car Rental, LLC level were as follows:

	Total Capacity	Outstanding Borrowings	Letters of Credit Issued	Available Capacity
Revolving credit facility maturing 2011 ^{(a) (c)}	\$ 192	\$ —	\$ 66	\$ 126
Revolving credit facility maturing 2013 ^{(b) (c)}	983	—	337	646

^(a) This revolving credit facility expires in April 2011 and bears interest of one month LIBOR plus 400 basis points.

^(b) This revolving credit facility, which is the portion of the pre-existing revolving credit facility that was amended in March 2010 to extend its maturity by two years (to April 2013), bears interest of one month LIBOR plus 450 basis points.

^(c) The senior credit facilities, which encompass the floating rate term loans and the revolving credit facilities, are secured by pledges of all of the capital stock of all of our direct or indirect domestic subsidiaries and up to 66% of the capital stock of each direct foreign subsidiary, subject to certain exceptions, and liens on substantially all of our intellectual property and certain other real and personal property.

The following table presents available funding under our debt arrangements related to our vehicle programs at March 31, 2010:

	Total Capacity ^(a)	Outstanding Borrowings	Available Capacity
Debt due to Avis Budget Rental Car Funding ^(b)	\$ 6,754	\$ 4,029	\$ 2,725
Budget Truck financing			
Budget Truck Funding program ^(c)	247	247	—
Capital leases ^(d)	28	28	—
Other ^(e)	625	331	294
	<u>\$ 7,654</u>	<u>\$ 4,635</u>	<u>\$ 3,019</u>

^(a) Capacity is subject to maintaining sufficient assets to collateralize debt.

^(b) The outstanding debt is collateralized by approximately \$5.5 billion of underlying vehicles and related assets.

^(c) The outstanding debt is collateralized by approximately \$359 million of underlying vehicles and related assets.

^(d) These capital leases are collateralized by approximately \$38 million of underlying vehicles.

^(e) The outstanding debt is collateralized by approximately \$848 million of underlying vehicles and related assets.

LIQUIDITY RISK

Our primary liquidity needs include the payment of operating expenses, servicing of corporate and vehicle related debt and procurement of rental vehicles to be used in our operations. Our primary sources of funding are operating revenue, cash received upon sale of vehicles, financing activities, borrowings under our vehicle-backed borrowing arrangements and our revolving credit facility.

As we discussed above, as of March 31, 2010, we have cash and cash equivalents of \$470 million, available capacity under our revolving credit facilities of \$772 million, and available borrowing capacity under our vehicle programs of approximately \$3.0 billion.

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Our liquidity position may be negatively affected by financial market disruptions or adverse economic conditions in the U.S. and worldwide economies, which could result in unfavorable conditions in the vehicle rental industry, in the asset-backed financing market, and in the credit markets generally. We believe these factors could affect the debt ratings assigned to us by credit rating agencies and the cost of our borrowings. Additionally, these factors could impact our liquidity due to (i) decreased demand and pricing for vehicles in the used vehicle market, (ii) increased costs associated with, and/or reduced capacity or increased collateral needs under, our financings, (iii) the adverse impact of vehicle manufacturers, including General Motors Company, Ford Motor Company, Chrysler Group LLC, Hyundai Motor America, or Kia Motors America, being unable or unwilling to honor their obligations to repurchase or guarantee the depreciation on the related program vehicles, (iv) disruption in our ability to obtain financing due to negative credit events specific to us or affecting the overall debt market, (v) the impact of an insolvency event or actual or potential default by any of the financial guaranty firms that have insured a portion of our outstanding vehicle-backed debt and (vi) the effect of any of Realogy, Wyndham or Travelport being unable or unwilling to honor its obligations under the Separation and Distribution Agreement and the Tax Sharing Agreement, entered into in connection with the Cendant Separation (the "Separation"). Financial guaranty firms Ambac Assurance Corporation, MBIA Insurance Corporation, Assured Guaranty Corp. and Syncora Guarantee Inc. currently provide financial guarantees for approximately \$1.3 billion, \$621 million, \$250 million and \$104 million, respectively, of our domestic term asset-backed car rental financing. Certain insolvency events by these financial guarantors would result in principal of the related financings being required to be repaid sooner than anticipated.

Our liquidity position also may be negatively affected if we are unable to remain in compliance with the financial and other covenants associated with our senior credit facilities and other borrowings. Commencing with our fiscal quarter ending June 30, 2010, the financial covenants of our senior credit facilities include maximum leverage and minimum coverage ratio requirements. For additional information regarding our liquidity risks, see Part I, Item 1A, "Risk Factors" of our 2009 Form 10-K.

CONTRACTUAL OBLIGATIONS

Our future contractual obligations have not changed significantly from the amounts reported within our 2009 Form 10-K with the exception of our commitment to purchase vehicles, which decreased by approximately \$1.5 billion from December 31, 2009 to approximately \$2.7 billion at March 31, 2010. Changes to our obligations related to corporate indebtedness and debt under vehicle programs are presented above within the section titled "Liquidity and Capital Resources—Debt and Financing Arrangements" and also within Notes 9 and 10 to our Consolidated Condensed Financial Statements.

As of March 31, 2010, our liability recorded for tax obligations was \$483 million, plus interest, which includes \$383 million, plus interest, of current liabilities in respect of our taxable years 2003 through 2006, the year of the Separation, which the Internal Revenue Service is examining. We are entitled to indemnification for most pre-Separation tax matters by Realogy and Wyndham (and we have received a letter of credit from Realogy to help ensure Realogy's performance under its indemnification obligations) and therefore do not expect to have a significant impact on our earnings, financial position or cash flows. For additional information regarding our contractual obligations, including information regarding the letter of credit referred to above, see Note 11 to our Consolidated Condensed Financial Statements.

ACCOUNTING POLICIES

The results of the majority of our recurring operations are recorded in our financial statements using accounting policies that are not particularly subjective, nor complex. However, in presenting our financial statements in conformity with generally accepted accounting principles, we are required to make estimates and assumptions that affect the amounts reported therein. Several of the estimates and assumptions that we are required to make pertain to matters that are inherently uncertain as they relate to future events. Presented within the section titled "Critical Accounting Policies" of our 2009 Form 10-K are the accounting policies (related to goodwill and other indefinite-lived intangible assets, vehicles, income taxes, financial instruments and public liability, property damage and other insurance liabilities) that we believe require subjective and/or complex judgments that could potentially affect 2010 reported results. There have been no significant changes to those accounting policies or our assessment of which accounting policies we would consider to be critical accounting policies.

During 2010, we adopted the following standards as a result of the issuance of new accounting pronouncements:

- ASU No. 2009-16, "Accounting for Transfers of Financial Assets"
- ASU No. 2009-17, "Accounting by Enterprises Involved with Variable Interest Entities"
- ASU No. 2010-09, "Subsequent Events – Amendments to Certain Recognition and Disclosure Requirements"
- ASU No. 2010-06, "Fair Value Measurements and Disclosures", except for certain disclosures that will be adopted on January 1, 2011, as required

For detailed information regarding these pronouncements and the impact thereof on our business, see Note 1 to our Consolidated Condensed Financial Statements.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk

We assess our market risk based on changes in interest rates and foreign currency exchange rates utilizing a sensitivity analysis that measures the potential impact in earnings, fair values and cash flows based on a hypothetical 10% change (increase and decrease) in interest rates and foreign currency exchange rates. We used March 31, 2010 market rates to perform a sensitivity analysis separately for each of our market risk exposures. The estimates assume instantaneous, parallel shifts in interest rate yield curves and exchange rates. We have determined, through such analyses, that the impact of a 10% change in interest rates and foreign currency exchange rates on our earnings, fair values and cash flows would not be material.

Item 4. Controls and Procedures

- (a) *Disclosure Controls and Procedures.* Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, our disclosure controls and procedures are effective.
- (b) *Internal Controls Over Financial Reporting.* There have been no changes in our internal control over financial reporting (as such term is defined in rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

Corporate Litigation

Avis Budget Legal Proceedings

In October 2009, a judgment was entered against us in the amount of \$16 million following the completion of a jury trial for damages related to a breach of contract claim by one of our licensees in the United States District Court for the District of Alaska. The lawsuit, which was filed in 2003, involved claims related to the acquisition of our Budget vehicle rental business in 2002. We filed a notice of appeal of the judgment with the United States Court of Appeals for the Ninth Circuit in February 2010. Both parties have motions pending related to pre-judgment interest and/or attorneys’ fees. Such motions filed by the plaintiff seek an aggregate amount of approximately \$4 million.

Item 1A. Risk Factors

The Company has had no material changes in its risk factors from those previously reported in the Company’s Annual Report on Form 10-K for the year ended December 31, 2009 other than the following:

There are risks associated with our potential proposal to acquire Dollar Thrifty Automotive Group, Inc.

On May 3, 2010, we requested access to legal, financial and business due diligence from Dollar Thrifty so that we could potentially formulate and submit an offer to purchase the company. If we were to acquire Dollar Thrifty, we would face unknown risks, including many, if not all, of the risks related to acquisitions and indebtedness generally as described under Item 1A. of our 2009 Annual Report on Form 10-K.

Item 6. Exhibits

See Exhibit Index.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AVIS BUDGET GROUP, INC.

Date: May 6, 2010

/s/ David B. Wyshner

David B. Wyshner
Executive Vice President and
Chief Financial Officer

Date: May 6, 2010

/s/ Brett D. Weinblatt

Brett D. Weinblatt
Senior Vice President and
Chief Accounting Officer

Exhibit Index

Exhibit No.	Description
4.1	Indenture dated as of March 10, 2010 among Avis Budget Car Rental, LLC and Avis Budget Finance, Inc., as Issuers, the Guarantors from time to time parties thereto and The Bank of Nova Scotia Trust Company of New York as Trustee (Incorporated by reference to Exhibit 4.1 the Company's Current Report on Form 8-K dated March 11, 2010).
4.2	Form of 9 ⁵ / ₈ % Senior Notes Due 2018 (Incorporated by reference to Exhibit 4.2 the Company's Current Report on Form 8-K dated March 11, 2010).
10.1	Purchase Agreement, by and among Avis Budget Car Rental, LLC, Avis Budget Finance, Inc., Avis Budget Group, Inc., Avis Budget Holdings, LLC, AB Car Rental Service, Inc., ARACS LLC, Avis Asia and Pacific, Limited, Avis Car Rental Group, LLC, Avis Caribbean, Limited, Avis Enterprises, Inc., Avis Group Holdings, LLC, Avis International, Ltd., Avis Operations, LLC, Avis Rent A Car System, LLC, PF Claims Management, Ltd., PR Holdco, Inc., Wizard Co., Inc., BGI Leasing, Inc., Budget Rent A Car System, Inc., Budget Truck Rental LLC, Runabout, LLC, Wizard Services, Inc. and Banc of America Securities LLC for itself and on behalf of the several initial purchasers, dated March 5, 2010 (Incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K dated March 8, 2010).
10.2	Registration Rights Agreement, dated March 10, 2010, among Avis Budget Car Rental, LLC and Avis Budget Finance, Inc., the guarantors parties thereto, Banc of America Securities LLC, and the other initial purchasers parties thereto (Incorporated by reference to Exhibit 10.2 the Company's Current Report on Form 8-K dated March 11, 2010).
10.3	Series 2010-2 Supplement, dated as of March 23, 2010, among Avis Budget Rental Car Funding (AESOP) LLC and The Bank of New York Mellon Trust Company, N.A., as trustee and as Series 2010-2 Agent (Incorporated by reference to Exhibit 10.1 the Company's Current Report on Form 8-K dated March 23, 2010).
10.4	Series 2010-3 Supplement, dated as of March 23, 2010, among Avis Budget Rental Car Funding (AESOP) LLC and The Bank of New York Mellon Trust Company, N.A., as trustee and Series 2010-3 Agent (Incorporated by reference to Exhibit 10.2 the Company's Current Report on Form 8-K dated March 23, 2010).
10.5	Second Amendment, dated as of March 10, 2010, to the Credit Agreement dated as of April 19, 2006, as amended by the First Amendment dated as of December 23, 2008, among Avis Budget Holdings, LLC, Avis Budget Car Rental, LLC, the subsidiary borrowers from time to time parties thereto, the several lenders from time to time parties thereto, Bank of America, N.A., Credit Agricole Corporate & Investment Bank New York Branch (formerly known as Calyon) and Citicorp USA, Inc. as documentation agents, Wachovia Bank, National Association as co-documentation agent, Deutsche Bank Securities Inc. as syndication agent and JPMorgan Chase Bank, N.A., as administrative agent.
10.6	Second Amendment to the Amended and Restated Series 2008-1 Supplement, dated as of March 29, 2010, among Avis Budget Rental Car Funding (AESOP), LLC, Avis Budget Car Rental, LLC, as administrator, JPMorgan Chase Bank, N.A., as administrative agent, the commercial paper conduit purchasers, the funding agents and the APA Banks named therein, and The Bank of New York Mellon Trust Company, N.A., as trustee and as Series 2008-1 Agent.
10.7	Second Amendment to the Series 2009-3 Supplement dated as of March 29, 2010 among Avis Budget Rental Car Funding (AESOP), LLC, Avis Budget Car Rental, LLC, as administrator, Deutsche Bank AG, New York Branch, as administrative agent, the commercial paper conduit purchasers, the funding agents and the APA Banks named therein, and The Bank of New York Mellon Trust Company, N.A., as trustee and as Series 2009-3 Agent.
12	Statement re: Computation of Ratio of Earnings to Fixed Charges.
31.1	Certification of Chief Executive Officer pursuant to Rules 13(a)-14(a) and 15(d)-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
31.2	Certification of Chief Financial Officer pursuant to Rules 13(a)-14(a) and 15(d)-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SECOND AMENDMENT

This Second Amendment, dated as of March 10, 2010 (this "Amendment"), to the Credit Agreement dated as of April 19, 2006, as amended by the First Amendment dated as of December 23, 2008 (the "Credit Agreement"), among AVIS BUDGET HOLDINGS, LLC ("Holdings"), AVIS BUDGET CAR RENTAL, LLC (the "Borrower"), the subsidiary borrowers from time to time parties thereto, the several lenders from time to time parties thereto (the "Lenders"), BANK OF AMERICA, N.A., CREDIT AGRICOLE CORPORATE & INVESTMENT BANK NEW YORK BRANCH (formerly known as CALYON) and CITICORP USA, INC. as documentation agents, WACHOVIA BANK, NATIONAL ASSOCIATION as co-documentation agent, DEUTSCHE BANK SECURITIES INC. as syndication agent and JPMORGAN CHASE BANK, N.A., as administrative agent (the "Administrative Agent"); and together with the other agents named therein, the "Agents").

WITNESSETH:

WHEREAS, Holdings, the Borrower, the Lenders and the Agents are parties to the Credit Agreement;

WHEREAS, the Borrower has requested that the Lenders agree to extend the tenor of their respective Term Loans and Revolving Commitments, as applicable, and amend certain other terms in the Credit Agreement in the manner provided for herein; and

WHEREAS, the Administrative Agent and the Lenders are willing to agree to the requested amendments subject to the provisions of this Amendment;

NOW, THEREFORE, in consideration of the premises contained herein, the parties hereto agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms are used herein as defined in the Credit Agreement as amended hereby.

2. Amendments. The Credit Agreement (including the Annexes, Schedules and Exhibits thereto) is hereby amended in accordance with Exhibit A hereto: (a) by deleting each term thereof which is lined out and (b) by inserting each term thereof which is double underlined, in each case in the place where such term appears therein.

3. Extension of Maturity Date.

(a) Each Extending Term Loan Lender hereby extends the final maturity date applicable to all or any portion of its Term Loan (as detailed on its signature page hereto) to the Extended Term Loan Maturity Date. The final maturity date applicable to each other Term Lender (in each case, a "Non-Extending Term Loan Lender") shall be the Non-Extended Term Loan Maturity Date, and the Extending Lenders understand and agree that the Term Loans of each Non-Extending Term Loan Lender shall become due and be payable, together with all interest and fees related thereto, on the Non-Extended Term Loan Maturity Date.

(b) Each Extending Revolving Lender hereby extends the termination date as applicable to all or any portion of its Revolving Commitment (as detailed on its signature page hereto) to the Extended Revolving Termination Date. The termination date applicable to each other Revolving Lender (in each case, a "Non-Extending Revolving Lender"; Non-Extending Revolving Lenders and Non-Extending Term Loan Lenders, collectively, the "Non-Extending Lenders") shall be the Non-Extended Revolving Termination Date and the Extending Lenders understand and agree that the Revolving Loans of each Non-Extending Revolving Lender shall become due and payable, together with all interest and fees related thereto, on the Non-Extended Revolving Termination Date.

4. Reduction in Revolving Commitment and Prepayment of Term Loans. On the Second Amendment Effective Date, the Borrower shall (a) reduce the Extended Revolving Commitment of each Extending Revolving Lender that has delivered a Commitment Reduction Notice substantially in the form of Exhibit B hereto in an amount equal to 20% of such Extending Revolving Lender's Extended Revolving Commitment and (b) prepay pro rata the principal amounts owing to the Term Lenders so that the sum of (i) the aggregate amount of Term Loans outstanding and (ii) the aggregate amount of Revolving Commitments outstanding after giving effect to the reduction pursuant to clause (a) above shall not exceed \$1,500,000,000. With respect to the prepayment of the Term Loans, each Extending Term Loan Lender shall have the right to refuse such prepayment by checking the applicable box on its signature page hereto indicating such refusal, and any prepayment of the Term Loans so refused shall be reallocated and applied pro rata towards the payment of the principal amounts of (i) the then outstanding Term Loans of the Non- Extending Term Loan Lenders and (ii) any portion of the then outstanding Term Loans of the Extending Term Loan Lenders not being extended pursuant to this Amendment.

5. Allocation and Repayment of Revolving Loans and Letters of Credit. Notwithstanding anything in the Credit Agreement to the contrary:

(a) From the Second Amendment Effective Date until the Non-Extended Revolving Termination Date, all Revolving Loans shall be made in accordance with the aggregate Revolving Commitments (including both the Extended Revolving Commitments and the Non-Extended Revolving Commitments thereunder from time to time in effect).

(b) On the Second Amendment Effective Date, the participations in any outstanding Letters of Credit shall be reallocated so that after giving effect thereto the Extending Revolving Lenders and the Non-Extending Revolving Lenders thereunder shall share ratably in the Aggregate Exposures thereunder in accordance with the aggregate Revolving Commitments (including both the Extended Revolving Commitments and the Non-Extended Revolving Commitments thereunder from time to time in effect). Thereafter until the Non-Extended Revolving Termination Date, the participations in any new Letters of Credit shall be allocated in accordance with the aggregate Revolving Commitments. On the Non-Extended Revolving Termination Date, the participations in the outstanding Letters of Credit of the Non-Extending Revolving Lenders shall be reallocated to the Extending Revolving Lenders ratably in accordance with their Extended Revolving Commitments but in any case, only to the extent the sum of the outstanding Revolving Extensions of Credit of all Extending Revolving Lenders before giving effect to such reallocation plus the participations in the outstanding Letters of Credit of the Non-Extending Revolving Lenders does not exceed the total Revolving Commitments of all Extending Revolving Lenders.

(c) If the reallocation described in clause (b) above cannot, or can only partially, be effected as a result of the limitations set forth therein, the Borrower shall within five Business Days following notice by the Administrative Agent, either (x) cash collateralize such Non-Extending Revolving Lender's participations in the outstanding Letters of Credit (after giving effect to any partial reallocation pursuant to clause (b) above) or (y) backstop such Non-Extending Revolving Lender's participations in the Letters of Credit (after giving effect to any partial reallocation pursuant to clause (b) above) with a letter of credit reasonably satisfactory to the Issuing Lender, in each case, for so long as any Letters of Credit are outstanding.

6. Replacement Lenders. The Lenders party hereto and the Administrative Agent agree that the Borrower shall have the right on or before the Non-Extended Term Loan Maturity Date (with respect to Term Loans) or Non-Extended Revolving Termination Date (with respect to Revolving Commitments) to replace, in whole or in part (but if in part, in an aggregate principal amount of not less than \$1,000,000 (with respect to Term Loans) and \$5,000,000 (with respect to Revolving

Commitments) (other than in the case of the replacement of all of a Non-Extending Lender's interest under the Credit Agreement)), the Commitment of any Non-Extending Lender with increases in the outstanding Term Loans or Revolving Commitments of one or more Extending Lenders or with new Term Loans or Revolving Commitments of one or more other lenders or financial institutions or other entities that will become "Lenders" (each, a "Replacement Term Loan Lender" or "Replacement Revolving Lender", as applicable; the Replacement Term Loan Lenders and Replacement Revolving Lenders collectively, the "Replacement Lenders"), subject (in the case of the replacement of the Term Loans or Revolving Commitments of any Non-Extending Lenders) to the payment at par of all amounts, including principal and accrued interest and fees, owing to such Non-Extending Lender with respect to the portion of the Term Loans or the Revolving Commitments, as applicable, being replaced under the Credit Agreement. Each Replacement Lender shall (i) be subject to the consent of the Borrower and the Administrative Agent (such consent, in each case, shall not be unreasonably withheld) and (ii) have entered into an Assignment and Assumption or other documentation reasonably satisfactory to the Borrower and the Administrative Agent pursuant to which such Replacement Lender shall assume all or part of the outstanding Term Loan or Revolving Commitment of such Non-Extending Lender or shall agree to have a new or additional Term Loan or Revolving Commitment under which Loans may be borrowed only from the date of any reduction in or termination of the Term Loan or Revolving Commitment of such Non-Extending Lender; provided that after giving effect to any such replacement, the aggregate amount of the outstanding Term Loans and Revolving Commitments under the Credit Agreement shall not exceed the Maximum Facilities Amount. For the avoidance of doubt, after the Second Amendment Effective Date and on or before the Non-Extended Term Loan Maturity Date (with respect to Term Loans) or Non-Extended Revolving Termination Date (with respect to Revolving Commitments), any Non-Extending Lender that has not been replaced may, with the consent of the Borrower, extend all, or a portion of, its Term Loan or Revolving Commitment (but if electing to extend only a portion of its Term Loan or Revolving Commitment, in an aggregate amount not less than \$1,000,000 and \$5,000,000, respectively), converting such Lender (as to the portion so extended) into an Extending Term Loan Lender or Extending Revolving Lender, as applicable.

7. Termination of Local Facilities. On and as of the Second Amendment Effective Date, each New Local Facility (as defined in the existing Credit Agreement before giving effect to the Second Amendment) shall be terminated, the commitments outstanding thereunder shall be redesignated for availability under the Revolving Facility and each letter of credit outstanding thereunder shall be deemed to be a Letter of Credit outstanding under the Revolving Facility.

8. Fees.

(a) The Borrower agrees to pay to the Administrative Agent for the account of each Extending Term Loan Lender that has executed and delivered a counterpart of this Amendment by 5:00 P.M., New York City time, on March 8, 2010, an extension fee in an amount equal to 12.5 basis points of such Lender's Extended Term Loan.

(b) The Borrower agrees to pay to the Administrative Agent for the account of each Extending Revolving Lender that has executed and delivered a counterpart of this Amendment by 5:00 P.M., New York City time, on March 8, 2010, an extension fee in an amount equal to 100.0 basis points of such Lender's Extended Revolving Commitment.

9. Representations and Warranties. On and as of the date hereof, after giving effect to this Amendment, the Borrower hereby confirms that the representations and warranties set forth in Section 4 of the Credit Agreement are true and correct in all material respects except to the extent that such representations and warranties expressly relate solely to a specific earlier date.

10. Effectiveness of Amendment. This Amendment shall become effective upon satisfaction of the following conditions precedent (such date, the "Second Amendment Effective Date"):

- (a) the Lenders shall have consented to extend at least 75% of the existing Term Loans; provided that the Borrower shall have the right to waive this condition in its sole discretion;

- (b) the Borrower shall have received, or substantially concurrently with the satisfaction of the other conditions precedent set forth in this Section, shall receive gross cash proceeds of not less than \$250,000,000 from a public or private capital markets transaction not otherwise prohibited by the terms of the Credit Agreement (as amended by this Amendment); and
- (c) the Administrative Agent shall have received the following:
 - (i) counterparts to this Amendment duly executed by Holdings, the Borrower, the Majority Facility Lenders for each Facility, each Extending Revolving Lender and each Extending Term Loan Lender
 - (ii) an extension fee for the account of each Extending Term Loan Lender that is a party to this Amendment in accordance with Section 8(a) hereof;
 - (iii) an extension fee for the account of each Extending Revolving Lender that is a party to this Amendment in accordance with Section 8(b) hereof;
 - (iv) all other fees required to be paid, and all expenses for which invoices have been presented (including the reasonable fees and expenses of legal counsel) required to be paid;
 - (v) executed counterparts from each Loan Party of the Guarantee and Collateral Acknowledgement substantially in the form attached hereto as Exhibit C;
 - (vi) certified resolutions from the board of directors, members or other similar body of each Loan Party authorizing the execution, delivery and performance of the Amendment; and
 - (vii) the legal opinion of Kirkland & Ellis LLP, counsel to the Loan Parties and each special and local counsel as may be reasonably requested by the Administrative Agent. Each such legal opinion shall cover such customary matters incidental to the Amendment as the Administrative Agent may request and shall be addressed to the Administrative Agent and the Lenders.

10. Continuing Effect; No Other Amendments or Consents. Except as expressly provided herein, all of the terms and provisions of the Credit Agreement are and shall remain in full force and effect. The amendments provided for herein are limited to the specific subsections of the Credit Agreement specified herein and shall not constitute a consent, waiver or amendment of, or an indication of the Administrative Agent's or the Lenders' willingness to consent to any action requiring consent under any other provisions of the Credit Agreement or the same subsection for any other date or time period.

11. Expenses. The Borrower agrees to pay and reimburse the Administrative Agent for all its reasonable costs and out-of-pocket expenses incurred in connection with the preparation and delivery of this Amendment, including, without limitation, the reasonable fees and disbursements of counsel to the Administrative Agent.

12. Counterparts. This Amendment may be executed in any number of counterparts by the parties hereto (including by facsimile and electronic (e.g. “.pdf”, or “.tif”) transmission), each of which counterparts when so executed shall be an original, but all the counterparts shall together constitute one and the same instrument.

13. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

AVIS BUDGET HOLDINGS, LLC

By: /s/ Rochelle Tarlowe
Name: Rochelle Tarlowe
Title: Vice President and Treasurer

AVIS BUDGET CAR RENTAL, LLC

By: /s/ Rochelle Tarlowe
Name: Rochelle Tarlowe
Title: Vice President and Treasurer

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By: /s/ Robert P. Kellas

Name: Robert P. Kellas

Title: Executive Director

JPMORGAN CHASE BANK, N.A.,
as an Extending Term Loan Lender

By: /s/ Susan E. Atkins

Name: Susan E. Atkins

Title: Managing Director

J.P. Morgan Whitefriars Inc.,
as an Extending Term Loan Lender

By: /s/ Virginia R. Conway

Name: Virginia R. Conway

Title: Attorney-in-Fact

Citibank, N.A.,
as an Extending Term Loan Lender

By: /s/ Brian Blessing

Name: Brian Blessing

Title: Attorney-in-Fact

Deutsche Bank AG New York Branch,
as an Extending Term Loan Lender

By: /s/ Edward Schaffer

Name: Edward Schaffer

Title: Vice President

By: /s/ Peter Schoepe

Name: Peter Schoepe

Title: Authorized Signatory

Deutsche Bank AG London Branch,
as an Extending Term Loan Lender

By: /s/ Deirdre Cesario

Name: Deirdre Cesario

Title: Assistant Vice President

By: /s/ Angeline Quintana

Name: Angeline Quintana

Title: Assistant Vice President

Wells Fargo Bank,
as an Extending Term Loan Lender

By: /s/ Ross Berger

Name: Ross Berger

Title: Senior Vice President

Bank of America, N.A.,
as an Extending Term Loan Lender

By: /s/ Jonathan M. Barnes

Name: Jonathan M. Barnes

Title: Vice President

as an Extending Term Loan Lender

By: _____

Name:

Title:

JPMORGAN CHASE BANK, N.A.,
as an Extending Revolving Lender

By: /s/ Robert P. Kellas

Name: Robert P. Kellas

Title: Executive Director

Credit Agricole Corporate and Investment Bank,
as an Extending Revolving Lender

By: /s/ Rod Hurst

Name: Rod Hurst

Title: Managing Director

By: /s/ Yuri Muzichenko

Name: Yuri Muzichenko

Title: Director

Wachovia Bank, National Association,
as an Extending Revolving Lender

By: /s/ Ronald F. Bentien, Jr.

Name: Ronald F. Bentien, Jr.

Title: Director

Deutsche Bank AG New York Branch,
as an Extending Revolving Lender

By: /s/ Omayra Laucella

Name: Omayra Laucella

Title: Vice President

By: /s/ Carin Keegan

Name: Carin Keegan

Title: Director

Citibank, N.A.,
as an Extending Revolving Lender

By: /s/ Michael M. Schadt

Name: Michael M. Schadt

Title: Director

Wells Fargo Bank, National Association,
as an Extending Revolving Lender

By: /s/ Jennifer Clark

Name: Jennifer Clark

Title: Vice President

Bank of America, N.A.,
as an Extending Revolving Lender

By: /s/ Chas A. McDonell

Name: Chas A. McDonell

Title: Senior Vice President

as an Extending Revolving Lender

By: _____

Name:

Title:

as an Amending Non-Extending Lender

By: _____

Name:

Title:

CREDIT AGREEMENT¹

among

AVIS BUDGET HOLDINGS, LLC,
AVIS BUDGET CAR RENTAL, LLC,

as Borrower,

The Subsidiary Borrowers from Time to Time Parties Hereto,

The Several Lenders from Time to Time Parties Hereto,

JPMORGAN CHASE BANK, N.A.,

as Administrative Agent

DEUTSCHE BANK SECURITIES INC.,

as Syndication Agent,

BANK OF AMERICA, N.A.,
CREDIT AGRICOLE CORPORATE & INVESTMENT BANK
NEW YORK BRANCH (formerly known as CALYON),

and

CITICORP USA, INC.,

as Documentation Agents,

and

WACHOVIA BANK, NATIONAL ASSOCIATION,

as Co-Documentation Agent

Dated as of April 19, 2006

JPMORGAN SECURITIES INC.
and
DEUTSCHE BANK SECURITIES INC.,
as Joint Lead Arrangers and Joint Bookrunners

¹ Reflects changes made pursuant to the Second Amendment dated as of March 10, 2010

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EXHIBITS:

- A Form of Guarantee and Collateral Agreement
- B Form of Compliance Certificate
- C Form of Closing Certificate
- D Form of Assignment and Assumption
- E Form of Legal Opinion of Skadden, Arps, Slate, Meagher & Flom LLP
- F Form of Exemption Certificate
- G Form of Joinder
- H Form of Mortgage

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- A Form of Fleet Financing Forecast

CREDIT AGREEMENT (this "Agreement"), dated as of April 19, 2006, among AVIS BUDGET HOLDINGS, LLC, a Delaware limited liability company ("Holdings"), AVIS BUDGET CAR RENTAL, LLC, a Delaware limited liability company (the "Borrower"), the Subsidiary Borrowers (as defined herein) from time to time parties hereto, the several banks and other financial institutions or entities from time to time parties hereto (the "Lenders"), DEUTSCHE BANK SECURITIES INC., as syndication agent (in such capacity, the "Syndication Agent"), BANK OF AMERICA, N.A., CREDIT AGRICOLE CORPORATE & INVESTMENT BANK NEW YORK BRANCH (formerly known as CALYON) and CITICORP USA, INC., as documentation agents (in such capacity, the "Documentation Agents"), WACHOVIA BANK, NATIONAL ASSOCIATION, as co-documentation agent (in such capacity, the "Co-Documentation Agent"), and JPMORGAN CHASE BANK, N.A., as administrative agent.

The parties hereto hereby agree as follows:

SECTION 1. DEFINITIONS

1.1 Defined Terms. As used in this Agreement, the terms listed in this Section 1.1 shall have the respective meanings set forth in this Section 1.1.

"ABR": for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greatest of (a) the Prime Rate in effect on such day, (b)(i) the Federal Funds Effective Rate in effect on such day plus (ii) 1/2 of 1% and (c)(i) the Eurocurrency Rate for a one month interest period in effect on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus (ii) 1%. For purposes hereof: (1) "Prime Rate" shall mean the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank as its prime rate in effect at its principal office in New York City (the Prime Rate not being intended to be the lowest rate of interest charged by JPMorgan Chase Bank in connection with extensions of credit to debtors) and (2) the Eurocurrency Rate for any day shall be based on the rate for deposits in Dollars appearing on the Reuters BBA Libor Rates Page 3750 (or on any successor or substitute page of such page) at approximately 11:00 a.m. London time on such day. Any change in the ABR due to a change in the Prime Rate, the Federal Funds Effective Rate or the Eurocurrency Rate shall be effective as of the opening of business on the effective day of such change in the Prime Rate, the Federal Funds Effective Rate or the Eurocurrency Rate, respectively.

"ABR Loans": Loans the rate of interest applicable to which is based upon the ABR.

"AESOP Base Indenture": the Second Amended and Restated Base Indenture, dated as of June 3, 2004, between the AESOP Issuer and the AESOP Trustee, as amended, modified or supplemented from time to time.

"AESOP Financing Program": the transactions contemplated by the AESOP Base Indenture, as it may be from time to time further amended, supplemented or modified, and the instruments and agreements referenced therein and otherwise executed in connection therewith, and any successor program.

"AESOP Indebtedness": any Indebtedness incurred pursuant to the AESOP Financing Program.

"AESOP Issuer": Avis Budget Rental Car Funding (AESOP) LLC.

"AESOP Trustee": The Bank of New York Mellon Trust Company, N.A., in its capacity as Trustee under the AESOP Base Indenture.

“Administrative Agent”: JPMorgan Chase Bank, together with its affiliates, as the arranger of the Commitments and as the administrative agent for the Lenders under this Agreement and the other Loan Documents, together with any of its successors.

“Affiliate”: as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, a Person shall be deemed to be “controlled by” another if such latter Person possesses, directly or indirectly, power either to (i) vote 10% or more of the securities having ordinary voting power for the election of directors of such controlled Person or (ii) direct or cause the direction of the management and policies of such controlled Person whether by contract or otherwise.

“Agents”: the collective reference to the Syndication Agent, the Documentation Agents, the Co-Documentation Agent and the Administrative Agent.

“Aggregate Exposure”: with respect to any Lender at any time, an amount equal to (a) until the Closing Date, the aggregate amount of such Lender’s Commitments at such time and (b) thereafter, the sum of (i) the aggregate then unpaid principal amount of such Lender’s Term Loans and (ii) the amount of such Lender’s Revolving Commitment then in effect or, if the Revolving Commitments have been terminated, the amount of such Lender’s Revolving Extensions of Credit then outstanding.

“Aggregate Exposure Percentage”: with respect to any Lender at any time, the ratio (expressed as a percentage) of such Lender’s Aggregate Exposure at such time to the Aggregate Exposure of all Lenders at such time.

“Agreement”: as defined in the preamble hereto.

“Amending Non-Extending Lender”: any Lender who agreed to the amendments set forth in the Second Amendment, but declined to extend any portion of its Term Loan or Revolving Commitment, as applicable, beyond its scheduled maturity date.

“Applicable Margin”: (a) with respect to Non-Extended Term Loans, (i) 2.75% in the case of ABR Loans and (ii) 3.75% in the case of Eurocurrency Loans, (b) with respect to Revolving Loans and Swingline Loans made pursuant to Non-Extended Revolving Commitments, (i) 3.00% in the case of ABR Loans and (ii) 4.00% in the case of Eurocurrency Loans, (c) with respect to Extended Term Loans, (i) 3.25% in the case of ABR Loans and (ii) 4.25% in the case of Eurocurrency Loans and (d) with respect to Revolving Loans made pursuant to Extended Revolving Commitments, a rate determined in accordance with the Pricing Grid, provided that prior to and on the Non-Extended Revolving Termination Date, such rate shall not be, in any event, lower than (x) 3.00% in the case of ABR Loans and (y) 4.00% in the case of Eurocurrency Loans.

“Application”: an application, in such form as the Issuing Lender may specify from time to time, requesting the Issuing Lender to open a Letter of Credit.

“Approved Fund”: as defined in Section 10.6(b).

“Asset Sale”: any Disposition of property or series of related Dispositions of property (excluding any such Disposition permitted by clause (a), (b), (c), (d) or (e) of Section 7.5) that yields gross proceeds to any Loan Party (valued at the initial principal amount thereof in the case of non-cash proceeds consisting of notes or other debt securities and valued at fair market value in the case of other non-cash proceeds) in excess of \$15,000,000.

“Assignee”: as defined in Section 10.6(b).

“Assignment and Assumption”: an Assignment and Assumption, substantially in the form of Exhibit D.

“Australian Dollars” and “A\$”: the lawful money of Australia.

“Available Revolving Commitment”: as to any Revolving Lender at any time, an amount equal to the excess, if any, of (a) such Lender’s Revolving Commitment then in effect over (b) such Lender’s Revolving Extensions of Credit then outstanding; provided, that in calculating any Lender’s Revolving Extensions of Credit for the purpose of determining such Lender’s Available Revolving Commitment pursuant to Section 2.8(a), the aggregate principal amount of Swingline Loans then outstanding shall be deemed to be zero.

“Avis Budget Finance”: Avis Budget Finance, Inc., a Delaware corporation.

“Benefitted Lender”: as defined in Section 10.7(a).

“Board”: the Board of Governors of the Federal Reserve System of the United States (or any successor).

“Borrower”: as defined in the preamble hereto.

“Borrowing Date”: any Business Day specified by the Borrower or any Subsidiary Borrower as a date on which the Borrower or such Subsidiary Borrower requests the relevant Lenders to make Loans hereunder.

“Budget”: as defined in Section 6.2(c).

“Budget Truck Division”: the truck rental business of Budget Rent A Car System, Inc. and its Subsidiaries.

“Business Day”: any day other than a Saturday, Sunday or other day on which banks in the State of New York are permitted to close; provided, however, that when used in connection with a Eurocurrency Loan, the term “Business Day” shall also exclude any day on which banks are not open for dealings in Dollar deposits or deposits in any Optional Currency, as applicable, in the London Interbank market.

“Canadian Dollars” and “C\$”: the lawful money of Canada.

“Canadian Securitization Entity” means WTH Funding Limited Partnership, WTH Car Rental Limited Partnership, each an Ontario limited partnership, and any other special purpose entity formed for the purpose of engaging in vehicle financing in Canada including, without limitation, any other partnerships formed from time to time and each of the special purpose entities that may be partners in WTH Funding Limited Partnership, WTH Car Rental Limited Partnership or in any other such partnerships.

“Capital Lease Obligations”: as to any Person, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

“Capital Stock”: any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants, rights or options to purchase any of the foregoing.

“Cash Equivalents”: any of the following, to the extent acquired for investment and not with a view to achieving trading profits: (i) obligations fully backed by the full faith and credit of the United States of America maturing not in excess of twelve months from the date of acquisition, (ii) commercial paper maturing not in excess of twelve months from the date of acquisition and rated at least “P-1” by Moody’s or “A-1” by S&P on the date of such acquisition, (iii) the following obligations of any Lender or any domestic commercial bank having capital and surplus in excess of \$500,000,000, which has, or the holding company of which has, a commercial paper rating meeting the requirements specified in clause (ii) above: (a) time deposits, certificates of deposit and acceptances maturing not in excess of twelve months from the date of acquisition, or (b) repurchase obligations with a term of not more than thirty days for underlying securities of the type referred to in clause (i) above, (iv) money market funds that invest exclusively in interest bearing, short-term money market instruments and adhere to the minimum credit standards established by Rule 2a-7 of the Investment Company Act of 1940, as amended, and (v) municipal securities: (a) for which the pricing period in effect is not more than twelve months long and (b) rated at least “P-1” by Moody’s or “A-1” by S&P.

“Cendant”: Cendant Corporation, a Delaware corporation.

“Change in Control”: (i) the acquisition by any Person or group (within the meaning of the Securities Exchange Act of 1934, as amended, and the rules of the SEC thereunder as in effect on the Closing Date), directly or indirectly, beneficially or of record, of ownership or control of in excess of 50% of the voting common stock of Cendant on a fully diluted basis at any time or (ii) if at any time, individuals who at the Closing Date constituted the Board of Directors of Cendant (together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of Cendant, as the case may be, was approved by a vote of the majority of the directors then still in office who were either directors at the Closing Date or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of Cendant, (iii) Cendant shall cease to own, directly or through one or more Wholly-Owned Subsidiaries, all of the capital stock of Holdings, free and clear of any direct or indirect Liens (other than statutory Liens) or (iv) Holdings shall cease to directly own all of the capital stock of the Borrower, free and clear of any direct or indirect Liens (other than statutory Liens or Liens created by the Loan Documents). Notwithstanding anything to the contrary contained in this definition, the consummation of the Spin-Off Transactions shall not result in a Change in Control.

“Closing Date”: the date on which the conditions precedent set forth in Section 5.1 shall have been satisfied, which date is April 19, 2006.

“Code”: the Internal Revenue Code of 1986, as amended from time to time.

“Co-Documentation Agent”: as defined in the preamble hereto.

“Collateral”: all property of the Loan Parties, now owned or hereafter acquired, upon which a Lien is purported to be created by any Security Document, provided, however, that Collateral shall not include the assets of any Foreign Subsidiary or more than 66% of the voting Capital Stock of any Foreign Subsidiary.

“Commitment”: as to any Lender, the sum of the Term Commitment and the Revolving Commitment of such Lender.

“Commitment Fee Rate”: with respect to (i) Extended Revolving Commitments, 0.75% and (ii) Non-Extended Revolving Commitments, 0.50%.

“Commonly Controlled Entity”: an entity, whether or not incorporated, that is under common control with the Borrower within the meaning of Section 4001 of ERISA or is part of a group that includes the Borrower and that is treated as a single employer under Section 414 of the Code.

“Compliance Certificate”: a certificate duly executed by a Responsible Officer substantially in the form of Exhibit B.

“Collateralized”: secured by cash collateral arrangements and/or backstop letters of credit entered into on terms and in amounts reasonably satisfactory to the Administrative Agent and the relevant Issuing Lender.

“Conduit Lender”: any special purpose corporation organized and administered by any Lender for the purpose of making Loans otherwise required to be made by such Lender and designated by such Lender in a written instrument; provided, that the designation by any Lender of a Conduit Lender shall not relieve the designating Lender of any of its obligations to fund a Loan under this Agreement if, for any reason, its Conduit Lender fails to fund any such Loan, and the designating Lender (and not the Conduit Lender) shall have the sole right and responsibility to deliver all consents and waivers required or requested under this Agreement with respect to its Conduit Lender, and provided, further, that no Conduit Lender shall (a) be entitled to receive any greater amount pursuant to Section 2.18, 2.19, 2.20 or 10.5 than the designating Lender would have been entitled to receive in respect of the extensions of credit made by such Conduit Lender or (b) be deemed to have any Commitment.

“Confidential Information Memorandum”: the Confidential Information Memorandum dated March 2006 and furnished to certain Lenders.

“Consolidated EBITDA”: without duplication, for any period, Consolidated Net Income plus (a) provision for taxes based on income, (b) depreciation expense (excluding any such expense attributable to depreciation of Eligible Assets), (c) Consolidated Total Interest Expense, (d) amortization expense (excluding any such expense attributable to amortization of Eligible Assets), (e) non-cash stock option and restricted stock grant expense, (f)(i) separation, integration, restructuring and severance cash items and (ii) other extraordinary, unusual or non-recurring cash items, in the case of each of (i) and (ii) in an aggregate amount not to exceed \$60,000,000 for any period, (g) other unusual or non-recurring non-cash expenses or losses, including fees, expenses and charges associated with the transactions contemplated by the Separation Agreement, (h) unrealized losses from interest rate, foreign exchange and gasoline Swap Agreements and (i) any other non-cash charges and expenses (including amortization of deferred financing fees), in the case of each of (a)-(i) above, to the extent such items are reflected as a charge in the calculation of Consolidated Net Income for such period. Notwithstanding the foregoing, in calculating Consolidated EBITDA for any period, pro forma effect shall be given to (i)(A) any non-recurring gains (losses) on business unit dispositions outside the ordinary course of business and (B) any unusual or non-recurring non-cash income, in the case of each of (A) and (B) above, to the extent such items are reflected as income (losses) in the calculation of Consolidated Net Income for such period and (ii) any cash payments made during such period in respect of items described in clause (g) and (h) above subsequent to the fiscal quarter in which the relevant non-cash expenses or non-cash or unrealized losses were reflected as a charge in the calculation of Consolidated Net Income, all as determined on a consolidated basis in accordance with GAAP. For the purposes of calculating Consolidated EBITDA for any period of four consecutive fiscal

quarters (each, a “Reference Period”) pursuant to any determination of the Consolidated Leverage Ratio, (i) if at any time during such Reference Period the Borrower or any Subsidiary shall have made any Material Disposition, the Consolidated EBITDA for such Reference Period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the property that is the subject of such Material Disposition for such Reference Period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such Reference Period and (ii) if during such Reference Period the Borrower or any Subsidiary shall have made a Material Acquisition, Consolidated EBITDA for such Reference Period shall be calculated after giving pro forma effect thereto as if such Material Acquisition occurred on the first day of such Reference Period. As used in this definition, “Material Acquisition” means any acquisition of property or series of related acquisitions of property that (a) constitutes assets comprising all or substantially all of an operating unit of a business or constitutes all or substantially all of the common stock of a Person and (b) involves the payment of consideration by the Borrower and its Subsidiaries in excess of \$25,000,000; and “Material Disposition” means any Disposition of property or series of related Dispositions of property under Section 7.5(f), (g) or (h) that yields gross proceeds to the Borrower or any of its Subsidiaries in excess of \$25,000,000.

“Consolidated Financial Statements”: as defined in Section 4.1(b).

“Consolidated Interest Coverage Ratio”: for any period, the ratio of (a) Consolidated EBITDA for such period to (b) Consolidated Interest Expense for such period.

“Consolidated Interest Expense”: for any period, (a) total interest expense paid or payable in cash (including that properly attributable to Capital Leases Obligations, but excluding in any event (w) all capitalized interest and amortization of debt discount and debt issuance costs, (x) upfront fees in connection with any debt issuance and fees and expenses in connection with any amendment of debt, and (y) debt extinguishment costs) of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP including, without limitation, all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers’ acceptance financing paid or payable in cash and net cash costs (or minus net profits) under interest rate Swap Agreements minus, (b) without duplication, any interest income of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP during such period (other than interest income earned on any Related Eligible Assets). Notwithstanding the foregoing, interest expense in respect of any (i) Securitization Indebtedness, (ii) AESOP Indebtedness or (iii) Recourse Vehicle Indebtedness, in an amount, for this clause (iii), of up to \$750,000,000, shall not be included in Consolidated Interest Expense; provided that for any period when the Consolidated Leverage Ratio is less than 3.25 to 1.0, interest expense on Recourse Vehicle Indebtedness in an amount up to \$850,000,000 shall not be included in Consolidated Interest Expense. For purposes of calculating Consolidated Interest Expense related to Recourse Vehicle Indebtedness, such amount shall be equal to the product of:

Recourse Vehicle Indebtedness – \$750,000,000 (or \$850,000,000, as applicable)	x	total cash interest expense on Recourse Vehicle Indebtedness
Recourse Vehicle Indebtedness		

“Consolidated Leverage Ratio”: as at the last day of any period, the ratio of (a) Consolidated Total Debt on such day to (b) Consolidated EBITDA for such period.

“Consolidated Net Income”: for any period for which such amount is being determined, the net income (or loss) of the Borrower and its Subsidiaries during such period determined on a consolidated basis for such period taken as a single accounting period in accordance with GAAP; provided that there shall be excluded (i) income (loss) of any Person (other than a Subsidiary of the Borrower) in which the Borrower or any of its Subsidiaries has any equity investment or comparable interest, except to the extent of the amount of dividends or other distributions actually paid to the Borrower or its Subsidiaries

by such Person during such period, (ii) the income of any Subsidiary of the Borrower to the extent that the declaration or payment of dividends or similar distributions by that Subsidiary of the income is not at the time permitted by operation of the terms of its charter, or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Subsidiary, (iii) any extraordinary after-tax gains and (iv) any extraordinary or unusual pretax non-cash losses.

“Consolidated Total Debt”: at any date, the aggregate principal amount of all Indebtedness of the Borrower and its Subsidiaries at such date, determined on a consolidated basis in accordance with GAAP; provided that, for purposes of this definition, Indebtedness shall not include (i)(x) Securitization Indebtedness, (y) AESOP Indebtedness or (z) Recourse Vehicle Indebtedness up to \$750,000,000; provided that for any period when the Consolidated Leverage Ratio is less than 3.25 to 1.0, Recourse Vehicle Indebtedness up to \$850,000,000 shall be excluded from Consolidated Total Debt, (ii) the aggregate undrawn amount of outstanding Letters of Credit, (iii) the aggregate undrawn amount of outstanding letters of credit under the Letter of Credit Facilities or (iv) obligations under Swap Agreements. In addition, for purposes of this definition, the amount of Indebtedness at any time shall be reduced (but not to less than zero) by the amount of Excess Cash.

“Consolidated Total Interest Expense”: for any period, without duplications (a) total interest expense paid or payable in cash (including that properly attributable to Capital Leases Obligations) plus, (b)(x) all capitalized interest and amortization of debt discount and debt issuance costs and (y) debt extinguishment costs, in each case, of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP including, without limitation, all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers’ acceptance financing and net cash costs (or minus net profits) under interest rate Swap Agreements minus, (c) without duplication, any interest income of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP during such period (other than interest income earned on any Related Eligible Assets). Notwithstanding the foregoing, interest expense in respect of any (i) Securitization Indebtedness, (ii) AESOP Indebtedness or (iii) Recourse Vehicle Indebtedness, in an amount up to \$750,000,000, shall not be included in Consolidated Total Interest Expense; provided that for any period when the Consolidated Leverage Ratio is less than 3.25 to 1.0, interest expense on Recourse Vehicle Indebtedness in an amount up to \$850,000,000 shall not be included in Consolidated Total Interest Expense. For purposes of calculating Consolidated Total Interest Expense related to Recourse Vehicle Indebtedness, such amount shall be equal to the product of:

Recourse Vehicle Indebtedness – \$750,000,000 (or \$850,000,000, as applicable)	x	total interest expense on Recourse Vehicle Indebtedness
Recourse Vehicle Indebtedness		

“Contractual Obligation”: as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“Currency”: Dollars or any Optional Currency.

“Default”: any of the events specified in Section 8, whether or not any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

“Defaulting Lender” means any Lender, as reasonably determined by the Administrative Agent, that has (a) failed to fund any portion of its Loans or participations in Letters of Credit or Swingline Loans within three Business Days of the date required to be funded by it hereunder, unless such requirement to fund such Loan or participation in Letters of Credit or Swingline Loans is based on such Lender’s good faith determination that the conditions precedent to funding such Loan or participation in Letters of Credit

or Swingline Loans under this Agreement have not been satisfied and such Lender has notified the Administrative Agent in writing to that effect, (b) notified the Borrower, the Administrative Agent, the Issuing Lender, the Swingline Lender or any Lender in writing that it does not intend to comply with any of its funding obligations generally under this Agreement or has made a public statement to the effect that it does not intend to comply with its funding obligations generally under this Agreement or under other agreements in which it commits to extend credit, (c) failed, within three Business Days after written request by the Administrative Agent, to confirm that it will comply with the terms of this Agreement relating to its obligations to fund prospective Loans and participations in then outstanding Letters of Credit and Swingline Loans, provided that such Lender shall cease to be a Defaulting Lender under this clause (c) upon receipt of such confirmation by the Administrative Agent, or (d) otherwise failed to pay over to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within three Business Days of the date when due, unless the subject of a good faith dispute; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any ownership interest in such Lender or a parent company thereof or the exercise of control over a Lender or parent company thereof by a Governmental Authority or instrumentality thereof.

“Disposition”: with respect to any property, any sale, lease, sale and leaseback, assignment, conveyance, transfer or other disposition thereof. The terms “Dispose” and “Disposed of” shall have correlative meanings.

“Documentation Agents”: as defined in the preamble hereto.

“Dollar Equivalent”: on any date of determination, (a) with respect to any amount denominated in Dollars, such amount, and (b) with respect to an amount denominated in any Optional Currency, the equivalent in Dollars of such amount determined by the Administrative Agent in accordance with normal banking industry practice using the Exchange Rate on the date of determination of such equivalent. In making any determination of the Dollar Equivalent (for purposes of calculating the amount of Loans to be borrowed from the respective Lenders on any date or for any other purpose), the Administrative Agent shall use the relevant Exchange Rate in effect on the date on which the Borrower or any Subsidiary Borrower delivers a request for Revolving Loans or on such other date upon which a Dollar Equivalent is required to be determined pursuant to the provisions of this Agreement. As appropriate, amounts specified herein as amounts in Dollars shall be or include any relevant Dollar Equivalent amount.

“Dollars” and “\$”: the lawful money of the United States.

“Domestic Subsidiary”: any Subsidiary of the Borrower organized under the laws of any jurisdiction within the United States.

“Domestic Subsidiary Borrower”: any Subsidiary Borrower which is a Domestic Subsidiary.

“Eligible Assets”: any of the following and any proceeds thereof: (a) assets (and interests in assets) that are of the type described as “assets under vehicle programs” in the consolidated financial statements of the Borrower and its Subsidiaries, dated December 31, 2005, which shall include, without limitation, vehicles, vehicle leases, fleet maintenance contracts, fleet management contracts, other service contracts, receivables generated by any of the foregoing and other asset servicing rights, and (b) equity interests or other securities issued by any Subsidiary or other Person issuing securities or incurring Indebtedness secured by, payable from or representing beneficial interests in, or holding title or ownership interests in, assets of the type described in clause (a) above or interests in such assets.

“Environmental Laws”: all laws, rules, orders, regulations, statutes, ordinances, codes, decrees, judgments, injunctions, notices or requirements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Materials of Environmental Concern or to health and safety matters, including without limitation, the Clean Water Act also known as the Federal Water Pollution Control Act (“FWPCA”) 33 U.S.C. § 1251 et seq., the Clean Air Act (“CAA”), 42 U.S.C. §§ 7401 et seq., the Federal Insecticide, Fungicide and Rodenticide Act (“FIFRA”), 7 U.S.C. §§ 136 et seq., the Surface Mining Control and Reclamation Act (“SMCRA”), 30 U.S.C. §§ 1201 et seq., the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), 42 U.S.C. § 9601 et seq., the Superfund Amendment and Reauthorization Act of 1986 (“SARA”), Public Law 99-499, 100 Stat. 1613, the Emergency Planning and Community Right to Know Act (“ECPCRKA”), 42 U.S.C. § 11001 et seq., the Resource Conservation and Recovery Act (“RCRA”), 42 U.S.C. § 6901 et seq., the Occupational Safety and Health Act as amended (“OSHA”), 29 U.S.C. § 655 and § 657, together, in each case, with any amendment thereto, and the regulations adopted and binding publications promulgated thereunder and all substitutions thereof.

“ERISA”: the Employee Retirement Income Security Act of 1974, as amended from time to time.

“Euro” and “€”: the official currency of the European Union.

“Eurocurrency Base Rate”: with respect to each day during each Interest Period pertaining to a Eurocurrency Loan, the rate per annum determined on the basis of the rate for deposits in Dollars or the applicable Optional Currency for a period equal to such Interest Period commencing on the first day of such Interest Period appearing on the applicable page of the Telerate screen as of 11:00 A.M., London time, two Business Days prior to the beginning of such Interest Period. In the event that such rate does not appear on such page of the Telerate screen (or otherwise on such screen), the “Eurocurrency Base Rate” shall be determined by reference to such other comparable publicly available service for displaying eurocurrency rates for the applicable Currency as may be selected by the Administrative Agent or, in the absence of such availability, by reference to the rate at which the Administrative Agent is offered Dollar deposits or deposits in the applicable Optional Currency at or about 11:00 A.M., New York City time, two Business Days prior to the beginning of such Interest Period in the London interbank eurocurrency for delivery on the first day of such Interest Period for the number of days comprised therein.

“Eurocurrency Loans”: Loans the rate of interest applicable to which is based upon the Eurocurrency Rate.

“Eurocurrency Rate”: with respect to each day during each Interest Period pertaining to a Eurocurrency Loan, a rate per annum determined for such day in accordance with the following formula (rounded upward to the nearest 1/100th of 1%):

$$\frac{\text{Eurocurrency Base Rate}}{1.00 - \text{Eurocurrency Reserve Requirements}}$$

; provided that with respect to any Eurocurrency Loan denominated in Euro or Pounds Sterling, the Eurocurrency Rate shall be the mean of the Eurocurrency Base Rate plus if applicable, as reasonably determined by the Administrative Agent in accordance with Schedule 1.1C, the Mandatory Costs; and provided further that the Eurocurrency Rate applicable to any Extended Term Loan shall, in any event, be at all times no less than 1.50%.

“Eurocurrency Reserve Requirements”: a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board and any other banking authority to which the Administrative Agent or any Lender is subject, for Eurocurrency Liabilities (as defined in Regulation D). Such reserve percentages shall include those imposed under Regulation D. Eurocurrency Loans shall be deemed to constitute Eurocurrency Liabilities and as such shall be deemed to be subject to such reserve requirements without benefit of or credit for proration, exceptions or offsets which may be available from time to time to any Lender under Regulation D. Eurocurrency Reserve Requirements shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“Eurocurrency Tranche”: the collective reference to Eurocurrency Loans under a particular Facility the then current Interest Periods with respect to all of which begin on the same date and end on the same later date (whether or not such Loans shall originally have been made on the same day).

“Event of Default”: any of the events specified in Section 8, provided that any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

“Excess Cash”: all cash and Cash Equivalents of the Borrower and its Subsidiaries at such time determined on a consolidated basis in accordance with GAAP in excess of \$25,000,000.

“Exchange Rate”: for any day with respect to any Optional Currency, the rate at which such Optional Currency may be exchanged into Dollars, as set forth at 11:00 A.M., London time, on such day on the applicable Reuters currency page with respect to such Optional Currency. In the event that such rate does not appear on the applicable Reuters currency page, the Exchange Rate with respect to such Optional Currency shall be determined by reference to such other publicly available service for displaying exchange rates as may be agreed upon by the Administrative Agent and the Borrower or, in the absence of such agreement, such Exchange Rate shall instead be the spot rate of exchange of the Administrative Agent in the London Interbank market or other market where its foreign currency exchange operations in respect of such Optional Currency are then being conducted, at or about 11:00 A.M., London time, on such day for the purchase of Dollars with such Optional Currency, for delivery two Business Days later; provided, however, that if at the time of any such determination, for any reason, no such spot rate is being quoted, the Administrative Agent may use any reasonable method it deems appropriate to determine such rate, and such determination shall be conclusive absent manifest error.

“Excluded Person”: as defined in the definition of “Subsidiary”.

“Excluded Subsidiary”: each Subsidiary listed on Schedule 1.1B and any other Subsidiary so long as the Borrower or any Subsidiary of the Borrower does not have the controlling authority under the organizational documents of such Excluded Subsidiary to incur Indebtedness on its behalf or grant Liens on its assets (other than purchase money security interests).

“Existing Letters of Credit”: as defined in Section 3.9.

“Extended Revolving Commitment”: with respect to any Extending Revolving Lender at any time, the portion of such Lender’s Revolving Commitment extended pursuant to the Second Amendment (including any increase thereof in connection with the Second Amendment).

“Extended Revolving Termination Date”: the date that is the earlier of (a) April 19, 2013 or (b) 91 calendar days prior to the Non-Extended Term Loan Maturity Date unless on such date, either (i) the principal amount of Term Loans (other than Extended Term Loans) that remain outstanding does not exceed \$75,000,000 or (ii) the Consolidated Leverage Ratio is not more than 4.00 to 1.00.

“Extended Term Loan”: with respect to any Extending Term Loan Lender at any time, the portion of such Lender’s outstanding Term Loan extended pursuant to the Second Amendment (including any increase thereof in connection with the Second Amendment).

“Extending Lenders”: the Extending Term Loan Lenders and Extending Revolving Lenders, individually or collectively, as the context may require.

“Extending Revolving Lender”: (a) any Revolving Lender who has agreed to extend all or a portion of its Revolving Commitment until the Extended Revolving Termination Date, (b) any Replacement Revolving Lender (as defined in the Second Amendment) or (c) any non-Extending Lender that has converted to become an Extending Revolving Lender pursuant to Section 6 of the Second Amendment. A Lender shall only be an Extending Revolving Lender (x) for the period from, as the case may be, the Second Amendment Effective Date, the date that it becomes a Replacement Revolving Lender or the date it converts to become an Extending Revolving Lender and (y) only with respect to its Extended Revolving Commitment and any Loans made by it thereunder.

“Extending Term Loan Lender”: (a) any Term Loan Lender who has agreed to extend all or a portion of its outstanding Term Loan until the Extended Term Loan Maturity Date, (b) any Replacement Term Loan Lender (as defined in the Second Amendment) or (c) any non-Extending Lender that has converted to become an Extending Term Loan Lender pursuant to Section 6 of the Second Amendment. A Lender shall only be an Extending Term Loan Lender (x) for the period from, as the case may be, the Second Amendment Effective Date, the date that it becomes a Replacement Term Loan Lender or the date it converts to become an Extending Term Loan Lender and (y) only with respect to the Extended Term Loans made by it thereunder.

“Extended Term Loan Maturity Date”: earlier of (a) April 19, 2014 or (b) 91 calendar days prior to the maturity of the Senior Unsecured Notes due May 15, 2014, if such Senior Unsecured Notes have not been repaid or refinanced by such date.

“Facility”: each of (a) the Term Commitments and the Term Loans made thereunder (the “Term Facility”) and (b) the Revolving Commitments and the extensions of credit made thereunder (the “Revolving Facility”).

“Federal Funds Effective Rate”: for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for the day of such transactions received by JPMorgan Chase Bank from three federal funds brokers of recognized standing selected by it.

“Fee Payment Date”: (a) the third Business Day following the last day of each March, June, September and December and (b) the last day of the Revolving Commitment Period.

“First Amendment Effective Date”: December 23, 2008.

“Fleet Financing Forecast”: the Borrower’s annual forecast of financing needs for its domestic rental car rental fleet (including detailed sources and uses), substantially in the form set forth in Section 1 of Annex A.

“Foreign Subsidiary”: any Subsidiary of the Borrower that is not a Domestic Subsidiary.

“Foreign Subsidiary Borrower”: any Subsidiary Borrower that is not a Domestic Subsidiary.

“Funding Office”: the office of the Administrative Agent specified in Section 10.2 or such other office as may be specified from time to time by the Administrative Agent as its funding office by written notice to the Borrower and the Lenders.

“GAAP”: generally accepted accounting principles in the United States as in effect from time to time.

“Governmental Authority”: any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, or any federal, state or municipal court, in each case whether of the United States or foreign.

“Group Members”: the collective reference to Holdings, the Borrower and their respective Subsidiaries.

“Guarantee and Collateral Agreement”: the Amended and Restated Guarantee and Collateral Agreement, dated as of the First Amendment Effective Date, as amended, modified or supplemented from time to time.

“Guarantee Obligation”: any obligation, contingent or otherwise, of the Person guaranteeing or having the economic effect of guaranteeing any Indebtedness of any other Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness (including reasonable fees and expenses related thereto) or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness; provided, however, that the amount of any Guarantee Obligation shall be limited to the extent necessary so that such amount does not exceed the value of the assets of such Person (as reflected on a consolidated balance sheet of such Person prepared in accordance with GAAP) to which any creditor or beneficiary of such Guarantee Obligation would have recourse. Notwithstanding the foregoing definition, the term “Guarantee Obligation” shall not include any direct or indirect obligation of a Person as a general partner of a general partnership or a joint venturer of a joint venture in respect of Indebtedness of such general partnership or joint venture, to the extent such Indebtedness is contractually non-recourse to the assets of such Person as a general partner or joint venturer (other than assets comprising the capital of such general partnership or joint venture). The term “Guarantee Obligation” shall not include endorsements for collection or deposit in the ordinary course of business.

“Guarantors”: the collective reference to Holdings and the Subsidiary Guarantors.

“Holdings”: as defined in the preamble hereto.

“Increased Amount Date”: is defined in Section 2.23.

“Incremental Commitment Agreement”: is defined in Section 2.23.

“Incremental Loan Commitments”: is defined in Section 2.23.

“Incremental Revolving Commitments”: is defined in Section 2.23.

“Incremental Revolving Lender”: is defined in Section 2.23.

“Incremental Revolving Loan”: is defined in Section 2.23.

“Incremental Term Loan”: is defined in Section 2.23.

“Incremental Term Loan Commitments”: is defined in Section 2.23.

“Incremental Term Loan Lender”: is defined in Section 2.23.

“Indebtedness”: of any Person at any date, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than current trade payables incurred in the ordinary course of such Person’s business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all Capital Lease Obligations of such Person, (f) all obligations of such Person, contingent or otherwise, as an account party or applicant under or in respect of acceptances, letters of credit, surety bonds or similar arrangements, (g) the liquidation value of all mandatorily redeemable preferred Capital Stock of such Person, (h) all Guarantee Obligations of such Person in respect of obligations of the kind referred to in clauses (a) through (g) above, (i) all obligations of the kind referred to in clauses (a) through (h) above secured by (or for which the holder of such obligation has an existing right, contingent or otherwise, to be secured by) any Lien on property (including accounts and contract rights) owned by such Person, whether or not such Person has assumed or become liable for the payment of such obligation, and (j) for the purposes of Section 8(e) only, all obligations of such Person in respect of Swap Agreements. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person’s ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness expressly provide that such Person is not liable therefor.

“Insolvency”: with respect to any Multiemployer Plan, the condition that such Plan is insolvent within the meaning of Section 4245 of ERISA.

“Insolvent”: pertaining to a condition of Insolvency.

“Intellectual Property”: the collective reference to all rights, priorities and privileges with respect to intellectual property, whether arising under United States, multinational or foreign laws or otherwise, including copyrights, copyright licenses, patents, patent licenses, trademarks, trademark licenses, technology, know-how and processes, and all rights to sue at law or in equity for any infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom.

“Interest Payment Date”: (a) as to any ABR Loan (other than any Swingline Loan), the last day of each March, June, September and December to occur while such Loan is outstanding and the final maturity date of such Loan, (b) as to any Eurocurrency Loan having an Interest Period of three months or less, the last day of such Interest Period, (c) as to any Eurocurrency Loan having an Interest Period longer than three months, each day that is three months, or a whole multiple thereof, after the first day of such

Interest Period and the last day of such Interest Period, (d) as to any Loan (other than any Revolving Loan that is an ABR Loan and any Swingline Loan), the date of any repayment or prepayment made in respect thereof and (e) as to any Swingline Loan, the day that such Loan is required to be repaid.

“Interest Period”: as to any Eurocurrency Loan, (a) initially, the period commencing on the borrowing or conversion date, as the case may be, with respect to such Eurocurrency Loan and ending one, two, three or six (or, if agreed to by all Lenders under the relevant Facility, nine or twelve) months thereafter, as selected by the Borrower or relevant Subsidiary Borrower in its notice of borrowing or notice of conversion, as the case may be, given with respect thereto; and (b) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurocurrency Loan and ending one, two, three or six (or, if agreed to by all Lenders under the relevant Facility, nine or twelve) months thereafter, as selected by the Borrower or relevant Subsidiary Borrower by irrevocable notice to the Administrative Agent not later than 12:00 Noon, New York City time, on the date that is three Business Days prior to the last day of the then current Interest Period with respect thereto; provided that, all of the foregoing provisions relating to Interest Periods are subject to the following:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;

(ii) the Borrower or relevant Subsidiary Borrower may not select an Interest Period under a particular Facility that would extend beyond the Revolving Termination Date or beyond the date final payment is due on the Term Loans;

(iii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month; and

(iv) the Borrower and any relevant Subsidiary Borrower shall select Interest Periods so as not to require a payment or prepayment of any Eurocurrency Loan during an Interest Period for such Loan.

“Investments”: as defined in Section 7.7.

“Issuing Lender”: JPMorgan Chase Bank or any affiliate thereof and such other Lenders or affiliates thereof as may be designated in writing by the Borrower which agree in writing to act as such in accordance with the terms hereof and are reasonably acceptable to the Administrative Agent (including the issuer of any Existing Letters of Credit), in the capacity as issuer of any Letter of Credit.

“Joinder Agreement”: is defined in Section 10.1.

“JPMorgan Chase Bank”: JPMorgan Chase Bank, N.A.

“judgment currency”: as defined in Section 10.13.

“L/C Obligations”: at any time, an amount equal to the sum of (a) the aggregate then undrawn and unexpired amount of the then outstanding Letters of Credit and (b) the aggregate amount of drawings under Letters of Credit that have not then been reimbursed pursuant to Section 3.5.

“L/C Participants”: the collective reference to all the Revolving Lenders other than the Issuing Lender.

“Lenders”: as defined in the preamble hereto; provided, that unless the context otherwise requires, each reference herein to the Lenders shall be deemed to include any Conduit Lender.

“Letter of Credit Facilities”: the Cendant letter of credit facilities, dated as of July 2, 2004, as such agreements may be amended, supplemented and amended and restated from time to time.

“Letters of Credit”: as defined in Section 3.1(a).

“Lien”: with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset and (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset.

“Loan”: any loan made by any Lender pursuant to this Agreement.

“Loan Documents”: this Agreement, the Security Documents, the Notes and any amendment, waiver, supplement or other modification to any of the foregoing.

“Loan Parties”: each Group Member that is a party to a Loan Document.

“Majority Facility Lenders”: with respect to any Facility, the holders of more than 50% of the aggregate unpaid principal amount of the Term Loans or the Total Revolving Extensions of Credit, as the case may be, outstanding under such Facility (or, in the case of the Revolving Facility, prior to any termination of the Revolving Commitments, the holders of more than 50% of the Total Revolving Commitments).

“Material Acquisition”: as defined in the definition of “Consolidated EBITDA”.

“Material Adverse Effect”: any event, development or circumstance that has had or could reasonably be expected to have a material adverse effect on (i) the business, operations, property or condition (financial or otherwise) of the Borrower and its Subsidiaries taken as a whole (it being understood that a bankruptcy filing by, or change in the actual or perceived credit quality of, or work stoppage affecting any “big three” auto manufacturer shall not constitute a Material Adverse Effect so long as such “big three” auto manufacturer has not failed to perform its material performance obligations owed to the Borrower or any of its Subsidiaries) or (ii) the validity or enforceability of this Agreement or any of the other Loan Documents or the rights and remedies of the Administrative Agent or the Lenders hereunder or thereunder; provided that on the date of making the initial extensions of credit under this Agreement, “Material Adverse Effect” shall mean any event, development or circumstance that has had or could reasonably be expected to have a material adverse effect on the business, operations, property or condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole, excluding in any case, any event, development or circumstance resulting from (A) general changes or developments (other than those resulting from acts of terrorism, war or armed hostilities) in the vehicle rental industry or in the general economy (except to the extent such changes or developments have a disproportionate adverse effect on the Borrower and its Subsidiaries, taken as a whole, relative to other participants in the vehicle rental industry), (B) normal seasonal changes in the results of operations of the Borrower and its Subsidiaries, (C) the announcement of the Spin-Off Transactions and the consummation of the transactions contemplated thereby, (D) changes in accounting requirements or principles or any changes in applicable laws or interpretations thereof, or (E)

any failure in and of itself by the Borrower or any of its Subsidiaries to meet any estimates of revenues or earnings or other financial performance for any period (it being agreed that the facts and circumstances giving rise to such failure may be taken into account in determining whether there has been a Material Adverse Effect); provided that a bankruptcy filing by, or change in the actual or perceived credit quality of, or work stoppage affecting any “big three” auto manufacturer shall not constitute a Material Adverse Effect so long as such “big three” auto manufacturer has not failed to perform its material performance obligations owed to the Borrower or any of its Subsidiaries.

“Material Disposition”: as defined in the definition of “Consolidated EBITDA”.

“Materials of Environmental Concern”: all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

“Maximum Facilities Amount”: as defined in Section 2.23.

“Moody’s”: Moody’s Investors Service, Inc.

“Mortgaged Properties”: the real properties listed on Schedule 1.1F, as to which the Administrative Agent for the benefit of the Lenders shall be granted a Lien pursuant to the Mortgages.

“Mortgages”: each of the mortgages and deeds of trust made by any Loan Party in favor of, or for the benefit of, the Administrative Agent for the benefit of the Lenders, substantially in the form of Exhibit H (with such changes thereto as the Administrative Agent may approve or as shall be advisable under the law of the jurisdiction in which such mortgage or deed of trust is to be recorded).

“Multiemployer Plan”: a Plan that is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

“Net Cash Proceeds”: (a) in connection with any Asset Sale or any Recovery Event, the proceeds thereof in the form of cash and Cash Equivalents (including any such proceeds received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise, but only as and when received), net of attorneys’ fees, accountants’ fees, investment banking fees, amounts required to be applied to the repayment of Indebtedness secured by a Lien expressly permitted hereunder on any asset that is the subject of such Asset Sale or Recovery Event (other than any Lien pursuant to a Security Document) and other customary fees and expenses actually incurred in connection therewith and net of taxes paid or reasonably estimated to be payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements, to the extent such tax credits or deductions or tax sharing arrangements are utilized) and (b) in connection with any issuance or sale of Capital Stock or any incurrence of Indebtedness, the cash proceeds received from such issuance or incurrence, net of attorneys’ fees, investment banking fees, accountants’ fees, underwriting discounts and commissions and other customary fees and expenses actually incurred in connection therewith.

“New Zealand Dollars” and “NZ\$”: the lawful money of New Zealand.

“Non-Excluded Taxes”: as defined in Section 2.19(a).

“Non-Extended Term Loan”: any Term Loan or portion thereof not extended pursuant to the Second Amendment.

“Non-Extended Revolving Commitment”: any Revolving Commitment or portion thereof not extended pursuant to the Second Amendment.

“Non-Extended Revolving Termination Date”: April 19, 2011.

“Non-Extended Term Loan Maturity Date”: April 19, 2012.

“Non-U.S. Lender”: as defined in Section 2.19(d).

“Notes”: the collective reference to any promissory note evidencing Loans.

“Obligations”: the unpaid principal of and interest on (including interest accruing after the maturity of the Loans and Reimbursement Obligations and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrower or any Subsidiary Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Loans and all other obligations and liabilities of the Borrower and each Subsidiary Borrower to any Agent or Lender (or, in the case of Specified Swap Agreements and Specified Cash Management Agreements, any affiliate of any Agent or Lender, in each case, at the time such agreement was entered into), whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, any other Loan Document, the Letters of Credit, any Specified Swap Agreement, any Specified Cash Management Agreement or any other document made, delivered or given in connection herewith or therewith, whether on account of principal, interest, reimbursement obligations, swap coupon or termination payments, fees or indemnities, or reasonable out-of-pocket costs or expenses (including reasonable out-of-pocket fees, charges and disbursements of counsel to the Administrative Agent or to any Lender that are required to be paid by the Borrower or any Subsidiary Borrower pursuant hereto) or otherwise.

“OID”: is defined in Section 2.23.

“Optional Currency”: at any time, Australian Dollars, Canadian Dollars, Euro, New Zealand Dollars, Pounds Sterling and such other currencies which are convertible into Dollars and are freely traded and available in the London interbank eurocurrency market.

“original currency”: as defined in Section 10.13.

“Other Taxes”: any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document.

“Parent”: each of Cendant, Cendant Financing Holding Company, LLC and any other direct or indirect parent of Holdings and the Borrower.

“Parent Expenses”: (i) costs (including all professional fees and expenses) incurred by any Parent in connection with its reporting obligations under, or in connection with compliance with, applicable laws or applicable rules of any applicable laws or applicable rules of any governmental, regulatory or self-regulatory body or stock exchange, the Senior Unsecured Note Indenture, or any other agreement or

instrument relating to Indebtedness of the Borrower or any Subsidiary Guarantor, including in respect of any reports filed with respect to the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or the respective rules and regulations promulgated thereunder, (ii) an aggregate amount not to exceed \$5,000,000 in any fiscal year to permit any Parent to pay its corporate overhead expenses incurred in the ordinary course of business, and to pay salaries or other compensation of employees who perform services for any Parent or for such Parent and the Borrower, provided that Cendant allocates such overhead among its Subsidiaries in conformity with clause (vi) of this paragraph, (iii) expenses incurred by any Parent in connection with the acquisition, development, maintenance, ownership, prosecution, protection and defense of its Intellectual Property and associated rights to the extent such Intellectual Property and associated rights relate to the business or businesses of the Borrower or any Subsidiary, (iv) indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person, (v) other operational and tax expenses of any Parent attributable to or incurred on behalf of Holdings, the Borrower and its Subsidiaries in the ordinary course of business, including reimbursement obligations under the Letter of Credit Facilities and including obligations in respect of director and officer insurance (including premiums therefor); provided, that following the completion of the Spin-Off Transactions, all operational and tax expenses of any Parent are deemed to be attributable to or incurred on behalf of the Borrower if the Borrower's and its Subsidiaries' activities represent substantially all of the operating activities of such Parent and all of its Subsidiaries, (vi) prior to the completion of the Spin-Off Transactions, general corporate overhead expenses allocated in conformity with past practices of the Borrower or as applied to other Subsidiaries of Cendant (or, if applicable, to former Subsidiaries of Cendant), and (vii) fees and expenses incurred by any Parent in connection with any offering of Capital Stock or Indebtedness, (x) where the net proceeds of such offering are intended to be received by or contributed or loaned to the Borrower or any Subsidiary Guarantor, or (y) in a prorated amount of such expenses in proportion to the amount of such net proceeds intended to be so received, contributed or loaned, or (z) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Borrower or the relevant Subsidiary Guarantor out of the proceeds of such offering promptly if completed.

"Participant": as defined in Section 10.6(c).

"PBG": the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA (or any successor).

"Permitted Acquisition": an acquisition or any series of related acquisitions by a Loan Party (including any merger where such Loan Party (or a Subsidiary that becomes a Loan Party) is the surviving entity) of (a) all or substantially all of the assets or a majority of the outstanding Capital Stock of any Person or (b) any division, line of business or other business unit of any Person (such Person or such division, line of business or other business unit of such Person shall be referred to herein as the "Target"), in each case that is a type of business (or assets used in a type of business) permitted to be engaged in by the Borrower and its Subsidiaries pursuant to Section 7.13, so long as (i) no Default or Event of Default shall then exist or would exist after giving effect thereto, (ii) the Borrower shall demonstrate to the reasonable satisfaction of the Administrative Agent (which calculations and information provided to the Administrative Agent shall be made available to the Lenders) that, after giving effect to the acquisition on a pro forma basis, the Borrower is in compliance with each of the financial covenants set forth in Section 7.1 as of the most recently ended fiscal quarter for which financial statements have been delivered hereunder, (iii) the Administrative Agent, on behalf of the Lenders, shall have received (or shall receive in connection with the closing of such acquisition) a first priority perfected security interest, subject only to Permitted Liens, in Collateral described in the Guarantee and Collateral Agreement (including, without limitation, Capital Stock) acquired with respect to the Target in accordance with the terms of Section 6.9 and the Target, if a Person that has not merged with any Loan Party, shall have taken such actions as are required of it under Section 6.9 and (iv) such acquisition shall not be a "hostile" acquisition and shall have been approved by the Board of Directors and/or shareholders of the applicable Loan Party and the Target.

“Permitted Lien”: any Lien permitted by Section 7.3.

“Permitted Refinancing”: any Indebtedness or Capital Stock issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness; provided that:

(i) the principal amount (or accreted value, if applicable) of such Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (plus all accrued interest thereon and the amount of all fees, expenses and premiums incurred in connection therewith);

(ii) such Indebtedness has a final maturity date later than the final maturity date of, and has a weighted average life to maturity equal to or greater than the weighted average life to maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and

(iii) such Indebtedness is incurred by the obligor (or obligors) on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded.

“Person”: an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

“Plan”: at a particular time, any employee benefit plan that is covered by ERISA and in respect of which the Borrower or a Commonly Controlled Entity is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“Pounds Sterling” and “£”: the lawful money of the United Kingdom.

“Pricing Grid”: the table set forth below (in basis points):

<u>Level</u>	<u>Specified Rating</u>	<u>Applicable Margin Eurodollar Loans</u>	<u>Applicable Margin ABR Loans</u>
Level I	³ Ba3 from Moody’s and ³ BB- from S&P	3.75%	2.75%
Level II	B1 from Moodys’s and B+ from S&P	4.00%	3.00%
Level III	<B1 from Moody’s and <B+ from S&P	4.50%	3.50%

In the event the Specified Rating assigned by Moody’s is not equivalent to the Specified Rating assigned by S&P, the lower of the two Specified Ratings will determine the Applicable Margin, unless the Specified Ratings are two or more levels apart, in which case the Applicable Margin shall be based on Level II so long as the lower Specified Rating is at least B1 from Moody’s or B+ from S&P. In the event either

Moody's or S&P shall cease to assign a Specified Rating, then the Applicable Margin shall be based on Level III. Any change in the Applicable Margin determined in accordance with the foregoing table shall become effective on the date of announcement or publication by the Borrower or either rating agency of any change in the Specified Ratings or, in the absence of such announcement or publication, on the effective date of such change in the Specified Ratings.

“Pro Forma Balance Sheet”: as defined in Section 4.1(a).

“Properties”: the facilities and properties owned, leased or operated by any Group Member.

“Recourse Vehicle Indebtedness”: Indebtedness (i) secured by, payable from or representing beneficial interests in Eligible Assets or (ii) that is unsecured, the proceeds of which are used, directly or indirectly, to purchase Eligible Assets, which provides for recourse to the Borrower or any Subsidiary (other than a Securitization Entity); provided that Recourse Vehicle Indebtedness shall not include any Indebtedness of the Borrower and Avis Budget Finance in respect of the Senior Unsecured Notes and any Permitted Refinancing thereof.

“Recovery Event”: any settlement of or payment in a principal amount greater than \$15,000,000 in respect of any property or casualty insurance claim or any condemnation proceeding relating to any asset of any Loan Party.

“Reference Period”: as defined in the definition of “Consolidated EBITDA”.

“Refunded Swingline Loans”: as defined in Section 2.7.

“Register”: as defined in Section 10.6(b).

“Regulation S-X”: Regulation S-X, promulgated pursuant to the Securities Act of 1933, as such Regulation is in effect on the date hereof.

“Regulation U”: Regulation U of the Board as in effect from time to time.

“Reimbursement Obligation”: the obligation of the Borrower or relevant Subsidiary Borrower to reimburse the Issuing Lender pursuant to Section 3.5 for amounts drawn under Letters of Credit.

“Reinvestment Deferred Amount”: with respect to any Reinvestment Event, the aggregate Net Cash Proceeds received by any Loan Party in connection therewith that are not applied to prepay the Term Loans or reduce the Revolving Commitments pursuant to Section 2.11(b) as a result of the delivery of a Reinvestment Notice.

“Reinvestment Event”: any Asset Sale or Recovery Event in respect of which the Borrower has delivered a Reinvestment Notice.

“Reinvestment Notice”: a written notice executed by a Responsible Officer stating that no Event of Default has occurred and is continuing and that the Borrower (directly or indirectly through a Subsidiary) intends and expects to use all or a specified portion of the Net Cash Proceeds of an Asset Sale or Recovery Event to acquire or repair assets useful in its business.

“Reinvestment Prepayment Amount”: with respect to any Reinvestment Event, the Reinvestment Deferred Amount relating thereto less any amount expended prior to the relevant Reinvestment Prepayment Date to acquire or repair assets useful in the Borrower’s business.

“Reinvestment Prepayment Date”: with respect to any Reinvestment Event, the earlier of (a) the date occurring six months after such Reinvestment Event and (b) the date on which the Borrower shall have determined not to, or shall have otherwise ceased to, acquire or repair assets useful in the Borrower’s business with all or any portion of the relevant Reinvestment Deferred Amount.

“Related Eligible Assets”: Eligible Assets that secure or are the direct or indirect source of payment for AESOP Indebtedness, Securitization Indebtedness or Recourse Vehicle Indebtedness.

“Related Taxes”: any and all Taxes required to be paid by the Borrower or any Parent other than Taxes directly attributable to (i) the income of any entity other than any Parent, Holdings, the Borrower or any of its Subsidiaries, (ii) owning the Capital Stock of any corporation or other entity other than any Parent, Holdings, the Borrower or any of its Subsidiaries or (iii) withholding taxes on payments actually made by any Parent other than to any other Parent, Holdings, the Borrower or any of its Subsidiaries.

“Reorganization”: with respect to any Multiemployer Plan, the condition that such plan is in reorganization within the meaning of Section 4241 of ERISA.

“Replaced Term Loan”: as defined in Section 10.1(b).

“Replacement Term Loan”: as defined in Section 10.1(b).

“Reportable Event”: any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the thirty day notice period is waived under subsections .27, .28, .29, .30, .31, .32, .34 or .35 of PBGC Reg. § 4043.

“Required Lenders”: at any time, the holders of more than 50% of (a) until the Closing Date, the Commitments then in effect and (b) thereafter, the sum of (i) the aggregate unpaid principal amount of the Term Loans then outstanding and (ii) the Total Revolving Commitments then in effect or, if the Revolving Commitments have been terminated, the Total Revolving Extensions of Credit then outstanding.

“Requirements of Law”: as to any Person, the Certificate of Incorporation and By-Laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court of competent jurisdiction or other Governmental Authority, in each case applicable to and binding upon such Person and any of its property, and to which such Person and any of its property is subject.

“Responsible Officer”: the chief executive officer, president, chief accounting officer, chief financial officer, treasurer or assistant treasurer of the Borrower.

“Restricted Payments”: as defined in Section 7.6.

“Revolving Commitment”: as to any Lender, the obligation of such Lender, if any, to make Revolving Loans and participate in Swingline Loans and Letters of Credit in an aggregate principal and/or face amount not to exceed the amount set forth under the heading “Revolving Commitment” opposite such Lender’s name on Schedule 1.1A or in the Assignment and Assumption pursuant to which

such Lender became a party hereto, as the same may be changed from time to time pursuant to the terms hereof. The amount of the Extended Revolving Commitment and the Non-Extended Revolving Commitment of such Lender after the Second Amendment Effective date is set forth in Schedule 2.

“Revolving Commitment Period”: the period from and including the Closing Date to the Revolving Termination Date.

“Revolving Extensions of Credit”: as to any Revolving Lender at any time, an amount equal to the sum of (a) the Dollar Equivalent of the aggregate principal amount of all Revolving Loans held by such Lender then outstanding, (b) the Dollar Equivalent of such Lender’s Revolving Percentage of the L/C Obligations then outstanding and (c) such Lender’s Revolving Percentage of the aggregate principal amount of Swingline Loans then outstanding.

“Revolving Lender”: each Lender that has a Revolving Commitment or that holds Revolving Loans.

“Revolving Loans”: as defined in Section 2.4(a).

“Revolving Percentage”: as to any Revolving Lender at any time, the percentage which such Lender’s Revolving Commitment then constitutes of the Total Revolving Commitments or, at any time after the Revolving Commitments shall have expired or terminated, the percentage which the aggregate principal amount of such Lender’s Revolving Loans then outstanding constitutes of the aggregate principal amount of the Revolving Loans then outstanding, provided, that, in the event that the Revolving Loans are paid in full prior to the reduction to zero of the Total Revolving Extensions of Credit, the Revolving Percentages shall be determined in a manner designed to ensure that the other outstanding Revolving Extensions of Credit shall be held by the Revolving Lenders on a comparable basis.

“Revolving Termination Date”: (a) with respect to Revolving Commitments other than Extended Revolving Commitments, the Non-Extended Revolving Termination Date and (b) with respect to Extended Revolving Commitments, the Extended Revolving Termination Date.

“S&P”: Standard & Poor’s Ratings Group.

“SEC”: the Securities and Exchange Commission, any successor thereto and any analogous Governmental Authority.

“Second Amendment”: the Second Amendment to this Agreement, dated as of March 10, 2010, among Holdings, Borrower, the Extending Term Loan Lenders, the Extending Revolving Lenders and the Amending Non-Extending Lenders party thereto.

“Second Amendment Effective Date”: the date on which all the conditions set forth in Section 10 of the Second Amendment are satisfied.

“Securitization Entity”: any Subsidiary or other Person (a) engaged solely in the business of effecting asset securitization transactions and related activities or (b) whose primary purpose is to hold title or ownership interests in Eligible Assets, it being understood that each Canadian Securitization entity, shall be deemed to be a Securitization Entity.

“Securitization Indebtedness”: Indebtedness incurred by or attributable to a Securitization Entity that does not permit or provide for recourse (other than Standard Securitization Undertakings) to the Borrower or any Subsidiary of the Borrower (other than a Securitization Entity or a Foreign Subsidiary

organized under the laws of Canada) or any property or asset of the Borrower or any Subsidiary of the Borrower (other than the property or assets of, or any equity interests or other securities issued by, a Securitization Entity or a Foreign Subsidiary organized under the laws of Canada).

“Security Documents”: the collective reference to the Guarantee and Collateral Agreement, the Mortgages and all other security documents hereafter delivered to the Administrative Agent granting a Lien on any property of any Person to secure the obligations and liabilities of any Loan Party under any Loan Document.

“Senior Unsecured Note Indenture”: the Indenture entered into by the Borrower and Avis Budget Finance in connection with the issuance of the Senior Unsecured Notes, together with all instruments and other agreements entered into by the Borrower, Avis Budget Finance and any other Subsidiary of the Borrower in connection therewith.

“Senior Unsecured Notes”: (i) the 7.625% senior notes of the Borrower and Avis Budget Finance due 2014, (ii) the 7.75% senior notes of the Borrower and Avis Budget Finance due 2016 and (iii) the floating rate senior notes of the Borrower and Avis Budget Finance due 2014 issued pursuant to the Senior Unsecured Note Indenture.

“Separation Agreement”: as described on Schedule 1.1D.

“Significant Subsidiary”: any Subsidiary that would be a “significant subsidiary” as defined in Article 1, Rule 1-02 of Regulation S-X.

“Single Employer Plan”: any Plan that is covered by Title IV of ERISA, but that is not a Multiemployer Plan.

“Specified Cash Management Agreement”: any agreement providing for treasury, depository or cash management services, including in connection with any automated clearing house transfers of funds or any similar transactions between the Borrower or any Guarantor and any Lender or affiliate thereof or any Agent or affiliate thereof, which has been designated by such Lender and the Borrower, by notice to the Administrative Agent not later than 90 days after the execution and delivery by the Borrower or such Guarantor, as a “Specified Cash Management Agreement”.

“Specified Ratings”: the corporate credit rating assigned by Moody’s and the corporate issuer rating assigned by S&P, in each case, with respect to the Borrower. In the event that either Moody’s or S&P places the Borrower’s corporate credit rating on “Watchlist” for a possible downgrade in the case of Moody’s or the Borrowers’ corporate issuer rating on “CreditWatch” with negative implications in the case of S&P (or, in each case, any successor, replacement or analogous list) the Specified Rating from such rating agency shall be the next lower rating below the then corporate credit rating or the corporate issuer rating, as the case may be, of the Borrower assigned by such rating agency.

“Specified Swap Agreement”: any Swap Agreement entered into by the Borrower or any Guarantor and any counterparty that at the time such Swap Agreement was entered into was an Agent, Lender or affiliate thereof, to hedge or mitigate its risk with respect to interest rates, currency exchange rates or commodity prices, including, without limitation, Swap Agreements entered into by such parties with respect to AESOP Indebtedness, Recourse Vehicle Indebtedness or Securitization Indebtedness.

“Spin-Off Transactions”: the separation of Cendant as contemplated by the Separation Agreement.

“Standard Securitization Undertakings”: representations, warranties (and any related repurchase obligations), servicer obligations, guaranties, covenants and indemnities entered into by the Borrower or any Subsidiary of the Borrower of a type that are reasonably customary in securitizations.

“Subsidiary”: (a) with respect to any Person, any corporation, association, joint venture, partnership, limited liability company or other business entity (whether now existing or hereafter organized) of which at least a majority of the voting stock or other ownership interests having ordinary voting power for the election of directors (or the equivalent) is, at the time as of which any determination is being made, owned or controlled by such Person or one or more subsidiaries of such Person or by such Person and one or more subsidiaries of such Person or (b) any partnership where more than 50% of the general partners of such partnership are owned or controlled, directly or indirectly, by (i) such Person and/or (ii) one or more Subsidiaries of such Person. Unless otherwise qualified, all references to a “Subsidiary” or to “Subsidiaries” in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower; provided, that, at Borrower’s election, any Person in which an investment is made pursuant to Section 7.7(p) shall, so long as such investment is maintained in reliance on such Section, not be a “Subsidiary” of the Borrower for any purpose of this Agreement (other than Section 6.1) (each such Person referred to in this proviso being an “Excluded Person”); provided, further, that Borrower may elect to designate any Excluded Person as a “Subsidiary” at any time, upon which such Excluded Person shall be a “Subsidiary” for all purposes of this Agreement and be required to comply with all requirements applicable to such Subsidiary herein.

“Subsidiary Borrower”: any Subsidiary of the Borrower that becomes a party hereto pursuant to Section 10.1(c)(i) until such time as such Subsidiary Borrower is removed as a party hereto pursuant to Section 10.1(c)(ii).

“Subsidiary Guarantor”: each Subsidiary of the Borrower other than any Foreign Subsidiary, Excluded Subsidiary or Securitization Entity.

“Swap Agreement”: any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Borrower or any of its Subsidiaries shall be a “Swap Agreement”.

“Swingline Commitment”: the obligation of the Swingline Lender to make Swingline Loans pursuant to Section 2.6 in an aggregate principal amount at any one time outstanding not to exceed \$50,000,000.

“Swingline Lender”: JPMorgan Chase Bank, in its capacity as the lender of Swingline Loans.

“Swingline Loans”: as defined in Section 2.6.

“Swingline Participation Amount”: as defined in Section 2.7.

“Syndication Agent”: as defined in the preamble hereto.

“Target”: as defined in the definition of “Permitted Acquisition”.

“Tax Sharing Agreement”: as described on Schedule 1.1E.

“Taxes” means any taxes, charges or assessments, including but not limited to income, sales, use, transfer, rental, ad valorem, value-added, stamp, property consumption, franchise, license, capital, net worth, gross receipts, excise, occupancy, intangibles or similar tax, charges or assessments.

“Term Commitment”: as to any Lender, the obligation of such Lender, if any, to make a Term Loan to the Borrower in a principal amount not to exceed the amount set forth under the heading “Term Commitment” opposite such Lender’s name on Schedule 1.1A.

“Term Lender”: each Lender that has a Term Commitment or holds a Term Loan.

“Term Loans”: as defined in Section 2.1.

“Term Percentage”: as to any Term Lender at any time, (i) in the case of Extended Term Loans, the percentage which the aggregate principal amount of such Lender’s Extended Term Loans then outstanding constitutes of the aggregate principal amount of the Extended Term Loans then outstanding and (ii) in the case of the Non-Extended Term Loans, the percentage which the aggregate principal amount of such Lender’s Non-Extended Term Loans then outstanding constitutes of the aggregate principal amount of the Non-Extended Term Loans then outstanding.

“Total Revolving Commitments”: at any time, the aggregate amount of the Revolving Commitments then in effect.

“Total Revolving Extensions of Credit”: at any time, the aggregate amount of the Revolving Extensions of Credit of the Revolving Lenders outstanding at such time.

“Transferee”: any Assignee or Participant.

“Type”: as to any Loan, its nature as an ABR Loan or a Eurocurrency Loan.

“United States”: the United States of America.

“Wholly Owned Subsidiary”: as to any Person, any other Person all of the Capital Stock of which (other than directors’ qualifying shares required by law) is owned by such Person directly and/or through other Wholly Owned Subsidiaries.

“WTH Funding LP”: WTH Funding Limited Partnership, an Ontario limited partnership, and any successor special purpose entity formed for the purpose of engaging in vehicle financings in Canada.

1.2 Other Definitional Provisions (a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in the other Loan Documents or any certificate or other document made or delivered pursuant hereto or thereto.

(b) As used herein and in the other Loan Documents, and any certificate or other document made or delivered pursuant hereto or thereto,

(i) accounting terms relating to any Group Member not defined in Section 1.1 and accounting terms partly defined in Section 1.1, to the extent not defined, shall have the respective meanings given to them under GAAP, (ii) the words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”, (iii) the word “incur” shall be construed to mean incur, create, issue, assume, become liable in respect of or suffer to exist (and the

words “incurred” and “incurrence” shall have correlative meanings), (iv) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, Capital Stock, securities, revenues, accounts, leasehold interests and contract rights, and (v) references to agreements or other Contractual Obligations shall, unless otherwise specified, be deemed to refer to such agreements or Contractual Obligations as amended, supplemented, restated or otherwise modified from time to time.

(c) The words “hereof”, “herein” and “hereunder” and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(d) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

SECTION 2. AMOUNT AND TERMS OF COMMITMENTS

2.1 Term Commitments. Subject to the terms and conditions hereof, each Term Lender severally agrees to make a term loan (a “Term Loan”) in Dollars to the Borrower on the Closing Date in an amount not to exceed the amount of the Term Commitment of such Lender. The Term Loans may from time to time be Eurocurrency Loans or ABR Loans, as determined by the Borrower and notified to the Administrative Agent in accordance with Sections 2.2 and 2.12.

2.2 Procedure for Term Loan Borrowing. The Borrower shall give the Administrative Agent irrevocable notice (which notice must be received by the Administrative Agent prior to (a) 12:00 Noon, New York City time, three Business Days prior to the anticipated Closing Date, in the case of Eurocurrency Loans, or (b) 10:00 A.M., New York City time, on the day of the anticipated Closing Date, in the case of ABR Loans) requesting that the Term Lenders make the Term Loans on the Closing Date and specifying the amount to be borrowed. Upon receipt of such notice the Administrative Agent shall promptly notify each Term Lender thereof. Not later than 12:00 Noon, New York City time, on the Closing Date each Term Lender shall make available to the Administrative Agent at the Funding Office an amount in immediately available funds equal to the Term Loan or Term Loans to be made by such Lender. The Administrative Agent shall credit the account of the Borrower on the books of such office of the Administrative Agent with the aggregate of the amounts made available to the Administrative Agent by the Term Lenders in immediately available funds.

2.3 Repayment of Term Loans. (a) The Non-Extended Term Loans shall be repayable on each date set forth below in an amount equal to such Non-Extending Term Loan Lender's Term Percentage multiplied by the amount set forth below opposite such date, subject to reduction pursuant to Section 2.17(b):

<u>Installment</u>	<u>Principal Amount</u>
April 30, 2010	\$ 146,654.38
July 30, 2010	\$ 146,654.38
October 29, 2010	\$ 146,654.38
January 31, 2011	\$ 146,654.38
April 29, 2011	\$ 146,654.38
July 29, 2011	\$ 146,654.38
October 31, 2011	\$ 146,654.38
January 31, 2012	\$ 146,654.38
Non-Extended Term Loan Maturity Date	\$50,847,169.57

(b) The Extended Term Loans shall be repayable on each date set forth below in an amount equal to such Extending Term Loan Lender's Term Percentage multiplied by the amount set forth below opposite such date, subject to reduction pursuant to Section 2.17(b):

<u>Installment</u>	<u>Principal Amount</u>
April 30, 2010	\$ 769,012.15
July 30, 2010	\$ 769,012.15
October 29, 2010	\$ 769,012.15
January 31, 2011	\$ 769,012.15
April 29, 2011	\$ 769,012.15
July 29, 2011	\$ 769,012.15
October 31, 2011	\$ 769,012.15
January 31, 2012	\$ 769,012.15
April 30, 2012	\$ 769,012.15
July 31, 2012	\$ 769,012.15
October 31, 2012	\$ 769,012.15
January 31, 2013	\$ 769,012.15
April 30, 2013	\$ 769,012.15
July 31, 2013	\$ 769,012.15
October 31, 2013	\$ 769,012.15
January 31, 2014	\$ 769,012.15
Extended Term Loan Maturity Date	\$ 260,475,400.97

2.4 Revolving Commitments. (a) Subject to the terms and conditions hereof, each Revolving Lender severally agrees to make revolving credit loans ("Revolving Loans") in Dollars and in any Optional Currency to the Borrower or any Subsidiary Borrower from time to time during the Revolving Commitment Period in an aggregate principal amount at any one time outstanding which, when added to such Lender's Revolving Percentage of the sum of the Dollar Equivalent of (i) the L/C Obligations then outstanding and (ii) the aggregate principal amount of the Swingline Loans then outstanding, does not exceed the amount of such Lender's Revolving Commitment. During the Revolving Commitment Period the Borrower and any Subsidiary Borrower may use the Revolving Commitments by borrowing, prepaying

the Revolving Loans in whole or in part, and reborrowing, all in accordance with the terms and conditions hereof. The Revolving Loans may from time to time be Eurocurrency Loans or ABR Loans, as determined by the Borrower or any Subsidiary Borrower and notified to the Administrative Agent in accordance with Sections 2.5 and 2.12. ABR Loans shall be denominated only in Dollars.

(b) The Borrower and any relevant Subsidiary Borrower shall repay all outstanding Revolving Loans on the Revolving Termination Date.

2.5 Procedure for Revolving Loan Borrowing. The Borrower and any Subsidiary Borrower may borrow under the Revolving Commitments during the Revolving Commitment Period on any Business Day, provided that the Borrower or the relevant Subsidiary Borrower shall give the Administrative Agent irrevocable notice (which notice must be received by the Administrative Agent prior to (a) 12:00 Noon, New York City time, three Business Days prior to the requested Borrowing Date, in the case of Eurocurrency Loans, or (b) 12:00 Noon, New York City Time, on the date of the proposed borrowing, in the case of ABR Loans) (provided that any such notice of a borrowing of ABR Loans under the Revolving Facility to finance payments required by Section 3.5 may be given not later than 12:00 Noon, New York City time, on the date of the proposed borrowing), specifying (i) the amount and Type of Revolving Loans to be borrowed, (ii) the requested Borrowing Date and (iii) in the case of Eurocurrency Loans, the respective amounts of each such Type of Loan, the Currency with respect thereto and the respective lengths of the initial Interest Period therefor. If no election as to the Type of a Revolving Loan is specified in any such notice, then the requested borrowing shall be an ABR Loan. If no Currency with respect to any Eurocurrency Loans is specified in any such notice, then the Borrower or the relevant Subsidiary Borrower shall be deemed to have requested a borrowing in Dollars. If no Interest Period with respect to any Eurocurrency Loan is specified in any such notice, then the Borrower or the relevant Subsidiary Borrower shall be deemed to have selected an Interest Period of one month's duration. Each borrowing under the Revolving Commitments shall be in an amount equal to (x) in the case of ABR Loans, \$1,000,000 or a whole multiple thereof (or, if the then aggregate Available Revolving Commitments are less than \$1,000,000, such lesser amount) and (y) in the case of Eurocurrency Loans, \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof; provided, that the Swingline Lender may request, on behalf of the Borrower or any Subsidiary Borrower, borrowings under the Revolving Commitments that are ABR Loans in other amounts pursuant to Section 2.7. Upon receipt of any such notice from the Borrower or any Subsidiary Borrower, the Administrative Agent shall promptly notify each Revolving Lender thereof. Each Revolving Lender will make the amount of its pro rata share of each borrowing available to the Administrative Agent for the account of the Borrower or the relevant Subsidiary Borrower at the Funding Office prior to 2:00 P.M., New York City time, on the Borrowing Date requested by the Borrower in funds immediately available to the Administrative Agent. Such borrowing will then be made available to the Borrower or the relevant Subsidiary Borrower by the Administrative Agent crediting the account of the Borrower or the relevant Subsidiary Borrower on the books of such office or such other account as the Borrower or relevant Subsidiary Borrower may specify to the Administrative Agent in writing with the aggregate of the amounts made available to the Administrative Agent by the Revolving Lenders and in like funds as received by the Administrative Agent.

2.6 Swingline Commitment. (a) Subject to the terms and conditions hereof, the Swingline Lender agrees to make a portion of the credit otherwise available to the Borrower and any Subsidiary Borrower under the Revolving Commitments from time to time during the Revolving Commitment Period by making swing line loans ("Swingline Loans") in Dollars to the Borrower and any Subsidiary Borrower; provided that (i) the aggregate principal amount of Swingline Loans outstanding at any time shall not exceed the Swingline Commitment then in effect (notwithstanding that the Swingline Loans outstanding at any time, when aggregated with the Swingline Lender's other outstanding Revolving Loans, may exceed the Swingline Commitment then in effect) and (ii) the Borrower or the relevant Subsidiary Borrower shall not request, and the Swingline Lender shall not make, any Swingline Loan if,

after giving effect to the making of such Swingline Loan, the aggregate amount of the Available Revolving Commitments would be less than zero. During the Revolving Commitment Period, the Borrower and any Subsidiary Borrower may use the Swingline Commitment by borrowing, repaying and reborrowing, all in accordance with the terms and conditions hereof. Swingline Loans shall be ABR Loans only.

(b) The Borrower or relevant Subsidiary Borrower shall repay to the Swingline Lender the then unpaid principal amount of each Swingline Loan on the earlier of the Revolving Termination Date and the first date after such Swingline Loan is made that is the 15th or last day of a calendar month and is at least two Business Days after such Swingline Loan is made; provided that on each date that a Revolving Loan is borrowed, the Borrower or relevant Subsidiary Borrower shall repay all Swingline Loans then outstanding.

2.7 Procedure for Swingline Borrowing; Refunding of Swingline Loans. (a) Whenever the Borrower or any Subsidiary Borrower desires that the Swingline Lender make Swingline Loans it shall give the Swingline Lender irrevocable telephonic notice confirmed promptly in writing (which telephonic notice must be received by the Swingline Lender not later than 1:00 P.M., New York City time, on the proposed Borrowing Date), specifying (i) the amount to be borrowed and (ii) the requested Borrowing Date (which shall be a Business Day during the Revolving Commitment Period). Each borrowing under the Swingline Commitment shall be in an amount equal to \$500,000 or a whole multiple of \$100,000 in excess thereof. Not later than 3:00 P.M., New York City time, on the Borrowing Date specified in a notice in respect of Swingline Loans, the Swingline Lender shall make available to the Administrative Agent at the Funding Office an amount in immediately available funds equal to the amount of the Swingline Loan to be made by the Swingline Lender. The Administrative Agent shall make the proceeds of such Swingline Loan available to the Borrower or relevant Subsidiary Borrower on such Borrowing Date by depositing such proceeds in the account of the Borrower or relevant Subsidiary Borrower with the Administrative Agent or such other account as the Borrower or relevant Subsidiary Borrower may specify to the Administrative Agent in writing on such Borrowing Date in immediately available funds.

(b) The Swingline Lender, at any time and from time to time in its sole and absolute discretion may, on behalf of the Borrower or relevant Subsidiary Borrower (each of which hereby irrevocably directs the Swingline Lender to act on its behalf), on one Business Day's notice given by the Swingline Lender no later than 12:00 Noon, New York City time, request each Revolving Lender to make, and each Revolving Lender hereby agrees to make, a Revolving Loan, in an amount equal to such Revolving Lender's Revolving Percentage of the aggregate amount of the Swingline Loans (the "Refunded Swingline Loans") outstanding on the date of such notice, to repay the Swingline Lender. Each Revolving Lender shall make the amount of such Revolving Loan available to the Administrative Agent at the Funding Office in immediately available funds, not later than 10:00 A.M., New York City time, one Business Day after the date of such notice. The proceeds of such Revolving Loans shall be immediately made available by the Administrative Agent to the Swingline Lender for application by the Swingline Lender to the repayment of the Refunded Swingline Loans. The Borrower and relevant Subsidiary Borrower irrevocably authorize the Swingline Lender to charge the Borrower's and relevant Subsidiary Borrower's accounts with the Administrative Agent (up to the amount available in each such account) in order to immediately pay the amount of such Refunded Swingline Loans to the extent amounts received from the Revolving Lenders are not sufficient to repay in full such Refunded Swingline Loans.

(c) If prior to the time a Revolving Loan would have otherwise been made pursuant to Section 2.7(b), one of the events described in Section 8(f) shall have occurred and be continuing with respect to the Borrower or relevant Subsidiary Borrower or if for any other reason, as determined by the Swingline Lender in its sole discretion, Revolving Loans may not be made as contemplated by Section 2.7(b), each Revolving Lender shall, on the date such Revolving Loan was to have been made pursuant to the notice referred to in Section 2.7(b), purchase for cash an undivided participating interest in the then outstanding Swingline Loans by paying to the Swingline Lender an amount (the "Swingline Participation")

Amount”) equal to (i) such Revolving Lender’s Revolving Percentage times (ii) the sum of the aggregate principal amount of Swingline Loans then outstanding that were to have been repaid with such Revolving Loans.

(d) Whenever, at any time after the Swingline Lender has received from any Revolving Lender such Lender’s Swingline Participation Amount, the Swingline Lender receives any payment on account of the Swingline Loans, the Swingline Lender will distribute to such Lender its Swingline Participation Amount (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender’s participating interest was outstanding and funded and, in the case of principal and interest payments, to reflect such Lender’s pro rata portion of such payment if such payment is not sufficient to pay the principal of and interest on all Swingline Loans then due); provided, however, that in the event that such payment received by the Swingline Lender is required to be returned, such Revolving Lender will return to the Swingline Lender any portion thereof previously distributed to it by the Swingline Lender.

(e) Each Revolving Lender’s obligation to make the Loans referred to in Section 2.7(b) and to purchase participating interests pursuant to Section 2.7(c) shall be absolute and unconditional and shall not be affected by any circumstance, including (i) any setoff, counterclaim, recoupment, defense or other right that such Revolving Lender or the Borrower or any Subsidiary Borrower may have against the Swingline Lender, the Borrower or any Subsidiary Borrower or any other Person for any reason whatsoever, (ii) the occurrence or continuance of a Default or an Event of Default or the failure to satisfy any of the other conditions specified in Section 5, (iii) any adverse change in the condition (financial or otherwise) of the Borrower or any Subsidiary Borrower, (iv) any breach of this Agreement or any other Loan Document by the Borrower, any Subsidiary Borrower, any other Loan Party or any other Revolving Lender or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

2.8 Commitment Fees, etc. (a) The Borrower agrees to pay to the Administrative Agent for the account of each Revolving Lender a commitment fee for the period from and including the date hereof to the last day of the Revolving Commitment Period, computed at the Commitment Fee Rate on the average daily amount of the Available Revolving Commitment of such Lender during the period for which payment is made, payable quarterly in arrears on each Fee Payment Date, commencing on the first such date to occur after the date hereof.

(b) The Borrower agrees to pay to the Administrative Agent the fees in the amounts and on the dates as set forth in any fee agreements with the Administrative Agent and to perform any other obligations contained therein.

2.9 Termination or Reduction of Revolving Commitments. The Borrower shall have the right, upon not less than three Business Days’ notice to the Administrative Agent, to terminate the Revolving Commitments or, from time to time, to reduce the amount of the Revolving Commitments; provided that no such termination or reduction of Revolving Commitments shall be permitted if, after giving effect thereto and to any prepayments of the Revolving Loans and Swingline Loans made on the effective date thereof, the Total Revolving Extensions of Credit would exceed the Total Revolving Commitments. Any such reduction shall be in an amount equal to \$1,000,000, or a whole multiple thereof, and shall reduce permanently the Revolving Commitments then in effect. Each notice delivered by the Borrower pursuant to this Section 2.9 shall be irrevocable; provided, that a notice to terminate the Revolving Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities or a Change in Control, in either case, which such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Notwithstanding the foregoing, the revocation of a termination notice shall not affect the Borrower’s obligation to indemnify any Lender in accordance with Section 2.20 for any loss or expense sustained or incurred as a consequence thereof.

2.10 Optional Prepayments. The Borrower and any relevant Subsidiary Borrower may at any time and from time to time prepay the Loans, in whole or in part, without premium or penalty, upon irrevocable notice (except as otherwise provided below) delivered to the Administrative Agent no later than 12:00 Noon, New York City time, three Business Days prior thereto, in the case of Eurocurrency Loans, and no later than 12:00 Noon, New York City time, on the day of such prepayment, in the case of ABR Loans, which notice shall specify the date and amount of prepayment and whether the prepayment is of Eurocurrency Loans or ABR Loans; provided, that if a Eurocurrency Loan is prepaid on any day other than the last day of the Interest Period applicable thereto, the Borrower or relevant Subsidiary Borrower shall also pay any amounts owing pursuant to Section 2.20; provided, further, that such notice to prepay the Loans delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities or a Change in Control, in either case, which such notice may be revoked by the Borrower (by further notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Notwithstanding the foregoing, the revocation of a termination notice shall not affect the Borrower's obligation to indemnify any Lender in accordance with Section 2.20 for any loss or expense sustained or incurred as a consequence thereof. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender thereof. If any such notice is given, the amount specified in such notice shall be due and payable on the date specified therein, together with (except in the case of Revolving Loans that are ABR Loans and Swingline Loans) accrued interest to such date on the amount prepaid. Partial prepayments of Term Loans and Revolving Loans shall be in an aggregate principal amount of \$1,000,000 or a whole multiple thereof. Partial prepayments of Swingline Loans shall be in an aggregate principal amount of \$100,000 or a whole multiple thereof.

2.11 Mandatory Prepayments (a) If any Indebtedness shall be issued or incurred by any Group Member (excluding (i) any Indebtedness incurred in accordance with Section 7.2, other than paragraph (y) thereof to the extent that the Net Cash Proceeds of any such Indebtedness incurred under Section 7.2(y) exceeds \$150,000,000 and (ii) any Permitted Refinancing of Indebtedness incurred under Section 7.2(y)), an amount equal to 75% of the Net Cash Proceeds thereof shall be applied on the date of such issuance or incurrence, or in the event such Net Cash Proceeds are received after 12:00 Noon, New York City time, on the next Business Day, toward the prepayment of the Term Loans as set forth in Section 2.11(c).

(b) If on any date any Loan Party shall receive Net Cash Proceeds from any Asset Sale or Recovery Event then, unless a Reinvestment Notice shall be delivered in respect thereof, 100% of such Net Cash Proceeds or, in the case of any Disposition permitted by Section 7.5(f), 100% of such Net Cash Proceeds, shall be applied within three Business Days toward the prepayment of the Term Loans as set forth in Section 2.11(c); provided that on each Reinvestment Prepayment Date, an amount equal to the Reinvestment Prepayment Amount with respect to the relevant Reinvestment Event shall be applied toward the prepayment of the Term Loans as set forth in Section 2.11(c).

(c) Amounts to be applied in connection with prepayments of the outstanding Term Loans pursuant to this Section 2.11 shall be applied, first, to ABR Loans and, second, to Eurocurrency Loans and, in each case, in accordance with Section 2.17(b). Each prepayment of the Term Loans under this Section 2.11 shall be accompanied by accrued interest to the date of such prepayment on the amount prepaid. If no Term Loans are outstanding, such remaining amounts shall be retained by the relevant Group Member.

(d) Notwithstanding the foregoing, the provisions of this Section 2.11 shall be suspended at any time when the Specified Ratings are Baa3 or better from Moody's and BBB- or better from S&P, in each case with stable or positive outlook.

2.12 Conversion and Continuation Options. (a) The Borrower or any Subsidiary Borrower may elect from time to time to convert Eurocurrency Loans to ABR Loans by giving the Administrative Agent prior irrevocable notice of such election no later than 11:00 A.M., New York City time, on the Business Day preceding the proposed conversion date, provided that any such conversion of Eurocurrency Loans may only be made on the last day of an Interest Period with respect thereto. The Borrower or any Subsidiary Borrower may elect from time to time to convert ABR Loans to Eurocurrency Loans by giving the Administrative Agent prior irrevocable notice of such election no later than 12:00 Noon, New York City time, on the third Business Day preceding the proposed conversion date (which notice shall specify the length of the initial Interest Period therefor), provided that no ABR Loan under a particular Facility may be converted into a Eurocurrency Loan when any Event of Default has occurred and is continuing and the Administrative Agent or the Majority Facility Lenders in respect of such Facility have determined in its or their sole discretion not to permit such conversions. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender thereof.

(b) Any Eurocurrency Loan may be continued as such upon the expiration of the then current Interest Period with respect thereto by the Borrower or relevant Subsidiary Borrower giving irrevocable notice to the Administrative Agent, in accordance with the applicable provisions of the term "Interest Period" set forth in Section 1.1, of the length of the next Interest Period to be applicable to such Loans, provided that no Eurocurrency Loan under a particular Facility may be continued as such when any Event of Default has occurred and is continuing and the Administrative Agent has or the Majority Facility Lenders in respect of such Facility have determined in its or their sole discretion not to permit such continuations (and the Administrative Agent shall notify the Borrower within a reasonable amount of time of any such determination), and provided, further, that if the Borrower or such Subsidiary Borrower shall fail to give any required notice as described above in this paragraph such Loans shall be automatically continued as Eurocurrency Loans having an Interest Period of one month in duration or if such continuation is not permitted pursuant to the preceding proviso such Loans shall be automatically converted to ABR Loans on the last day of such then expiring Interest Period. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender thereof.

2.13 Limitations on Eurocurrency Tranches. Notwithstanding anything to the contrary in this Agreement, all borrowings, conversions and continuations of Eurocurrency Loans and all selections of Interest Periods shall be in such amounts and be made pursuant to such elections so that, (a) after giving effect thereto, the aggregate principal amount of the Eurocurrency Loans comprising each Eurocurrency Tranche shall be equal to \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof and (b) no more than ten Eurocurrency Tranches shall be outstanding at any one time.

2.14 Interest Rates and Payment Dates. (a) Each Eurocurrency Loan shall bear interest for each day during each Interest Period with respect thereto at a rate per annum equal to the Eurocurrency Rate determined for such day plus the Applicable Margin.

(b) Each ABR Loan shall bear interest at a rate per annum equal to the ABR plus the Applicable Margin.

(c) (i) If all or a portion of the principal amount of any Loan or Reimbursement Obligation shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to (x) in the case of the Loans, the rate that would otherwise be applicable thereto pursuant to the foregoing provisions of this Section plus 2% or (y) in the case of Reimbursement Obligations, the rate applicable to ABR Loans under the Revolving Facility plus 2%, and (ii) if all or a portion of any interest payable on any Loan or Reimbursement Obligation or any commitment fee or other amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to

the rate then applicable to ABR Loans under the relevant Facility plus 2% (or, in the case of any such other amounts that do not relate to a particular Facility, the rate then applicable to ABR Loans under the Revolving Facility plus 2%), in each case, with respect to clauses (i) and (ii) above, from the date of such non-payment until such amount is paid in full (as well after as before judgment).

(d) Interest shall be payable in arrears on each Interest Payment Date, provided that interest accruing pursuant to paragraph (c) of this Section shall be payable from time to time on demand.

2.15 Computation of Interest and Fees. (a) Interest and fees payable pursuant hereto shall be calculated on the basis of a 360-day year for the actual days elapsed, except that, with respect to ABR Loans the rate of interest on which is calculated on the basis of the Prime Rate, the interest thereon shall be calculated on the basis of a 365- (or 366-, as the case may be) day year for the actual days elapsed. The Administrative Agent shall as soon as practicable notify the Borrower or relevant Subsidiary Borrower and the relevant Lenders of each determination of a Eurocurrency Rate. Any change in the interest rate on a Loan resulting from a change in the ABR or the Eurocurrency Reserve Requirements shall become effective as of the opening of business on the day on which such change becomes effective. The Administrative Agent shall as soon as practicable notify the Borrower or relevant Subsidiary Borrower and the relevant Lenders of the effective date and the amount of each such change in interest rate.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower, any Subsidiary Borrower and the Lenders in the absence of manifest error. The Administrative Agent shall, at the request of the Borrower or any Subsidiary Borrower, deliver to the Borrower or such Subsidiary Borrower a statement showing the quotations used by the Administrative Agent in determining any interest rate pursuant to Section 2.14(a).

2.16 Inability to Determine Interest Rate. If prior to the first day of any Interest Period:

(a) the Administrative Agent shall have determined (which determination shall be conclusive and binding upon the Borrower or relevant Subsidiary Borrower) that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Eurocurrency Rate for such Interest Period, or

(b) the Administrative Agent shall have received notice from the Majority Facility Lenders in respect of the relevant Facility that the Eurocurrency Rate determined or to be determined for such Interest Period will not adequately and fairly reflect the cost to such Lenders (as conclusively certified by such Lenders) of making or maintaining their affected Loans during such Interest Period,

the Administrative Agent shall give telecopy or telephonic notice thereof to the Borrower or relevant Subsidiary Borrower and the relevant Lenders as soon as practicable thereafter. If such notice is given (w) any Eurocurrency Loans under the relevant Facility requested to be made on the first day of such Interest Period shall be made as ABR Loans, (x) any Loans under the relevant Facility that were to have been converted on the first day of such Interest Period to Eurocurrency Loans shall be continued as ABR Loans and (y) any outstanding Eurocurrency Loans under the relevant Facility shall be converted, on the last day of the then-current Interest Period, to ABR Loans. Until such notice has been withdrawn by the Administrative Agent, no further Eurocurrency Loans under the relevant Facility shall be made or continued as such, nor shall the Borrower nor any Subsidiary Borrower have the right to convert Loans under the relevant Facility to Eurocurrency Loans.

2.17 Pro Rata Treatment and Payments. (a) Each borrowing of Revolving Loans by the Borrower or any Subsidiary Borrower from the Lenders hereunder, each payment by the Borrower on account of any commitment fee and any reduction of the Commitments of the Lenders shall be made pro rata according to the respective Revolving Percentages of the relevant Lenders.

(b) Each payment (including each prepayment) by the Borrower on account of principal of and interest on the Term Loans shall be made pro rata according to the respective outstanding principal amounts of the Term Loans then held by the Term Lenders; provided that at the option of the Borrower, all or a portion of any optional prepayments of the Term Loans made in accordance with Section 2.10 may be applied to repay the Term Loans other than the Extended Term Loans. The amount of each principal prepayment of the Term Loans shall be applied to reduce the then remaining installments of the Term Loans as directed by the Borrower. Amounts prepaid on account of the Term Loans may not be reborrowed.

(c) Each payment (including each prepayment) by the Borrower or any Subsidiary Borrower on account of principal of and interest on the Revolving Loans shall be made pro rata according to the respective outstanding principal amounts of the Revolving Loans then held by the Revolving Lenders.

(d) All payments (including prepayments) to be made by the Borrower or any Subsidiary Borrower hereunder, whether on account of principal, interest, fees or otherwise, shall be made without setoff or counterclaim and shall be made prior to 1:00 P.M., New York City time, on the due date thereof to the Administrative Agent, for the account of the Lenders, at the Funding Office, in Dollars or in any other applicable currency and in immediately available funds. The Administrative Agent shall distribute such payments to the Lenders promptly upon receipt in like funds as received. If any payment hereunder (other than payments on the Eurocurrency Loans) becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day. If any payment on a Eurocurrency Loan becomes due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Business Day. In the case of any extension of any payment of principal pursuant to the preceding two sentences, interest thereon shall be payable at the then applicable rate during such extension. Any obligation under this Agreement denominated in currency other than Dollars should be payable in such currency unless the obligor, the obligee and the Administrative Agent shall otherwise agree.

(e) Unless the Administrative Agent shall have been notified in writing by any Lender prior to a borrowing that such Lender will not make the amount that would constitute its share of such borrowing available to the Administrative Agent, the Administrative Agent may assume that such Lender is making such amount available to the Administrative Agent, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower or any Subsidiary Borrower a corresponding amount. If such amount is not made available to the Administrative Agent by the required time on the Borrowing Date therefor, such Lender shall pay to the Administrative Agent, on demand, such amount with interest thereon, at a rate up to the greater of (i) the Federal Funds Effective Rate and (ii) a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, for the period until such Lender makes such amount immediately available to the Administrative Agent. A certificate of the Administrative Agent submitted to any Lender with respect to any amounts owing under this paragraph shall be conclusive in the absence of manifest error. If such Lender's share of such borrowing is not made available to the Administrative Agent by such Lender within three Business Days after such Borrowing Date, the Administrative Agent shall also be entitled to recover such amount with interest thereon at the rate per annum applicable to ABR Loans under the relevant Facility, on demand, from the Borrower or relevant Subsidiary Borrower.

(f) Unless the Administrative Agent shall have been notified in writing by the Borrower or relevant Subsidiary Borrower prior to the date of any payment due to be made by the Borrower or such Subsidiary Borrower hereunder that the Borrower or such Subsidiary Borrower will not make such payment

to the Administrative Agent, the Administrative Agent may assume that the Borrower or such Subsidiary Borrower is making such payment, and the Administrative Agent may, but shall not be required to, in reliance upon such assumption, make available to the Lenders their respective pro rata shares of a corresponding amount. If such payment is not made to the Administrative Agent by the Borrower or relevant Subsidiary Borrower within three Business Days after such due date, the Administrative Agent shall be entitled to recover, on demand, from each Lender to which any amount which was made available pursuant to the preceding sentence, such amount with interest thereon at the rate per annum equal to the daily average Federal Funds Effective Rate. Nothing herein shall be deemed to limit the rights of the Administrative Agent or any Lender against the Borrower or any Subsidiary Borrower.

2.18 Requirements of Law. Except with respect to Taxes, which shall be governed exclusively by Section 2.19 of this Agreement:

(a) If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Lender with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof:

(i) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Lender that is not otherwise included in the determination of the Eurocurrency Rate; or

(ii) shall impose on such Lender any other condition;

and the result of any of the foregoing is to increase the cost to such Lender, by an amount that such Lender deems to be material, of making, converting into, continuing or maintaining Eurocurrency Loans or issuing or participating in Letters of Credit, or to reduce any amount receivable hereunder in respect thereof, then, in any such case, the Borrower or relevant Subsidiary Borrower shall promptly pay such Lender, upon its demand, any additional amounts necessary to compensate such Lender for such increased cost or reduced amount receivable. If any Lender becomes entitled to claim any additional amounts pursuant to this paragraph, it shall promptly notify the Borrower or relevant Subsidiary Borrower (with a copy to the Administrative Agent) of the event by reason of which it has become so entitled.

(b) If any Lender shall have determined that the adoption of or any change in any Requirement of Law regarding capital adequacy or in the interpretation or application thereof or compliance by such Lender or any corporation controlling such Lender with any request or directive regarding capital adequacy (whether or not having the force of law) from any Governmental Authority made subsequent to the date hereof shall have the effect of reducing the rate of return on such Lender's or such corporation's capital as a consequence of its obligations hereunder or under or in respect of any Letter of Credit to a level below that which such Lender or such corporation could have achieved but for such adoption, change or compliance (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time, after submission by such Lender to the Borrower (with a copy to the Administrative Agent) of a written request therefor, the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender or such corporation for such reduction.

(c) A certificate as to any additional amounts payable pursuant to this Section submitted by any Lender to the Borrower or relevant Subsidiary Borrower (with a copy to the Administrative Agent) shall be conclusive in the absence of manifest error. Notwithstanding anything to the contrary in this Section, the Borrower or relevant Subsidiary Borrower shall not be required to compensate a Lender pursuant to this Section for any amounts incurred more than six months prior to the date that such Lender

notifies the Borrower or such Subsidiary Borrower of such Lender's intention to claim compensation therefor; provided that, if the circumstances giving rise to such claim have a retroactive effect, then such six-month period shall be extended to include the period of such retroactive effect. The obligations of the Borrower or relevant Subsidiary Borrower pursuant to this Section shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.19 Taxes. (a) All payments made by the Borrower or any Subsidiary Borrower under this Agreement shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding (a) net income taxes and franchise taxes (imposed in lieu of net income taxes) imposed on the Administrative Agent or any Lender as a result of a present or former connection between the Administrative Agent or such Lender and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Administrative Agent or such Lender having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or any other Loan Document) and (b) any branch profit taxes imposed by the United States or any similar tax imposed by any other Governmental Authority. If any such non-excluded taxes, levies, imposts, duties, charges, fees, deductions or withholdings ("Non-Excluded Taxes") or Other Taxes are required to be withheld from any amounts payable to the Administrative Agent or any Lender hereunder, the amounts so payable to the Administrative Agent or such Lender shall be increased to the extent necessary to yield to the Administrative Agent or such Lender (after payment of all Non-Excluded Taxes and Other Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement, provided, however, that neither the Borrower nor any Subsidiary Borrower shall be required to increase any such amounts payable to any Lender with respect to any Non-Excluded Taxes (i) that are attributable to such Lender's failure to comply with the requirements of paragraph (d) or (e) of this Section, (ii) that are United States withholding taxes imposed on amounts payable to such Lender at the time such Lender becomes a party to this Agreement (or designates a new lending office or offices) except, in the case of an assignment or designation of a new lending office, to the extent that the Lender making such assignment or designation was entitled, at the time of such assignment or designation, to receive additional amounts from the Borrower or the relevant Subsidiary Borrower with respect to Non-Excluded Taxes pursuant to this section or (iii) that are imposed as a result of a Lender's gross negligence or willful misconduct.

(b) In addition, the Borrower or any relevant Subsidiary Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Whenever any Non-Excluded Taxes or Other Taxes are payable by the Borrower or any Subsidiary Borrower, as promptly as possible thereafter the Borrower or such Subsidiary Borrower shall send to the Administrative Agent for its own account or for the account of the relevant Lender, as the case may be, a certified copy of an original official receipt received by the Borrower or such Subsidiary Borrower showing payment thereof. If the Borrower or any Subsidiary Borrower fails to pay any Non-Excluded Taxes or Other Taxes when due to the appropriate taxing authority or fails to remit to the Administrative Agent the required receipts or other required documentary evidence, the Borrower and each Subsidiary Borrower shall indemnify the Administrative Agent and the Lenders for any incremental taxes, interest or penalties that may become payable by the Administrative Agent or any Lender as a result of any such failure.

(d) Each Lender (or Transferee) (i) that is not a "U.S. Person" as defined in Section 7701(a)(30) of the Code (a "Non-U.S. Lender") shall deliver to the Borrower and the Administrative Agent (or, in the case of a Participant, to the Lender from which the related participation shall have been purchased) two copies of either U.S. Internal Revenue Service Form W-8BEN or Form W-8ECI, or, in the

case of a Non-U.S. Lender claiming exemption from U.S. federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of “portfolio interest”, a statement substantially in the form of Exhibit F and a Form W-8BEN, or any subsequent versions thereof or successors thereto, properly completed and duly executed by such Non-U.S. Lender claiming complete exemption from, or a reduced rate of, U.S. federal withholding tax on all payments by the Borrower or any Subsidiary Borrower under this Agreement and the other Loan Documents and (ii) that is a “U.S. Person” as defined in Section 7701(a)(30) of the Code shall deliver to the Borrower and the Administrative Agent (or in the case of a Participant, to the Lender from which the related participation shall have been purchased) two copies of U.S. Internal Revenue Service Form W-9. Such forms shall be delivered by each Lender on or before the date it becomes a party to this Agreement (or, in the case of any Participant, on or before the date such Participant purchases the related participation). In addition, each Lender shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Lender at any other time prescribed by applicable law or as reasonably requested by the Borrower. Each Non-U.S. Lender shall promptly notify the Borrower at any time it determines that it is no longer in a position to provide any previously delivered certificate to the Borrower (and any other form of certification adopted by the U.S. taxing authorities for such purpose).

(e) A Lender or Transferee that is entitled to an exemption from or reduction of non-U.S. withholding tax under the law of the jurisdiction in which the Borrower or any Subsidiary Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by the Borrower, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate.

(f) If the Administrative Agent, any Transferee or any Lender determines, in its sole good faith discretion, that it has received a refund of any Non-Excluded Taxes or Other Taxes as to which it has been indemnified by the Borrower or any Subsidiary Borrower or with respect to which the Borrower or any Subsidiary Borrower has paid additional amounts pursuant to this Section 2.19, it shall pay over such refund to the Borrower or such Subsidiary Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower or such Subsidiary Borrower under this Section 2.19 with respect to the Non-Excluded Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Administrative Agent, such Transferee or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, that the Borrower or such Subsidiary Borrower, upon the request of the Administrative Agent, such Transferee or such Lender, agrees to repay the amount paid over to the Borrower or such Subsidiary Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent, such Transferee or such Lender in the event the Administrative Agent, such Transferee or such Lender is required to repay such refund to such Governmental Authority. This paragraph shall not be construed to require the Administrative Agent, any Transferee or any Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrower, any Subsidiary Borrower or any other Person.

(g) Each Assignee shall be bound by this Section 2.19.

(h) The agreements in this Section shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.20 Indemnity. The Borrower or relevant Subsidiary Borrower agrees to indemnify each Lender for, and to hold each Lender harmless from, any actual loss or expense that such Lender may sustain or incur as a consequence of (a) default by the Borrower or relevant Subsidiary Borrower in making

a borrowing of, conversion into or continuation of Eurocurrency Loans after the Borrower or such Subsidiary Borrower has given a notice requesting the same in accordance with the provisions of this Agreement, (b) default by the Borrower or relevant Subsidiary Borrower in making any prepayment of or conversion from Eurocurrency Loans after the Borrower or such Subsidiary Borrower has given a notice thereof in accordance with the provisions of this Agreement or (c) the making of a prepayment of Eurocurrency Loans on a day that is not the last day of an Interest Period with respect thereto. Such indemnification may include an amount up to the excess, if any, of (i) the amount of interest that would have accrued on the amount so prepaid, or not so borrowed, converted or continued, for the period from the date of such prepayment or of such failure to borrow, convert or continue to the last day of such Interest Period (or, in the case of a failure to borrow, convert or continue, the Interest Period that would have commenced on the date of such failure) in each case at the applicable rate of interest for such Loans provided for herein (excluding, however, the Applicable Margin and any minimum Eurocurrency Rate to the extent in effect, included therein, if any) over (ii) the amount of interest (as reasonably determined by such Lender) that would have accrued to such Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank eurocurrency market. A certificate as to any amounts payable pursuant to this Section submitted to the Borrower or relevant Subsidiary Borrower by any Lender shall be conclusive in the absence of manifest error. This covenant shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.21 Change of Lending Office. Each Lender agrees that, upon the occurrence of any event giving rise to the operation of Section 2.18 or 2.19(a) with respect to such Lender, it will, if requested by the Borrower, use reasonable efforts (subject to overall policy considerations of such Lender) to designate another lending office for any Loans affected by such event with the object of avoiding the consequences of such event; provided, that such designation is made on terms that, in the sole judgment of such Lender, cause such Lender and its lending office(s) to suffer no economic, legal or regulatory disadvantage, and provided, further, that nothing in this Section shall affect or postpone any of the obligations of the Borrower or any Subsidiary Borrower or the rights of any Lender pursuant to Section 2.18 or 2.19(a).

2.22 Replacement of Lenders. The Borrower shall be permitted to replace any Lender that (a) requests reimbursement for amounts owing pursuant to Section 2.18 or 2.19(a), (b) becomes a Defaulting Lender or (c) fails to give its consent for any issue requiring the consent of 100% of the Lenders or all affected Lenders (and such Lender is an affected Lender) and for which Lenders holding 66 2/3 of the Loans and/or Commitments required for such vote have consented, with a replacement financial institution; provided that (i) such replacement does not conflict with any Requirement of Law, (ii) no Event of Default shall have occurred and be continuing at the time of such replacement, (iii) prior to any such replacement, such Lender shall have taken no action under Section 2.21 so as to eliminate the continued need for payment of amounts owing pursuant to Section 2.18 or 2.19(a), (iv) the replacement financial institution shall purchase, at par, all Loans and other amounts owing to such replaced Lender on or prior to the date of replacement, (v) the Borrower shall be liable to such replaced Lender under Section 2.20 if any Eurocurrency Loan owing to such replaced Lender shall be purchased other than on the last day of the Interest Period relating thereto, (vi) the replacement financial institution shall be reasonably satisfactory to the Administrative Agent, (vii) the replaced Lender shall be obligated to make such replacement in accordance with the provisions of Section 10.6 (provided that the Borrower shall be obligated to pay the registration and processing fee referred to therein), (viii) until such time as such replacement shall be consummated, the Borrower shall pay all additional amounts (if any) required pursuant to Section 2.18 or 2.19(a), as the case may be, and (ix) any such replacement shall not be deemed to be a waiver of any rights that the Borrower, the Administrative Agent or any other Lender shall have against the replaced Lender.

2.23 Incremental Facilities.

(a) After the Second Amendment Effective Date and before the Extended Term Loan Maturity Date (with respect to Term Loans) and Extended Revolving Termination Date (with respect to Revolving Loans), as applicable, the Borrower, by written notice to Administrative Agent, may request (i) the establishment of one or more additional tranches of term loans (the commitments thereto, the “Incremental Term Loan Commitments”) and/or (ii) increases in the Revolving Commitments (the “Incremental Revolving Commitments”) and, together with the Incremental Term Loan Commitments, the “Incremental Loan Commitments”); provided that (i) each such request shall be for not less than \$25,000,000 (or such lesser amount up to the Maximum Facilities Amount) and (ii) after giving effect to each such request, the aggregate amount (the “Maximum Facilities Amount”) of outstanding Term Loans and Revolving Commitments shall not exceed \$1,500,000,000. Each such notice shall specify the date (each, an “Increased Amount Date”) on which the Borrower proposes that the Incremental Loan Commitments shall be effective, which shall be a date not less than 10 Business Days after the date on which such notice is delivered to the Administrative Agent. The Borrower may approach any Lender or any Person to provide all or a portion of the Incremental Loan Commitments; provided that (i) no Lender will be required to provide such Incremental Loan Commitment and (ii) any entity providing all or a portion of the Incremental Loan Commitments other than a Lender, an affiliate of a Lender or an Approved Fund, shall be reasonably acceptable to the Administrative Agent (with such acceptance by the Administrative Agent to not be unreasonably withheld or delayed).

(b) In each case, such Incremental Loan Commitments shall become effective as of the applicable Increased Amount Date, provided that (i) no Default or Event of Default shall exist on such Increased Amount Date before or after giving effect to such Incremental Loan Commitments, (ii) the Borrower shall be in compliance with Section 7.1 as of the most recently ended fiscal quarter after giving effect to such Incremental Loan Commitments, (iii) the weighted average life to maturity of any Incremental Term Loan shall be greater than or equal to the then-remaining weighted average life to maturity of the Extended Term Loans, (iv) the interest rate margin in respect of any Incremental Revolving Loans that is in effect on the Increased Amount Date (giving effect to original issue discount (“OID”) or upfront fees, (which shall be deemed to constitute like amounts of OID, with OID being equated to interest rates in a manner determined by the Administrative Agent based on a four-year life to maturity) paid to all of the Incremental Revolving Lenders in connection therewith) shall not exceed the sum of (x) the Applicable Margin for the Revolving Loans made pursuant to Extended Revolving Commitments that is in effect on the Increased Amount Date, and (y) the upfront fees paid to all of the Lenders in respect of their Extended Revolving Commitments, which shall be equated to interest rate based on a four-year life to maturity, or if it does so exceed the sum of such Applicable Margin and such fees, such Applicable Margin for the Revolving Loans made pursuant to Extended Revolving Commitments shall be increased so that the interest rate margin in respect of such Incremental Revolving Loan that is in effect on the Increased Amount Date (giving effect to any OID issued or upfront fees paid to all of the Incremental Lenders in connection therewith) is no greater than the sum of (x) the Applicable Margin for the Revolving Loans made pursuant to Extended Revolving Commitments that is in effect on the Increased Amount Date and (y) the upfront fees paid to all of the Lenders in respect of their Extended Revolving Commitments, (v) unless the final maturity date of such Incremental Term Loans is at least one year later than the final maturity date of the Extended Term Loans, the interest rate margin in respect of such Incremental Term Loans (giving effect to OID or upfront fees paid to all of the Incremental Term Lenders in connection therewith (with fees and OID being equated to interest rate in the manner set forth above)) shall not exceed the sum of (x) the Applicable Margin for the Extended Term Loans, and (y) the upfront fees paid to all of the Lenders in respect of their Extended Term Loans, which shall be equated to interest rate based on a four-year life to maturity, or if it does so exceed the sum of such Applicable Margin and such fees, such Applicable Margin for the Extended Term Loans shall be increased so that the interest rate margin in respect of such Incremental Term Loan (giving effect to any OID issued or upfront fees paid to all of the Incremental Term Lenders in connection therewith) is no greater than the sum of (x) the Applicable Margin for the Extended Term Loans and (y) the upfront fees paid to all of the Lenders in respect of their Extended Term Loans, (vi) if the final maturity date

of such Incremental Term Loans is at least one year later than the final maturity date of the Extended Term Loans, the interest rate margin in respect of such Incremental Term Loans (giving effect to OID or upfront fees paid to all of the Incremental Term Lenders in connection therewith (with fees and OID being equated to interest rate in the manner set forth above)) shall not exceed by more than 25 bps the sum of (x) the Applicable Margin for the Extended Term Loans, and (y) the upfront fees paid to all of the Lenders in respect of their Extended Term Loans, which shall be equated to interest rate based on a four-year life to maturity, or if it does so exceed by more than 25 bps the sum of such Applicable Margin and such fees, such Applicable Margin for the Extended Term Loans shall be increased so that the interest rate margin in respect of such Incremental Term Loan (giving effect to any OID issued or upfront fees paid to all of the Incremental Term Lenders in connection therewith) is no greater than the sum of (x) the Applicable Margin for the Extended Term Loans, (y) the upfront fees paid to all of the Lenders in respect of their Extended Term Loans and (z) 25 bps, and (vii) the Incremental Loan Commitments shall be effected pursuant to one or more incremental commitment agreements in a form reasonably acceptable to the Administrative Agent (each, a "Incremental Commitment Agreement") executed and delivered by the Borrower, the applicable Incremental Term Loan Lender and the Administrative Agent pursuant to which such Incremental Term Loan Lender agrees to be bound to the terms of this Agreement as a Lender. Any Incremental Term Loans made on an Increased Amount Date shall be designated a separate tranche of Incremental Term Loans for all purposes of this Agreement.

(c) On any Increased Amount Date on which Incremental Revolving Commitments are effected, subject to the satisfaction of the foregoing terms and conditions, (a) each of the Lenders with Revolving Commitments shall assign to each Person with an Incremental Revolving Commitment (each, an "Incremental Revolving Lender") and each of the Incremental Revolving Lenders shall purchase from each of the Lenders with Revolving Commitments, at the principal amount thereof, such interests in the Revolving Loans outstanding on such Increased Amount Date as shall be necessary in order that, after giving effect to all such assignments and purchases, the Revolving Loans will be held by existing Revolving Lenders and Incremental Revolving Lenders ratably in accordance with their Revolving Commitments after giving effect to the addition of such Incremental Revolving Commitments to the Revolving Commitments, (b) each Incremental Revolving Commitment shall be deemed for all purposes a Revolving Commitment and each Loan made thereunder (an "Incremental Revolving Loan") shall be deemed, for all purposes, a Revolving Loan and (c) each Incremental Revolving Lender shall become a Lender with respect to the Incremental Revolving Commitment and all matters relating thereto. The terms and provisions of the Incremental Revolving Loans and Incremental Revolving Commitments shall be identical to the Revolving Loans and the Revolving Commitments.

(d) On any Increased Amount Date on which any Incremental Term Loan Commitments are effected, subject to the satisfaction of the foregoing terms and conditions, (i) each Person with an Incremental Term Loan Commitment (each, an "Incremental Term Loan Lender") shall make a Loan to the Borrower (an "Incremental Term Loan") in an amount equal to its Incremental Term Loan Commitment, and (ii) each Incremental Term Loan Lender shall become a Lender hereunder with respect to the Incremental Term Loan Commitment and the Incremental Term Loans made pursuant thereto.

(e) Each Incremental Commitment Agreement may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the opinion of the Administrative Agent, to effect the provisions of this Section 2.23.

2.24 Prepayments Required Due to Currency Fluctuation. On the last Business Day of each fiscal quarter, or at such other time as is reasonably determined by the Administrative Agent, the Administrative Agent shall determine the Dollar Equivalent of aggregate outstanding Revolving Extensions of Credit. If, at the time of such determination the aggregate outstanding Revolving Extensions of Credit exceed the Revolving Commitments then in effect by 5% or more, then within five Business Days

of notice to the Borrower, the Borrower or the relevant Subsidiary Borrower shall prepay Revolving Loans or Swingline Loans or cash collateralize the outstanding Letters of Credit in an aggregate principal amount at least equal to such excess; provided that the failure of the Administrative Agent to determine the Dollar Equivalent Amount of the aggregate outstanding Revolving Extensions of Credit as provided in this Section 2.24 shall not subject the Administrative Agent to any liability hereunder.

2.25 Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) if any L/C Obligations exist at the time a Revolving Lender is a Defaulting Lender then:

(i) subject to the satisfaction of the condition precedent in Section 5.2(b) of the Credit Agreement and following notice by the Administrative Agent, all or any part of the Defaulting Lender's ratable participating interest in the L/C Obligations shall be reallocated among the Revolving Lenders that are not Defaulting Lenders in accordance with their respective Revolving Percentages but, in any case, only to the extent the sum of the outstanding Revolving Extensions of Credit of all Revolving Lenders that are not Defaulting Lenders before giving effect to such reallocation plus such Defaulting Lender's ratable participating interest in the L/C Obligations does not exceed the total of the Revolving Commitments of all Revolving Lenders that are not Defaulting Lenders; provided that if such condition precedent is not satisfied on the date of such notice by the Administrative Agent, the Borrower shall within five Business Days following notice by the Administrative Agent, either (x) cash collateralize such Defaulting Lender's ratable participating interest in the L/C Obligations or (y) backstop such Defaulting Lender's participating interest in the L/C Obligations with a letter of credit reasonably satisfactory to the Issuing Lender;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected as a result of the limitations set forth therein, the Borrower shall within five Business Days following notice by the Administrative Agent, either (x) cash collateralize such Defaulting Lender's participating interest in the L/C Obligations (after giving effect to any partial reallocation pursuant to clause (i) above) or (y) backstop such Defaulting Lender's participating interest in the L/C Obligations (after giving effect to any partial reallocation pursuant to clause (i) above) with a letter of credit reasonably satisfactory to the Issuing Lender, in each case, for so long as such L/C Obligations are outstanding;

(iii) if the Borrower cash collateralizes or backstops any portion of such Defaulting Lender's L/C Obligations pursuant to this paragraph (a), the Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Section 3.3 with respect to such Defaulting Lender's L/C Obligations during the period such Defaulting Lender's L/C Obligations are cash collateralized or backstopped;

(iv) if the L/C Obligations attributable to the Defaulting Lenders that are Revolving Lenders is reallocated pursuant to this paragraph (a), then the fees payable to the Lenders pursuant to Sections 2.8 and 3.3 shall be adjusted in accordance with the non-Defaulting Lenders' respective Revolving Percentages;

(v) if any Defaulting Lender's participating interest in L/C Obligations is neither cash collateralized, backstopped nor reallocated pursuant to this paragraph (a), then, without prejudice to any rights or remedies of the Issuing Lenders or any Lender hereunder, all letter of credit fees payable under Section 3.3 with respect to such Defaulting Lender's participating interest in all L/C Obligations shall be payable to the applicable Issuing Lenders until such participating interest in all L/C Obligations is backstopped, cash collateralized and/or reallocated;

(vii) any subsequent request for issuance, amendment or increase of any Letter of Credit shall be subject to reallocating or cash collateralizing the relating L/C Obligations attributable to any Defaulting Lender that is a Revolving Lender in the manner described above; and

(viii) in the event a Revolving Lender ceases to be a Defaulting Lender, all outstanding L/C Obligations shall be immediately reallocated ratably to the Revolving Lenders who are not Defaulting Lenders and any cash collateral posted in respect of such Lender's participating interest shall be returned to the Borrower and any letter of credit issued to backstop such Lender's participating interest shall be terminated, cancelled or returned to the Borrower for cancellation, in each case, within three Business Days.

(b) if any Swingline Loans are outstanding at the time a Lender is a Defaulting Lender, the Borrower shall within five Business Days following notice by the Administrative Agent prepay such Swingline Loans or, if agreed by the Swingline Lender, cash collateralize the participating interests in the Swingline Loans of the Defaulting Lender on terms reasonably satisfactory to the Swingline Lender; and

(c) following the notice by the Administrative Agent to the Borrower pursuant to clauses (a) or (b) above, the Swingline Lender shall not be required to fund any Swingline Loan and the Issuing Lender shall not be required to issue or increase any Letter of Credit unless it is reasonably satisfied that the reallocation and cash collateral requirements described in clauses (a) and (b) above shall be provided for.

SECTION 3. LETTERS OF CREDIT

3.1 L/C Commitment. (a) Subject to the terms and conditions hereof, the Issuing Lender, in reliance on the agreements of the other Revolving Lenders set forth in Section 3.4(a), agrees to issue letters of credit ("Letters of Credit") for the account of the Borrower or any Subsidiary Borrower on any Business Day during the Revolving Commitment Period in such form as may be approved from time to time by the Issuing Lender; provided that the Issuing Lender shall not issue any Letter of Credit if, after giving effect to such issuance, the aggregate amount of the Available Revolving Commitments would be less than zero. Each Letter of Credit shall (i) be denominated in Dollars or an Optional Currency and (ii) expire no later than the earlier of (x) the first anniversary of its date of issuance and (y) the date that is five Business Days prior to the Revolving Termination Date, provided that any Letter of Credit with a one-year term may provide for the automatic renewal or renewal thereof for additional one-year periods (which shall in no event extend beyond the date referred to in clause (y) above).

(b) The Issuing Lender shall not at any time be obligated to issue any Letter of Credit if such issuance would conflict with, or cause the Issuing Lender or any L/C Participant to exceed any limits imposed by, any applicable Requirement of Law.

3.2 Procedure for Issuance of Letter of Credit. The Borrower or any Subsidiary Borrower may from time to time request that the Issuing Lender issue a Letter of Credit by delivering to the Issuing Lender at its address for notices specified herein an Application therefor, completed to the satisfaction of the Issuing Lender, and such other certificates, documents and other papers and information as the Issuing Lender may request. Upon receipt of any Application, the Issuing Lender will process such Application and the certificates, documents and other papers and information delivered to it in connection

therewith in accordance with its customary procedures and shall promptly issue the Letter of Credit requested thereby (but in no event shall the Issuing Lender be required to issue any Letter of Credit earlier than three Business Days after its receipt of the Application therefor and all such other certificates, documents and other papers and information relating thereto) by issuing the original of such Letter of Credit to the beneficiary thereof or as otherwise may be agreed to by the Issuing Lender and the Borrower or relevant Subsidiary Borrower. The Issuing Lender shall furnish a copy of such Letter of Credit to the Borrower or relevant Subsidiary Borrower promptly following the issuance thereof. The Issuing Lender shall promptly furnish to the Administrative Agent, which shall in turn promptly furnish to the Lenders, notice of the issuance of each Letter of Credit (including the amount thereof).

3.3 Fees and Other Charges. (a) The Borrower will pay a fee on all outstanding Letters of Credit issued for the account of the Borrower and any relevant Subsidiary Borrower at a per annum rate equal to the Applicable Margin then in effect with respect to Eurocurrency Loans under the Revolving Facility, shared ratably among the Revolving Lenders and payable quarterly in arrears on each Fee Payment Date after the issuance date. In addition, the Borrower shall pay a fronting fee in an amount to be agreed with the Issuing Lender (but, in any event, not greater than of 0.125% per annum) on the undrawn and unexpired amount of each Letter of Credit issued for the account of the Borrower or any relevant Subsidiary Borrower, payable quarterly in arrears on each Fee Payment Date after the issuance date.

(b) In addition to the foregoing fees, the Borrower shall pay or reimburse the Issuing Lender for such normal and customary costs and expenses as are incurred or charged by the Issuing Lender in issuing, negotiating, effecting payment under, amending or otherwise administering any Letter of Credit.

3.4 L/C Participations. (a) The Issuing Lender irrevocably agrees to grant and hereby grants to each L/C Participant, and, to induce the Issuing Lender to issue Letters of Credit, each L/C Participant irrevocably agrees to accept and purchase and hereby accepts and purchases from the Issuing Lender, on the terms and conditions set forth below, for such L/C Participant's own account and risk an undivided interest equal to such L/C Participant's Revolving Percentage in the Issuing Lender's obligations and rights under and in respect of each Letter of Credit and the amount of each draft paid by the Issuing Lender thereunder. Each L/C Participant agrees with the Issuing Lender that, if a draft is paid under any Letter of Credit for which the Issuing Lender is not reimbursed in full by the Borrower or relevant Subsidiary Borrower in accordance with the terms of this Agreement, such L/C Participant shall pay to the Issuing Lender upon demand at the Issuing Lender's address for notices specified herein an amount equal to such L/C Participant's Revolving Percentage of the amount of such draft, or any part thereof, that is not so reimbursed. Each L/C Participant's obligation to pay such amount shall be absolute and unconditional and shall not be affected by any circumstance, including (i) any setoff, counterclaim, recoupment, defense or other right that such L/C Participant may have against the Issuing Lender, the Borrower, any Subsidiary Borrower or any other Person for any reason whatsoever, (ii) the occurrence or continuance of a Default or an Event of Default or the failure to satisfy any of the other conditions specified in Section 5, (iii) any adverse change in the condition (financial or otherwise) of the Borrower or any Subsidiary Borrower, (iv) any breach of this Agreement or any other Loan Document by the Borrower, any Subsidiary Borrower, any other Loan Party or any other L/C Participant or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing

(b) If any amount required to be paid by any L/C Participant to the Issuing Lender pursuant to Section 3.4(a) in respect of any unreimbursed portion of any payment made by the Issuing Lender under any Letter of Credit is paid to the Issuing Lender within three Business Days after the date such payment is due, such L/C Participant shall pay to the Issuing Lender on demand an amount equal to the product of (i) such amount, times (ii) the daily average Federal Funds Effective Rate during the period from and including the date such payment is required to the date on which such payment is immediately available to the Issuing Lender, times (iii) a fraction the numerator of which is the number of days that elapse during

such period and the denominator of which is 360. If any such amount required to be paid by any L/C Participant pursuant to Section 3.4(a) is not made available to the Issuing Lender by such L/C Participant within three Business Days after the date such payment is due, the Issuing Lender shall be entitled to recover from such L/C Participant, on demand, such amount with interest thereon calculated from such due date at the rate per annum applicable to ABR Loans under the Revolving Facility. A certificate of the Issuing Lender submitted to any L/C Participant with respect to any amounts owing under this Section shall be conclusive in the absence of manifest error.

(c) Whenever, at any time after the Issuing Lender has made payment under any Letter of Credit and has received from any L/C Participant its pro rata share of such payment in accordance with Section 3.4(a), the Issuing Lender receives any payment related to such Letter of Credit (whether directly from the Borrower or relevant Subsidiary Borrower or otherwise, including proceeds of collateral applied thereto by the Issuing Lender), or any payment of interest on account thereof, the Issuing Lender will distribute to such L/C Participant its pro rata share thereof; provided, however, that in the event that any such payment received by the Issuing Lender shall be required to be returned by the Issuing Lender, such L/C Participant shall return to the Issuing Lender the portion thereof previously distributed by the Issuing Lender to it.

3.5 Reimbursement Obligation of the Borrower. If any draft is paid under any Letter of Credit, the Borrower or relevant Subsidiary Borrower shall reimburse the Issuing Lender for the amount of (a) the draft so paid and (b) any taxes, fees, charges or other costs or expenses incurred by the Issuing Lender in connection with such payment, not later than 1:00 P.M., New York City time, on (i) the Business Day that the Borrower or relevant Subsidiary Borrower receives notice of such draft, if such notice is received on such day prior to 10:00 A.M., New York City time, or (ii) if clause (i) above does not apply, the Business Day immediately following the day that the Borrower or relevant Subsidiary Borrower receives such notice. Each such payment shall be made to the Issuing Lender at its address for notices referred to herein in Dollars or in any other applicable currency and in immediately available funds. Interest shall be payable on any such amounts from the date on which the relevant draft is paid until payment in full at the rate set forth in (x) until the Business Day next succeeding the date of the relevant notice, Section 2.14(b) and (y) thereafter, Section 2.14(c).

3.6 Obligations Absolute. The obligations of the Borrower and any relevant Subsidiary Borrower under this Section 3 shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment that the Borrower or such Subsidiary Borrower, as the case may be, may have or have had against the Issuing Lender, any beneficiary of a Letter of Credit or any other Person. The Borrower and each relevant Subsidiary Borrower also agrees with the Issuing Lender that the Issuing Lender shall not be responsible for, and the Reimbursement Obligations under Section 3.5 of the Borrower and any relevant Subsidiary Borrower shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even though such documents shall in fact prove to be invalid, fraudulent or forged, or any dispute between or among the Borrower or such Subsidiary Borrower, as the case may be, and any beneficiary of any Letter of Credit or any other party to which such Letter of Credit may be transferred or any claims whatsoever of the Borrower or such Subsidiary, as the case may be, against any beneficiary of such Letter of Credit or any such transferee. The Issuing Lender shall not be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit, except for errors or omissions found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Issuing Lender. The Borrower and each relevant Subsidiary Borrower agrees that any action taken or omitted by the Issuing Lender under or in connection with any Letter of Credit or the related drafts or documents, if done in the absence of gross negligence or willful misconduct, shall be binding on the Borrower or such Subsidiary Borrower and shall not result in any liability of the Issuing Lender to the Borrower or such Subsidiary Borrower.

3.7 Letter of Credit Payments. If any draft shall be presented for payment under any Letter of Credit, the Issuing Lender shall promptly notify the Borrower or relevant Subsidiary Borrower of the date and amount thereof. The responsibility of the Issuing Lender to the Borrower or relevant Subsidiary Borrower in connection with any draft presented for payment under any Letter of Credit shall, in addition to any payment obligation expressly provided for in such Letter of Credit, be limited to determining that the documents (including each draft) delivered under such Letter of Credit in connection with such presentment are substantially in conformity with such Letter of Credit.

3.8 Applications. To the extent that any provision of any Application related to any Letter of Credit is inconsistent with the provisions of this Section 3, the provisions of this Section 3 shall apply.

3.9 Existing Letters of Credit. On and as of the Closing Date the letters of credit set forth on Schedule 3.9 (the "Existing Letters of Credit") will constitute Letters of Credit under this Agreement and for the purposes hereof will be deemed to have been issued for the account of the Borrower on the Closing Date.

SECTION 4. REPRESENTATIONS AND WARRANTIES

To induce the Administrative Agent and the Lenders to enter into this Agreement and to make the Loans and issue or participate in the Letters of Credit, Holdings and the Borrower hereby jointly and severally represent and warrant to the Administrative Agent and each Lender that:

4.1 Financial Condition. (a) The unaudited pro forma consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at December 31, 2005 (including the notes thereto) (the "Pro Forma Balance Sheet"), copies of which have heretofore been furnished to each Lender, has been prepared giving effect (as if such events had occurred on such date) to (i) the Loans to be made on the Closing Date and the use of proceeds thereof, (ii) the issuance of the Senior Unsecured Notes and the use of proceeds thereof and (iii) the payment of fees and expenses in connection with the foregoing. The Pro Forma Balance Sheet has been prepared based on the best information available to the Borrower as of the date of delivery thereof, and presents fairly on a pro forma basis the estimated financial position of the Borrower and its consolidated Subsidiaries as at December 31, 2005, assuming that the events specified in the preceding sentence had actually occurred at such date.

(b) The audited consolidated balance sheets of the Borrower as at December 31, 2005, December 31, 2004 and December 31, 2003, and the related consolidated statements of income and of cash flows for the fiscal years ended on such dates (the "Consolidated Financial Statements"), reported on by and accompanied by an unqualified report from Deloitte & Touche LLP, present fairly the consolidated financial condition of the Borrower as at such date, and the consolidated results of its operations and its consolidated cash flows for the respective fiscal years then ended. All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as approved by the aforementioned firm of accountants and disclosed therein). No Group Member has any material Guarantee Obligations, or any unusual forward or long-term commitments, including any interest rate or foreign currency swap or exchange transaction or other obligation in respect of derivatives, that are not reflected in the most recent financial statements referred to in this paragraph. During the period from December 31, 2005 to and including the date hereof there has been no Disposition by any Group Member of any material part of the business or property of the Group Members taken as a whole.

4.2 No Change. Since December 31, 2008, there has been no development or event that has had or could reasonably be expected to have a Material Adverse Effect.

4.3 Existence; Compliance with Law. Each Group Member (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, except where (other than the Borrower) the failure to be so organized, existing or in good standing could not reasonably be expected to have a Material Adverse Effect, (b) has the power and authority, and the legal right, to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged, except where failure to have such power, authority and legal right could not reasonably be expected to have a Material Adverse Effect, (c) is duly qualified as a foreign corporation or other organization and in good standing or has applied for authority to operate as a foreign corporation under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification and where a failure to be in good standing as a foreign corporation would have a Material Adverse Effect and (d) is in compliance with all Requirements of Law except to the extent that the failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

4.4 Power; Authorization; Enforceable Obligations. Each Loan Party has the power and authority, and the legal right, to make, deliver and perform the Loan Documents to which it is a party and, in the case of the Borrower, to obtain extensions of credit hereunder. Each Loan Party has taken all necessary organizational action to authorize the execution, delivery and performance of the Loan Documents to which it is a party and, in the case of the Borrower, to authorize the extensions of credit on the terms and conditions of this Agreement. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the extensions of credit hereunder or with the execution, delivery, performance, validity or enforceability of this Agreement or any of the Loan Documents, except (i) consents, authorizations, filings and notices described in Schedule 4.4, which consents, authorizations, filings and notices have been obtained or made and are in full force and effect and (ii) the filings referred to in Section 4.17. Each Loan Document has been duly executed and delivered on behalf of each Loan Party party thereto. This Agreement constitutes, and each other Loan Document upon execution will constitute, a legal, valid and binding obligation of each Loan Party party thereto, enforceable against each such Loan Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

4.5 No Legal Bar. The execution, delivery and performance of this Agreement and the other Loan Documents, the issuance of Letters of Credit, the borrowings hereunder and the use of the proceeds thereof will not violate any material Requirement of Law or any material Contractual Obligation of any Group Member and will not result in, or require, the creation or imposition of any Lien on any of their respective properties or revenues pursuant to any Requirement of Law or any such Contractual Obligation (other than the Liens created by the Security Documents). No Requirement of Law or Contractual Obligation applicable to the Borrower or any of its Subsidiaries could reasonably be expected to have a Material Adverse Effect.

4.6 Litigation. Except as disclosed by the Borrower to the Lenders in writing at least three Business Days prior to the Closing Date, there shall not exist any action, investigation, litigation or proceeding pending or, to the knowledge of the Borrower, threatened in any court or before any arbitrator or Governmental Authority that if adversely determined would have a Material Adverse Effect.

4.7 No Default. No Group Member is in default under or with respect to any of its Contractual Obligations in any respect that could reasonably be expected to have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

4.8 Ownership of Property; Liens. Each Group Member has title in fee simple to, or a valid leasehold interest in, all its real property (except as could not reasonably be expected to have a Material Adverse Effect) and none of such property is subject to any Lien except a Permitted Lien.

4.9 Intellectual Property. Each Group Member owns, or is licensed to use, to its knowledge, all material Intellectual Property necessary for the conduct of its business as currently conducted. Except as set forth on Schedule 4.9, to each Group Member's knowledge, no claim has been asserted and is pending against such Group Member by any Person challenging or questioning the use of any Intellectual Property or the validity or effectiveness of any Intellectual Property, nor does Holdings or the Borrower know of any valid basis for any such claim that if adversely determined could have a material adverse effect on the value of any material Intellectual Property owned by such Group Member. Subject to the foregoing sentence, the use of Intellectual Property by each Group Member does not infringe, to its knowledge, on the rights of any Person in any material respect.

4.10 Taxes. Each Group Member has filed or caused to be filed all federal, state and local income and other material tax returns that are required to be filed by it and has paid all taxes shown to be due and payable on said returns or on any assessments made against it or any of its property and all other taxes, fees or other charges imposed on it or any of its property by any Governmental Authority (other than any amount the validity of which is currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the relevant Group Member or to the extent that failure to do so could not reasonably be expected to result in a Material Adverse Effect) or with respect to which the failure to have filed such tax returns or have paid such taxes would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

4.11 Federal Regulations. No part of the proceeds of any Loans, and no other extensions of credit hereunder, will be used (a) for "buying" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under Regulation U as now and from time to time hereafter in effect for any purpose that violates the provisions of the Regulations of the Board or (b) for any purpose that violates the provisions of the Regulations of the Board. If requested by any Lender or the Administrative Agent, the Borrower will furnish to the Administrative Agent and each Lender a statement to the foregoing effect in conformity with the requirements of FR Form G-3 or FR Form U-1, as applicable, referred to in Regulation U.

4.12 ERISA. (a) Neither a Reportable Event nor an "accumulated funding deficiency" (within the meaning of Section 412 of the Code or Section 302 of ERISA) has occurred during the five-year period prior to the date on which this representation is made or deemed made with respect to any Plan, and each Plan has complied in all material respects with the applicable provisions of ERISA and the Code; (b) no termination of a Single Employer Plan has occurred, and no Lien in favor of the PBGC or a Plan has arisen, during such five-year period; (c) the present value of all accrued benefits under each Single Employer Plan (based on those assumptions used to fund such Plans) did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Plan allocable to such accrued benefits by a material amount; (d) neither the Borrower nor any Commonly Controlled Entity has had a complete or partial withdrawal from any Multiemployer Plan that has resulted or could reasonably be expected to result in a liability under ERISA, and neither the Borrower nor any Commonly Controlled Entity would become subject to any material liability under ERISA if the Borrower or any such Commonly Controlled Entity were to withdraw completely from all Multiemployer Plans as of the valuation date most closely preceding the date on which this representation is made or

deemed made; and (e) no such Multiemployer Plan is in Reorganization or Insolvent, except where, in each of clauses (a) through (e), such event or condition, together with all other events or conditions, could not reasonably be expected to have a Material Adverse Effect.

4.13 Investment Company Act; Other Regulations. No Loan Party is an “investment company”, or a company “controlled” by an “investment company”, within the meaning of the Investment Company Act of 1940, as amended.

4.14 Subsidiaries. As of the Closing Date, (a) Schedule 4.14 sets forth the name and jurisdiction of organization of each Subsidiary and, (i) as to each such Subsidiary (other than WTH Funding LP), the percentage of each class of Capital Stock owned by any Loan Party and (ii) in the case of WTH Funding LP, the names of the partners of such partnership and to the extent that the partners of such partnership are Subsidiaries, the percentage of Capital Stock of such Subsidiaries owned by any Loan Party and (b) there are no outstanding subscriptions, options, warrants, calls, rights or other agreements or commitments (other than stock options granted to employees or directors and directors’ qualifying shares) of any nature relating to any Capital Stock of the Borrower or any Subsidiary (other than WTH Funding LP), except as created by the Loan Documents.

4.15 Use of Proceeds. The proceeds of the Term Loans shall be used (i) to repay AESOP Indebtedness, (ii) to pay costs and expenses in connection with the entering into of the Loan Documents and the issuance of the Senior Unsecured Notes and (iii) to finance the working capital needs and general corporate purposes of the Borrower and its Subsidiaries. The proceeds of the Revolving Loans and the Swingline Loans, and the Letters of Credit, shall be used to finance the working capital needs and general corporate purposes of the Borrower and its Subsidiaries.

4.16 Accuracy of Information, etc. No statement or information (other than the projections and pro forma financial information) contained in this Agreement, any other Loan Document, the Confidential Information Memorandum or any other document, certificate or statement furnished by or on behalf of any Loan Party to the Administrative Agent or the Lenders, or any of them, for use in connection with the transactions contemplated by this Agreement or the other Loan Documents taken as a whole, contained as of the date such statement, information, document or certificate was so furnished (or, in the case of the Confidential Information Memorandum, as of the date of this Agreement), any untrue statement of a material fact or omitted to state a material fact necessary to make the statements contained herein or therein not misleading. The projections and pro forma financial information contained in the materials referenced above are based upon good faith estimates and assumptions believed by management of the Borrower to be reasonable at the time made, it being recognized by the Lenders that such financial information as it relates to future events is not to be viewed as fact and that actual results during the period or periods covered by such financial information may differ from the projected results set forth therein by a material amount. As of the Closing Date there is no fact known to any Loan Party that could reasonably be expected to have a Material Adverse Effect that has not been expressly disclosed herein, in the other Loan Documents, in the Confidential Information Memorandum or in any other documents, certificates and statements furnished to the Administrative Agent and the Lenders for use in connection with the transactions contemplated hereby and by the other Loan Documents.

4.17 Security Documents. (a) The Guarantee and Collateral Agreement is effective to create in favor of the Administrative Agent, for the benefit of the Secured Parties (as defined in the Guarantee and Collateral Agreement), a legal, valid and enforceable security interest in the Collateral described therein and proceeds thereof. In the case of the Pledged Stock described in the Guarantee and Collateral Agreement, when stock certificates representing such Pledged Stock are delivered to the Administrative Agent, and in the case of the other Collateral described in the Guarantee and Collateral Agreement, when financing statements and other filings specified on Schedule 4.17 in appropriate form are

filed in the offices specified on Schedule 4.17, the Guarantee and Collateral Agreement shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in such Collateral and the proceeds thereof, as security for the Obligations (as defined in the Guarantee and Collateral Agreement), in each case prior and superior in right to any other Person (except (i) in the case of Collateral other than Pledged Stock, Permitted Liens and (ii) in the case of Pledged Stock, statutory Liens); and (b) When executed, each of the Mortgages will be effective to create in favor of the Administrative Agent, for the benefit of the Lenders, a legal, valid and enforceable Lien on the Mortgaged Properties described therein and proceeds thereof, and when the Mortgages are accepted for recording in the applicable recording offices, each such Mortgage shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in the Mortgaged Properties and the proceeds thereof, as security for the Obligations (as defined in the relevant Mortgage), in each case prior and superior in right to any other Person (except for any Permitted Lien other than Liens securing Indebtedness). Schedule 1.1F lists, as of the First Amendment Effective Date, each parcel of owned real property and each leasehold interest in real property located in the United States and held by the Borrower or any of its Subsidiaries that has a value, in the reasonable opinion of the Borrower, in excess of \$400,000.

4.18 Certain Documents. The Borrower has delivered to the Administrative Agent a complete and correct copy of the Senior Unsecured Note Indenture and such other documents as the Administrative Agent shall have reasonably requested.

SECTION 5. CONDITIONS PRECEDENT

5.1 Conditions to Initial Extension of Credit. The agreement of each Lender to make the initial extension of credit requested to be made by it is subject to the satisfaction, prior to or concurrently with the making of such extension of credit on the Closing Date, of the following conditions precedent:

(a) Credit Agreement; Guarantee and Collateral Agreement. The Administrative Agent shall have received (i) this Agreement, executed and delivered by the Administrative Agent, Holdings, the Borrower and each Person listed on Schedule 1.1A and (ii) the Guarantee and Collateral Agreement, executed and delivered by Holdings, the Borrower and each Subsidiary Guarantor.

(b) Senior Unsecured Notes Issuance. The Borrower and Avis Budget Finance shall have received at least \$1,000,000,000 in gross cash proceeds from the issuance of the Senior Unsecured Notes on terms and conditions reasonably satisfactory to the Joint Arrangers.

(c) Pro Forma Balance Sheet; Financial Statements. The Lenders shall have received (i) the Pro Forma Balance Sheet, (ii) the Consolidated Financial Statements and (iii) unaudited interim consolidated financial statements of the Borrower for each fiscal quarter ended more than 45 days before the Closing Date and after the date of the latest applicable financial statements delivered pursuant to clause (ii) of this paragraph as to which such financial statements are available, and such financial statements shall not, in the reasonable judgment of the Lenders, reflect any material inconsistency with the financial statements or projections contained in the Confidential Information Memorandum, except as a result of changes thereto required by GAAP.

(d) Projections. The Lenders shall have received satisfactory projections through 2011.

(e) Approvals. All material governmental and third party approvals necessary in connection with the continuing operations of the Group Members, the issuance of the Senior Unsecured Notes and the financing contemplated hereby shall have been obtained and be in full force and effect, and all applicable waiting periods shall have expired without any action being

taken or threatened by any competent authority that would restrain, prevent or otherwise impose adverse conditions on the issuance of the Senior Unsecured Notes or the financing contemplated hereby.

(f) Lien Searches. The Administrative Agent shall have received the results of a recent lien search in each jurisdiction where the Loan Parties have their chief executive office or are organized, and such search shall reveal no Liens on any of the assets of the Loan Parties except for Liens permitted by Section 7.3, Liens discharged on or prior to the Closing Date or Liens for which termination arrangements have been made pursuant to documentation and on terms satisfactory to the Administrative Agent.

(g) Fees. The Lenders and the Administrative Agent shall have received all fees required to be paid, and all expenses for which invoices have been presented (including the reasonable fees and expenses of legal counsel), on or before the Closing Date. All such amounts will be paid with proceeds of Loans made on the Closing Date and will be reflected in the funding instructions given by the Borrower to the Administrative Agent on or before the Closing Date.

(h) Closing Certificate; Certified Certificate of Incorporation; Good Standing Certificates. The Administrative Agent shall have received (i) a certificate of each Loan Party, dated the Closing Date, substantially in the form of Exhibit C, with appropriate insertions and attachments, including the certificate of incorporation of each Loan Party that is a corporation certified by the relevant authority of the jurisdiction of organization of such Loan Party, and (ii) a long form good standing certificate for each Loan Party from its jurisdiction of organization.

(i) Legal Opinions. The Administrative Agent shall have received the executed legal opinion of Skadden, Arps, Slate, Meagher & Flom LLP, counsel to the Borrower and its Subsidiaries, substantially in the form of Exhibit E.

(j) Pledged Stock; Stock Powers; Pledged Notes. The Administrative Agent shall have received (i) the certificates representing the shares of Capital Stock pledged pursuant to the Guarantee and Collateral Agreement, together with an undated stock power for each such certificate executed in blank by a duly authorized officer of the pledgor thereof and (ii) each promissory note (if any) pledged to the Administrative Agent pursuant to the Guarantee and Collateral Agreement endorsed (without recourse) in blank (or accompanied by an executed transfer form in blank) by the pledgor thereof.

(k) Filings, Registrations and Recordings. Each document (including any Uniform Commercial Code financing statement) required by the Security Documents or under law or reasonably requested by the Administrative Agent to be filed, registered or recorded in order to create in favor of the Administrative Agent, for the benefit of the Lenders, a perfected Lien on the Collateral described therein, prior and superior in right to any other Person (other than with respect to Liens expressly permitted by Section 7.3), shall be in proper form for filing, registration or recordation.

(l) Solvency Opinion. The Administrative Agent shall have received a satisfactory solvency opinion from Duff & Phelps LLC that shall document the solvency of the Borrower and its Subsidiaries after giving effect to the financing contemplated hereby and the issuance of the Senior Unsecured Notes.

(m) Officer's Certificate. The Lenders shall have received a certificate from the chief financial officer of the Borrower documenting the Borrower's compliance with the conditions set forth in paragraphs (a) and (b) of Section 5.2 on a pro forma basis after giving effect to the financing contemplated hereby and the issuance of the Senior Unsecured Notes.

5.2 Conditions to Each Extension of Credit. The agreement of each Lender to make any extension of credit requested to be made by it on any date (including its initial extension of credit) is subject to the satisfaction of the following conditions precedent:

(a) Representations and Warranties. Each of the representations and warranties made by any Loan Party in or pursuant to the Loan Documents shall be true and correct in all material respects on and as of such date as if made on and as of such date.

(b) No Default. No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the extensions of credit requested to be made on such date.

(c) No Excess Proceeds. The amount of any extension of credit, after giving effect to the application of proceeds thereof, shall not exceed the reasonable working capital needs of the Borrower and its Subsidiaries by a material amount.

(d) Extensions of Credit to a Subsidiary Borrower. The representations and warranties contained in Sections 4.3, 4.4 and 4.5 as to any Subsidiary Borrower to which an extension of credit is to be made shall be true and correct in all material respects on and as of such date as if made on and as of such date.

Each borrowing by and issuance of a Letter of Credit on behalf of the Borrower or any Subsidiary Borrower hereunder shall constitute a representation and warranty by the Borrower, or such Subsidiary Borrower, as applicable, as of the date of such extension of credit that the conditions contained in this Section 5.2 have been satisfied.

SECTION 6. AFFIRMATIVE COVENANTS

Holdings and the Borrower hereby jointly and severally agree that, so long as the Commitments remain in effect, any Letter of Credit remains outstanding or any Loan or other amount is owing to any Lender or the Administrative Agent hereunder, each of Holdings and the Borrower shall and shall cause each of its Subsidiaries to:

6.1 Financial Statements. Furnish to the Administrative Agent and each Lender:

(a) as soon as available, but in any event within 100 days after the end of each fiscal year of the Borrower, a copy of the audited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such year and the related audited consolidated statements of income and of cash flows for such year, setting forth in each case in comparative form the figures for the previous year, reported on without a “going concern” or like qualification or exception, or qualification arising out of the scope of the audit, by Deloitte & Touche LLP or other independent certified public accountants of nationally recognized standing; and

(b) as soon as available, but in any event not later than 55 days after the end of each of the first three quarterly periods of each fiscal year of the Borrower, the unaudited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such quarter and the related unaudited consolidated statements of income and of cash flows for such quarter and the portion of the fiscal year through the end of such quarter, setting forth in each case in comparative form the figures for the previous year, certified by a Responsible Officer as being fairly stated in all material respects (subject to normal year-end audit adjustments).

All such financial statements shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied (except as approved by such accountants or officer, as the case may be, and disclosed in reasonable detail therein) consistently throughout the periods reflected therein and with prior periods and shall be deemed to have been delivered on the date on which the Borrower provides notice to the Administrative Agent that such information has been posted on the Borrower's website at the website address listed on the signature pages of such notice, at www.sec.gov or at such other website identified in such notice and accessible by the Lenders without charge; provided that the Borrower shall deliver paper copies of such financial statements to the Administrative Agent or any Lender who requests the Borrower to deliver such paper copies until written notice to cease delivering paper copies is given by the Administrative Agent or such Lender. The Borrower will be deemed to have satisfied the requirements of this Section 6.1 if any parent files with the SEC and provides reports, documents and information of the types otherwise so required, in each case within the applicable time periods specified by the applicable rules and regulations of the SEC, and the Borrower is not required to file such reports, documents and information separately under the applicable rules and regulations of the SEC (after giving effect to any exemptive relief) because of the filings by such parent.

6.2 Certificates; Other Information. Furnish to the Administrative Agent and each Lender (or, in the case of clause (d), to the relevant Lender):

(a) concurrently with the delivery of the financial statements referred to in Section 6.1(a), a letter, written and signed by the independent certified public accountants reporting on such financial statements describing the scope of such financial statements and certifying that such financial statements are presented in an accurate manner and in accordance with GAAP;

(b) concurrently with the delivery of any financial statements pursuant to Section 6.1, (i) a certificate of a Responsible Officer stating that, to the best of each such Responsible Officer's knowledge, each Loan Party during such period has observed or performed all of its covenants and other agreements, and satisfied every condition contained in this Agreement and the other Loan Documents to which it is a party to be observed, performed or satisfied by it, and that such Responsible Officer has obtained no knowledge of any Default or Event of Default except as specified in such certificate and (ii) in the case of quarterly or annual financial statements, (x) a Compliance Certificate containing all information and calculations necessary for determining compliance by each Group Member with the provisions of this Agreement referred to therein as of the last day of the fiscal quarter or fiscal year of the Borrower, as the case may be, and (y) to the extent not previously disclosed to the Administrative Agent, (1) a description of any change in the jurisdiction of organization of any Loan Party and the name and jurisdiction of organization of any new Subsidiary and the percentage of each class of Capital Stock owned by any Loan Party and (2) a list of any Intellectual Property registrations and applications acquired by any Loan Party since the date of the most recent report delivered pursuant to this clause (y) (or, in the case of the first such report so delivered, since the Closing Date);

(c) as soon as available, and in any event no later than 45 days after the end of each fiscal year of the Borrower, a consolidated budget for the following fiscal year (which shall include the Fleet Financing Forecast for such fiscal year) and, as soon as available, significant revisions, if any, of such budget with respect to such fiscal year (the "Budget"), which Budget shall in each case be accompanied by a certificate of a Responsible Officer stating that such Budget is based on reasonable estimates, information and assumptions and that such Responsible Officer has no reason to believe that such Budget is incorrect or misleading in any material respect, it being understood

that such Budget is based upon good faith estimates and assumptions believed by management of the Borrower to be reasonable at the time made, and it being recognized by the Lenders that such financial information as it relates to future events is not to be viewed as fact and that actual results during the period or periods covered by such financial information may differ from Budget by a material amount;

(d) unless the Borrower shall at such time have Specified Ratings of at least Ba2 or better from Moody's and BB or better from S&P (in each case with a stable or positive outlook), as soon as available, but in any event not later than ten Business Days after the end of each calendar month, a financial report setting forth in comparative detail the Borrower's financial performance and liquidity for such calendar month (including rental car financing activity) against the projected performance and liquidity for such calendar month contained in the consolidated budget for the fiscal year (including the Fleet Financing Forecast, it being understood that the financial performance information provided pursuant to this Section 6.2(e) will be subject to quarterly and year-end adjustments), substantially in the form set forth in Section 2 of Annex A; and

(e) promptly, such additional financial and other information as any Lender may from time to time reasonably request.

6.3 Payment of Obligations. Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, its obligations and liabilities in respect of taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or in respect of its property, except where the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves in conformity with GAAP with respect thereto have been provided on the books of the relevant Group Member or except to the extent that failure to do so could not reasonably be expected to result in a Material Adverse Effect.

6.4 Maintenance of Existence; Compliance. (a)(i) Preserve, renew and keep in full force and effect its organizational existence (provided that Holdings and any of its Subsidiaries may change its organizational form so long as such change shall not adversely affect the interests of the Lenders) and (ii) take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business, except, in each case, as otherwise permitted by Section 7.4 and except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; and (b) comply with all Contractual Obligations and Requirements of Law except to the extent that failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

6.5 Maintenance of Property; Insurance. (a) Keep all property material to its business in good working order and condition consistent with industry practices, ordinary wear and tear excepted, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect and (b) maintain with financially sound and reputable insurance companies insurance on all its material property in amounts and against such risks (but including in any event, to the extent available on commercially reasonable terms, public liability, product liability and business interruption) as are usually insured against in the same general area by companies engaged in the same or a similar business.

6.6 Inspection of Property; Books and Records; Discussions. (a) Keep proper books of records and account in which full, true and correct entries in conformity with GAAP and all Requirements of Law shall be made of all dealings and transactions in relation to its business and activities and (b) permit the Administrative Agent, and after the occurrence and during the continuance of an Event of Default, representatives of any Lender (in coordination with the Administrative Agent), to visit and inspect any of its properties and examine and make abstracts from any of its books and records at any reasonable time and upon reasonable advance notice, and to discuss the business, operations, properties and financial

and other condition of the Group Members with officers and employees of the Group Members and with their independent certified public accountants; provided that a representative of the Loan Parties shall be permitted to be present for any discussion with independent certified accountants referred to above. Notwithstanding Section 10.5, unless any such visit or inspection is conducted after the occurrence and during the continuance of a Default or Event of Default, the Borrower shall not be required to pay any costs or expenses incurred by the Administrative Agent, any Lender or Lender's representative in connection with such visit or inspection.

6.7 Notices. Promptly upon obtaining actual knowledge thereof, give notice to the Administrative Agent and each Lender of:

(a) the occurrence of any Default or Event of Default;

(b) any (i) default or event of default under any Contractual Obligation of any Group Member or (ii) litigation, investigation or proceeding that may exist at any time between any Group Member and any Governmental Authority, that in either case, if not cured or if adversely determined, as the case may be, could reasonably be expected to have a Material Adverse Effect;

(c) any litigation or proceeding affecting any Group Member (i) in which the amount involved is \$50,000,000 or more and not covered by insurance, (ii) in which injunctive or similar relief is sought or (iii) which relates to any Loan Document;

(d) the following events, as soon as possible and in any event within 30 days after the Borrower knows or has reason to know thereof: (i) the occurrence of any Reportable Event with respect to any Plan, a failure to make any required contribution to a Plan, the creation of any Lien in favor of the PBGC or a Plan or any withdrawal from, or the termination, Reorganization or Insolvency of, any Multiemployer Plan or (ii) the institution of proceedings or the taking of any other action by the PBGC or the Borrower or any Commonly Controlled Entity or any Multiemployer Plan with respect to the withdrawal from, or the termination, Reorganization or Insolvency of, any Plan; and

(e) any development or event that has had or could reasonably be expected to have a Material Adverse Effect.

Each notice pursuant to this Section 6.7 shall be accompanied by a statement of a Responsible Officer setting forth details of the occurrence referred to therein and stating what action the relevant Group Member proposes to take with respect thereto.

6.8 Environmental Laws. (a) Comply with, and use commercially reasonable efforts to ensure compliance by all tenants and subtenants, if any, with, all applicable Environmental Laws, and obtain and comply with and maintain, and use commercially reasonable efforts to ensure that all tenants and subtenants obtain and comply with and maintain, any and all licenses, approvals, binding notifications, registrations or permits required by applicable Environmental Laws, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(b) Conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions required under Environmental Laws and promptly comply with all lawful orders and directives of all Governmental Authorities regarding Environmental Laws, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

6.9 Additional Collateral, etc. (a) With respect to any property constituting Collateral described in the Guarantee and Collateral Agreement acquired after the Closing Date by any Loan Party as to which the Administrative Agent, for the benefit of the Lenders, does not have a perfected Lien, promptly (i) execute and deliver to the Administrative Agent such amendments to the Guarantee and Collateral Agreement or such other documents as the Administrative Agent deems necessary or advisable to grant to the Administrative Agent, for the benefit of the Lenders, a security interest in such property and (ii) take all actions necessary or advisable to grant to the Administrative Agent, for the benefit of the Lenders, a perfected first priority security interest in such property, including the filing of Uniform Commercial Code financing statements in such jurisdictions as may be required by the Guarantee and Collateral Agreement or by law or as may be requested by the Administrative Agent; provided that the Loan Parties shall not be required to take any such action with respect to any Intellectual Property acquired after the Closing Date until the earlier of the date on which (i) the aggregate value of all such Intellectual Property with respect to which the actions described above have not already been taken shall be at least \$10,000,000 or (ii) the list describing such Intellectual Property is required to be furnished to the Administrative Agent and each Lender pursuant to Section 6.2(b).

(b) With respect to any new Subsidiary (other than a Foreign Subsidiary, an Excluded Subsidiary, an Excluded Person, a Securitization Entity or any Subsidiary of a Foreign Subsidiary, Excluded Subsidiary or Securitization Entity) created or acquired after the Closing Date by any Loan Party, promptly (i) execute and deliver to the Administrative Agent such amendments to the Guarantee and Collateral Agreement as the Administrative Agent deems necessary or advisable to grant to the Administrative Agent, for the benefit of the Lenders, a perfected first priority security interest in the Capital Stock of such new Subsidiary that is owned by any Loan Party, (ii) deliver to the Administrative Agent the certificates representing such Capital Stock, together with undated stock powers, in blank, executed and delivered by a duly authorized officer of the relevant Loan Party, (iii) cause such new Subsidiary (A) to become a party to the Guarantee and Collateral Agreement, (B) to take such actions necessary or advisable to grant to the Administrative Agent for the benefit of the Lenders a perfected first priority security interest in the Collateral described in the Guarantee and Collateral Agreement with respect to such new Subsidiary, including the filing of Uniform Commercial Code financing statements in such jurisdictions as may be required by the Guarantee and Collateral Agreement or by law or as may be requested by the Administrative Agent and (C) to deliver to the Administrative Agent a certificate of such Subsidiary, substantially in the form of Exhibit C, with appropriate insertions and attachments, and (iv) if reasonably requested by the Administrative Agent, deliver to the Administrative Agent legal opinions relating to the matters described above, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent.

(c) With respect to any new Foreign Subsidiary created or acquired after the Closing Date by any Loan Party (other than by any Foreign Subsidiary, an Excluded Subsidiary, an Excluded Person or a Securitization Entity), promptly (i) execute and deliver to the Administrative Agent such amendments to the Guarantee and Collateral Agreement as the Administrative Agent deems necessary or advisable to grant to the Administrative Agent, for the benefit of the Lenders, a perfected first priority security interest in a portion of the Capital Stock of such new Subsidiary that is owned by any such Loan Party (provided that in no event shall more than 66% of the total outstanding voting Capital Stock of any such new Subsidiary be required to be so pledged), (ii) deliver to the Administrative Agent the certificates representing such Capital Stock, together with undated stock powers, in blank, executed and delivered by a duly authorized officer of the relevant Group Member, and take such other action as may be necessary or, in the opinion of the Administrative Agent, desirable to perfect the Administrative Agent's security interest therein, and (iii) if reasonably requested by the Administrative Agent, deliver to the Administrative Agent legal opinions relating to the matters described above, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent.

(d) With respect to any fee interest or leasehold interest in any real property having a value (together with improvements thereof) of at least \$1,000,000 acquired after the Second Amendment Effective Date by any Group Member (other than (x) any such real property subject to a Lien expressly permitted by Section 7.3(h) or 7.3(o) and (y) real property acquired by any Excluded Subsidiary, Excluded Person or Foreign Subsidiary), promptly (i) execute and deliver a first priority Mortgage, in favor of the Administrative Agent, for the benefit of the Lenders, covering such real property; provided that the obligation to deliver a Mortgage covering any leasehold property shall be limited to the use by the applicable Group Member of its commercially reasonable efforts to obtain any necessary landlord consents or waivers and (ii) in the case of any real property with a value of \$5,000,000 or more, if requested by the Administrative Agent (x) provide the Lenders with title and extended coverage insurance covering such real property in an amount at least equal to the purchase price of such real property (or such other amount as shall be reasonably specified by the Administrative Agent) and (y) deliver to the Administrative Agent legal opinions relating to the matters described above, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent.

SECTION 7. NEGATIVE COVENANTS

Holdings and the Borrower hereby jointly and severally agree that, so long as the Commitments remain in effect, any Letter of Credit remains outstanding or any Loan or other amount is owing to any Lender or the Administrative Agent hereunder, each of Holdings and the Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly:

7.1 Financial Condition Covenants. (a) Consolidated Leverage Ratio. Permit the Consolidated Leverage Ratio as at the last day of any period of four consecutive fiscal quarters of the Borrower ending with any fiscal quarter set forth below (commencing with the fiscal quarter ending June 30, 2010) to exceed the ratio set forth below opposite such fiscal quarter:

<u>Fiscal Quarter</u>	<u>Consolidated Leverage Ratio</u>
June 30, 2010	6.25 to 1.00
September 30, 2010	5.75 to 1.00
December 31, 2010	5.50 to 1.00
March 31, 2011	5.50 to 1.00
June 30, 2011	5.25 to 1.00
September 30, 2011	5.00 to 1.00
December 31, 2011	4.75 to 1.00
March 31, 2012	4.75 to 1.00
June 30, 2012	4.75 to 1.00
September 30, 2012	4.50 to 1.00
December 31, 2012	4.50 to 1.00
March 31, 2013	4.50 to 1.00
June 30, 2013	4.50 to 1.00
September 30, 2013	4.25 to 1.00
December 31, 2013	4.25 to 1.00
March 31, 2014	4.25 to 1.00

(b) Consolidated Interest Coverage Ratio. Permit the Consolidated Interest Coverage Ratio for any period of four consecutive fiscal quarters of the Borrower ending with any fiscal quarter set forth below (commencing with the fiscal quarter ending June 30, 2010) to be less than the ratio set forth below opposite such fiscal quarter:

<u>Fiscal Quarter</u>	<u>Consolidated Interest Coverage Ratio</u>
June 30, 2010	1.30 to 1.00
September 30, 2010	1.30 to 1.00
December 31, 2010	1.35 to 1.00
March 31, 2011	1.40 to 1.00
June 30, 2011	1.45 to 1.00
September 30, 2011	1.55 to 1.00
December 31, 2011	1.60 to 1.00
March 31, 2012	1.60 to 1.00
June 30, 2012	1.65 to 1.00
September 30, 2012	1.70 to 1.00
December 31, 2012	1.70 to 1.00
March 31, 2013	1.70 to 1.00
June 30, 2013	1.70 to 1.00
September 30, 2013	1.75 to 1.00
December 31, 2013	1.75 to 1.00
March 31, 2014	1.75 to 1.00

7.2 Indebtedness. Create, issue, incur, assume, become liable in respect of or suffer to exist any Indebtedness, except:

- (a) Indebtedness of any Loan Party pursuant to any Loan Document;
- (b) Indebtedness of the Borrower to any Subsidiary and of any Subsidiary Guarantor to the Borrower or any other Subsidiary;
- (c) Guarantee Obligations of the Borrower, Holdings and any Subsidiary of the Borrower in respect of the Guarantee and Collateral Agreement;
- (d) Guarantee Obligations incurred by the Borrower or any of its Subsidiaries of obligations of any Subsidiary Guarantor or the Borrower;
- (e) Guarantee Obligations of the Borrower in respect of obligations under the Letter of Credit Facilities;
- (f) Indebtedness outstanding on the date hereof or required to be incurred pursuant to a Contractual Obligation in existence on the date hereof (other than AESOP Indebtedness and Securitization Indebtedness) and listed on Schedule 7.2(f) and any Permitted Refinancing thereof;

- (g) Indebtedness (including, without limitation, Capital Lease Obligations) secured by Liens permitted by Section 7.3(h) in an aggregate principal amount not to exceed \$100,000,000 at any one time outstanding;
- (h) Indebtedness of the Borrower and Avis Budget Finance in respect of the Senior Unsecured Notes and any Permitted Refinancing thereof;
- (i) unsecured Guarantee Obligations of Holdings and any Subsidiary of the Borrower in respect of the Senior Unsecured Notes; provided that each guarantor under the Senior Unsecured Notes or any Permitted Refinancing thereof shall be a guarantor of the Obligations pursuant to the Guarantee and Collateral Agreement or such other agreement as the Administrative Agent may approve in its reasonable discretion;
- (j) AESOP Indebtedness;
- (k) Securitization Indebtedness;
- (l) Recourse Vehicle Indebtedness;
- (m) Indebtedness incurred in connection with any acquisition by the Borrower or any of its Subsidiaries of vehicles directly from a manufacturer pursuant to such manufacturer's repurchase program; provided that (i) such Indebtedness is not greater than the net book value of such vehicles and (ii) such vehicles could not be financed under the AESOP Financing Program;
- (n) Indebtedness incurred pursuant to terminal rental adjustment clause lease financings of trucks to be used in the truck rental operations of the Borrower and its Subsidiaries;
- (o) Indebtedness under any Swap Agreement;
- (p) Indebtedness of any Foreign Subsidiary, Excluded Subsidiary or Securitization Entity to the Borrower or any Subsidiary Guarantor incurred in the ordinary course of business or to satisfy the general financing needs of such Foreign Subsidiary, Excluded Subsidiary or Securitization Entity;
- (q) Indebtedness of any Foreign Subsidiary, Excluded Subsidiary or Securitization Entity to the Borrower or any Subsidiary Guarantor in an amount not to exceed \$50,000,000 at any one time outstanding;
- (r) Indebtedness of any Foreign Subsidiary, Excluded Subsidiary or Securitization Entity to any Foreign Subsidiary, Excluded Subsidiary or Securitization Entity;
- (s) Guarantee Obligations incurred by any Foreign Subsidiary, Excluded Subsidiary or Securitization Entity in respect of Indebtedness of any Foreign Subsidiary, Excluded Subsidiary or Securitization Entity;
- (t) Indebtedness of any Foreign Subsidiary in an aggregate principal amount not to exceed \$50,000,000 at any one time outstanding and any Permitted Refinancing thereof;
- (u) Indebtedness of any Person that becomes a Subsidiary pursuant to a Permitted Acquisition or that is otherwise assumed by the Borrower or any of its Subsidiaries in connection with a Permitted Acquisition which is not incurred in contemplation of such Permitted Acquisition and any Permitted Refinancing thereof;

(v) unsecured or subordinated Indebtedness of the Borrower, Holdings or any Subsidiary Guarantor of the Borrower having no scheduled principal payments or prepayments prior to the Extended Term Loan Maturity Date incurred in connection with Permitted Acquisitions and any Permitted Refinancing thereof;

(w) additional Indebtedness of the Borrower or any of its Subsidiaries in an aggregate principal amount not to exceed \$50,000,000 at any one time outstanding;

(x) Indebtedness incurred in connection with the financing of any insurance premiums; and

(y) additional unsecured or subordinated Indebtedness of the Borrower, Holdings or any Subsidiary Guarantor having no scheduled principal payments or prepayments (other than (i) as a result of change of control, asset sale, or issuance of Capital stock or Indebtedness or (ii) pursuant to other mandatory prepayment requirements customary for similar Indebtedness after taking into account then prevailing market conditions, in each case, not otherwise in conflict with the mandatory prepayment requirements contained in Section 2.11) prior to the Extended Term Loan Maturity Date and any Permitted Refinancing thereof;

provided, that if the Group Member's action or event meets the criteria of more than one of the types of Indebtedness described in the clauses above, the Borrower in its sole discretion may classify such action or event in one or more clauses (including in part under one such clause and in part under another such clause).

7.3 Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, whether now owned or hereafter acquired, except:

(a) Liens for taxes, assessments, governmental charges or other similar obligations not yet due or that are being contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained on the books of the Borrower or its Subsidiaries, as the case may be, in conformity with GAAP;

(b) carriers', warehousemen's, mechanics', landlord's, materialmen's, repairmen's or other like Liens arising in the ordinary course of business that are not overdue for a period of more than 60 days or that are being contested in good faith by appropriate proceedings;

(c) Liens incidental to the conduct of the Borrower's business or the ownership of its assets which were not incurred in connection with the borrowing of money, and which do not in the aggregate materially detract from the value of its assets or materially impair the use thereof in the operation of its business;

(d) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation;

(e) pledges or deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(f) easements, rights-of-way, restrictions, covenants and other similar encumbrances incurred in the ordinary course of business or of record that, in the aggregate, are not substantial in amount and that do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the Borrower or any of its Subsidiaries;

(g) Liens in existence on the date hereof listed on Schedule 7.3(g), securing Indebtedness permitted by Section 7.2(f), provided that no such Lien is spread to cover any additional property after the Closing Date and that the amount of Indebtedness secured thereby is not increased;

(h) Liens securing Indebtedness of the Borrower or any other Subsidiary incurred pursuant to Section 7.2(g) to finance the acquisition of fixed or capital assets, provided that (i) such Liens shall be created substantially simultaneously with the acquisition of such fixed or capital assets, (ii) such Liens do not at any time encumber any property other than the property financed by such Indebtedness and (iii) the amount of Indebtedness secured thereby is not increased;

(i) Liens created pursuant to the Security Documents;

(j) Liens on any Related Eligible Assets or arising out of the transfer of Related Eligible Assets to Securitization Entities; provided that such transfer is otherwise permitted by the Agreement;

(k) Liens securing Indebtedness permitted under Section 7.2(j), (k), (l), (m) and (n);

(l) Liens securing judgments which do not constitute an Event of Default;

(m) statutory rights of tenants under leases with respect to which the Borrower or any Subsidiary is the lessor;

(n) any interest or title of a lessor under any lease entered into by the Borrower or any other Subsidiary in the ordinary course of its business and covering only the assets so leased;

(o) Liens existing on any property or asset prior to the acquisition thereof by any Group Member or existing on any property or asset of any Person that becomes a Subsidiary after the date hereof prior to the time such Person becomes a Subsidiary; provided that such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, as the case may be, and such Lien shall secure only those obligations which it secures on the date of such acquisition or the date on which such Person becomes a Subsidiary, as the case may be, and any Permitted Refinancing of such obligations; provided further that no such Liens shall be permitted to exist on the Capital Stock of any Person that is required to be a Subsidiary Guarantor hereunder; and

(p) Liens attaching solely to cash earnest money deposits in connection with any permitted Investment or Permitted Acquisition;

(q) Liens on insurance policies and the proceeds thereof securing the financing of the insurance premiums with respect thereto;

(r) Encumbrances permitted under Section 7.12 or otherwise imposed pursuant to an agreement that has been entered into in connection with a Disposition of assets; and

(s) Liens not otherwise permitted by this Section so long as neither (i) the aggregate outstanding principal amount of the obligations secured thereby nor (ii) the aggregate fair market value (determined as of the date such Lien is incurred) of the assets subject thereto exceeds (as to the Borrower and all Subsidiaries) \$50,000,000 at any one time;

provided, that if the Group Member's action or event meets the criteria of more than one of the types of Liens described in the clauses above, the Borrower in its sole discretion may classify such action or event in one or more clauses (including in part under one such clause and in part under another such clause).

7.4 Fundamental Changes. Enter into any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or Dispose of all or substantially all of its property or business, except that:

(a) any Subsidiary of the Borrower may be merged or consolidated with or into the Borrower (provided that the Borrower shall be the continuing or surviving corporation) or with or into any Wholly Owned Subsidiary (provided that the Wholly Owned Subsidiary shall be the continuing or surviving corporation); provided that any such merger or consolidation of a Subsidiary Guarantor shall only be with or into the Borrower or another Subsidiary Guarantor;

(b) any Subsidiary of the Borrower may Dispose of any or all of its assets (i) to the Borrower or any Wholly Owned Subsidiary (upon voluntary liquidation or otherwise); provided that any such Disposition by a Subsidiary Guarantor shall only be to the Borrower or another Subsidiary Guarantor or (ii) pursuant to a Disposition permitted by Section 7.5; and

(c) any Investment expressly permitted by Section 7.7 may be structured as a merger, consolidation or amalgamation.

7.5 Disposition of Property. Dispose of any of its property, whether now owned or hereafter acquired, or, in the case of any Subsidiary, issue or sell any shares of such Subsidiary's Capital Stock to any Person, except:

(a) the Disposition of obsolete or worn out property in the ordinary course of business;

(b) the sale of inventory in the ordinary course of business;

(c) Dispositions permitted by clause (i) of Section 7.4(b), Investments permitted under Section 7.7 (other than Section 7.7 (m)) and Restricted Payments permitted under Section 7.6;

(d) the sale or issuance of any Subsidiary's Capital Stock to the Borrower or any Wholly Owned Subsidiary; provided that any sale or issuance of any Subsidiary Guarantor's Capital Stock shall only be to the Borrower or another Subsidiary Borrower;

(e) Dispositions of any Related Eligible Assets (i) in connection with the AESOP Financing Program, (ii) to any Securitization Entity or (iii) in connection with the incurrence of any Securitization Indebtedness;

(f) the sale of the Budget Truck Division for fair market value as determined by the board of directors of the Borrower;

(g) the Disposition of other property having a fair market value not to exceed \$200,000,000 in the aggregate for any fiscal year of the Borrower;

- (h) the Dispositions listed on Schedule 7.5(h);
- (i) Dispositions of properties subject to condemnation, eminent domain or taking;
- (j) leases, subleases, licenses and sublicenses of real or personal property in the ordinary course of business;
- (k) dispositions or use of cash and Cash Equivalents in the ordinary course of business;
- (l) the abandonment, termination or other disposition of intellectual property or leasehold properties in the ordinary course of business; and
- (m) dispositions, discounts or forgiveness of accounts receivable in connection with the collection or compromise thereof;

provided that all Dispositions permitted under paragraphs (f) and (g) of this Section 7.5 shall be made for fair value and for at least 75% cash consideration.

7.6 Restricted Payments. Declare or pay any dividend (other than dividends payable solely in common stock of the Person making such dividend) on, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of, any Capital Stock of any Group Member, whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of any Group Member (collectively, "Restricted Payments"), except that:

- (a) any Subsidiary may make Restricted Payments to the Borrower or any Subsidiary Guarantor; provided, that any non-Subsidiary Guarantor may make Restricted Payments to any Group Member;
- (b) so long as no Default or Event of Default shall have occurred and be continuing, the Borrower may pay dividends to Holdings and Holdings may pay dividends to Cendant to purchase Cendant common stock or common stock options from present or former officers or employees of any Group Member upon the death, disability or termination of employment of such officer or employee;
- (c) the Borrower may make Restricted Payments to Holdings to permit Holdings to (i) pay corporate overhead expenses incurred in the ordinary course of business and (ii) pay any taxes that are due and payable by Holdings or the Borrower;
- (d) (i) the Borrower may make Restricted Payments to Holdings to permit Holdings to pay dividends to any higher tier entity to provide for the payment of (A) Parent Expenses, (B) Related Taxes and (C) any Taxes that are due and payable by any Group Member as part of a consolidated group or which have been paid for the account of any Group Member pursuant to the Tax Sharing Agreement and (ii) so long as no Default or Event of Default shall have occurred and be continuing, the Borrower may make Restricted Payments to Holdings to permit Holdings to pay dividends to any Parent in an aggregate amount not to exceed \$40,000,000 plus 50% of Consolidated Net Income of the Borrower and its Subsidiaries, determined on a cumulative basis since April 1, 2010, during the term of this Agreement;
- (e) Investments permitted by Section 7.7; and

(f) any Subsidiary may make Restricted Payments (including in respect of management fees) to the holders of the Capital Stock of such Subsidiary ratably based on the respective ownership interests of such holders.

7.7 Investments. Make any advance, loan, extension of credit (by way of guaranty or otherwise) or capital contribution to, or purchase any Capital Stock, bonds, notes, debentures or other debt securities of, or any assets constituting a business unit of, or make any other investment in, any other Person (all of the foregoing, "Investments"), except:

(a) Investments consisting of extensions of trade credit and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors and other credits to suppliers in the ordinary course of business;

(b) Investments in Cash Equivalents;

(c) Guarantee Obligations permitted by Section 7.2;

(d) loans and advances to employees of any Group Member in the ordinary course of business (including for travel, entertainment and relocation expenses) in an aggregate amount not to exceed \$500,000 in any fiscal year;

(e) Investments in assets useful in the business of the Borrower and its Subsidiaries made by the Borrower or any of its Subsidiaries with the proceeds of any Reinvestment Deferred Amount;

(f) intercompany Investments by any Group Member in the Borrower or any Person that, prior to such investment, is a Subsidiary Guarantor;

(g) intercompany Investments by the Borrower or any Subsidiary Guarantor in any Securitization Entity, Foreign Subsidiary or Excluded Subsidiary made in the ordinary course of business or to satisfy the general financing needs of such Securitization Entity, Foreign Subsidiary or Excluded Subsidiary;

(h) intercompany Investments by the Borrower or any Subsidiary Guarantor in any Securitization Entity, Foreign Subsidiary or Excluded Subsidiary in an amount not to exceed \$50,000,000 at any one time outstanding;

(i) intercompany Investments by any Foreign Subsidiary, Excluded Subsidiary or Securitization Entity in any Foreign Subsidiary, Excluded Subsidiary or Securitization Entity;

(j) Restricted Payments to Cendant permitted by Section 7.6 in the form of loans and advances;

(k) Investments listed on Schedule 7.7(k);

(l) Permitted Acquisitions, provided that the aggregate amount (or, in the case of consideration consisting of assets, fair market value) of the consideration paid by the Borrower and its Subsidiaries (net of acquired cash and Cash Equivalents and excluding consideration in respect of acquired vehicles as long as (i) the purchase price for such vehicles does not exceed their fair market value and (ii) such vehicles will be financed in the Borrower's normal operation of its business through the AESOP Financing Program or any other similar financing program, or will be

replaced with vehicles financed through the AESOP Financing Program or any other similar financing program) shall not exceed (i) \$50,000,000 or (ii) \$200,000,000 in the event that after giving pro forma effect to such acquisition, the Consolidated Leverage Ratio is less than 4.00 to 1.00 as of the most recently ended fiscal quarter for which financial statements have been delivered hereunder, in each case, on a cumulative basis for all such acquisitions;

(m) Investments consisting of Liens, Indebtedness, fundamental changes, Dispositions, Restricted Payments permitted under Sections 7.2, 7.3, 7.4, 7.5 or 7.6 respectively;

(n) any seller-financing or other non-cash consideration received in connection with Dispositions permitted by Section 7.5;

(o) the Borrower or any Subsidiary may make Investments to purchase from a minority shareholder the Capital Stock of such shareholder in a joint venture entity in which any Group Member owns a majority equity interest (regardless of whether such a joint venture entity is a Subsidiary); and

(p) in addition to Investments otherwise expressly permitted by this Section, Investments by the Borrower or any of its Subsidiaries in an aggregate amount (valued at cost) not to exceed \$50,000,000 during the term of this Agreement;

provided, that (i) if the Group Member's action or event meets the criteria of more than one of the types of Investments described in the clauses above, the Borrower in its sole discretion may classify such action or event in one or more clauses (including in part under one such clause and in part under another such clause) and (ii) the Borrower and its Subsidiaries may not make any Investment in an Excluded Person except to the extent permitted by Section 7.7(p).

7.8 Optional Payments and Modifications of Certain Agreements. (a) Make or offer to make any optional or voluntary payment, prepayment, repurchase or redemption of or otherwise optionally or voluntarily defease or segregate funds with respect to the Indebtedness permitted by Section 7.2(h), (t) or (v); provided that any such Indebtedness may be repaid, prepaid, repurchased or redeemed (i) in connection with a Permitted Refinancing or (ii) for consideration (including any premium paid in connection therewith) in an aggregate amount of up to \$50,000,000 plus an additional \$50,000,000 in the event that after giving pro forma effect to such prepayment, repurchase or redemption, the Consolidated Leverage Ratio is less than 4.00 to 1.00, (b) amend, modify, waive or otherwise change, or consent or agree to any amendment, modification, waiver or other change to, any of the terms of the Senior Unsecured Notes in a manner materially adverse to the Lenders or (c) amend, modify, waive or otherwise change, or consent or agree to any amendment, modification, waiver or other change to, any of the terms of the Separation Agreement or the Tax Sharing Agreement in a manner materially adverse to the Lenders, it being understood that an increase of the obligations or potential liability of Cendant resulting from any such amendment, modification or other change to the Separation Agreement or Tax Sharing Agreement shall not, in and of itself, be regarded as materially adverse to the Lenders.

7.9 Transactions with Affiliates. Enter into any transaction (other than (i) transactions listed on Schedule 7.9, (ii) transactions permitted by Section 7.6, (iii) Investments permitted by Section 7.7(d) and (o), (iv) Investments in joint ventures permitted by Section 7.7 and (v) issuances of Equity Interests, including any servicing agreement, purchase, sale, lease or exchange of property, the rendering of any service or the payment of any management, advisory or similar fees, with any Affiliate (other than Holdings, the Borrower or any Subsidiary) unless such transaction is (a) otherwise permitted under this Agreement and (b) upon fair and reasonable terms taken as a whole no less favorable to the relevant Group Member than it would obtain in a comparable arm's length transaction with a Person that is not an Affiliate.

7.10 Sales and Leaseback. Enter into any arrangement with any Person providing for the leasing by any Group Member of real or personal property that has been or is to be sold or transferred by such Group Member to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of such Group Member except sale-lease back transactions relating to Eligible Assets not in excess of \$50,000,000 and without duplication of any such transactions permitted by Section 7.2.

7.11 Changes in Fiscal Periods. Permit the fiscal year of the Borrower to end on a day other than December 31 or change the Borrower's method of determining fiscal quarters.

7.12 Clauses Restricting Subsidiary Distributions. Enter into or suffer to exist or become effective any consensual encumbrance or restriction on the ability of any Subsidiary of the Borrower (other than a Securitization Entity) to (a) make Restricted Payments in respect of any Capital Stock of such Subsidiary held by, or pay any Indebtedness owed to, the Borrower or any other Subsidiary of the Borrower, (b) make loans or advances to, or other Investments in, the Borrower or any other Subsidiary of the Borrower or (c) transfer any of its assets to the Borrower or any other Subsidiary of the Borrower, except for such encumbrances or restrictions existing under or by reason of (i) any restrictions existing under the Loan Documents, (ii) any restrictions with respect to a Subsidiary or assets imposed pursuant to an agreement that has been entered into in connection with the Disposition of all or substantially all of the Capital Stock or assets of such Subsidiary or such assets other than the Senior Unsecured Note Indenture and such other agreements listed on Schedule 7.12, (iii) restrictions which are not more restrictive than those contained in this Agreement contained in any documents governing any Indebtedness incurred in accordance with the provisions of this Agreement, (iv) any documents relating to joint ventures to the extent that such joint ventures are not prohibited hereunder, (v) any agreement in effect at the time a Person became a Subsidiary or assets are first acquired pursuant to an Investment permitted under Section 7.7, so long as (x) such agreement was not entered into solely in contemplation of such Investment and (y) such encumbrance or restriction applies only to such Person and assets, and (vi) with respect to the restrictions in clause (c), (x) restrictions or conditions imposed by any agreement relating to secured debt permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such debt, and (y) customary provisions in leases, licenses or contracts restricting assignability or subleasing prohibit the granting of Liens on the rights contained therein; provided that loans made by the Borrower or any Subsidiary to any other Subsidiary that is a Securitization Entity or a partner or direct equity owner of a Securitization Entity may be subject to customary repayment restrictions required by the lenders to such Securitization Entity.

7.13 Lines of Business. Enter into any business, either directly or through any Subsidiary, except for those businesses in which the Borrower and its Subsidiaries are engaged on the date of this Agreement or that are reasonably related thereto.

7.14 Business Activities of Holdings. In the case of Holdings, (i) conduct, transact or otherwise engage in, or commit to conduct, transact or otherwise engage in, any business or operations other than those incidental to its ownership of the Capital Stock of the Borrower, (ii) incur, create, assume or suffer to exist any Indebtedness or other liabilities or financial obligations, except (w) Guarantee Obligations permitted pursuant to Section 7.2(c) and 7.2(i), (x) nonconsensual obligations imposed by operation of law, (y) obligations pursuant to the Loan Documents to which it is a party and (z) obligations with respect to its Capital Stock, or (iii) own, lease, manage or otherwise operate any properties or assets (including cash (other than cash received in connection with dividends made by the Borrower in accordance with Section 7.6 pending application in the manner contemplated by said Section) and cash equivalents (other than cash received from capital contributions to, or the issuance of Capital Stock by Holdings) other than the ownership of shares of Capital Stock of the Borrower.

SECTION 8. EVENTS OF DEFAULT

If any of the following events shall occur and be continuing:

(a) the Borrower or any Subsidiary Borrower shall fail to pay any principal of any Loan or Reimbursement Obligation when due in accordance with the terms hereof; or the Borrower or any Subsidiary Borrower shall fail to pay any interest on any Loan or Reimbursement Obligation, or any other amount payable hereunder or under any other Loan Document, within five days after any such interest or other amount becomes due in accordance with the terms hereof; or

(b) any representation or warranty made or deemed made by any Loan Party herein or in any other Loan Document or that is contained in any certificate, document or financial or other statement furnished by it at any time under or in connection with this Agreement or any such other Loan Document shall prove to have been false or misleading in any material respect on or as of the date made or delivered; or

(c) any Loan Party shall default in the observance or performance of any agreement contained in clause (i) or (ii) of Section 6.4(a) (with respect to Holdings and the Borrower only), Section 6.7(a) or Section 7 of this Agreement or Sections 6.4 or 6.6(b) of the Guarantee and Collateral Agreement; or

(d) any Loan Party shall default in the observance or performance of any other agreement contained in this Agreement or any other Loan Document (other than as provided in paragraphs (a) through (c) of this Section), and such default shall continue unremedied for a period of 30 days after notice to the Borrower from the Administrative Agent or the Required Lenders; or

(e) any Group Member shall (i) default in making any payment of any principal of any Indebtedness (including any Guarantee Obligation, but excluding the Loans) on the scheduled or original due date with respect thereto; or (ii) default in making any payment of any interest on any such Indebtedness beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created; or (iii) default in the observance or performance of any other agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or beneficiary of such Indebtedness (or a trustee or agent on behalf of such holder or beneficiary) to cause, with the giving of notice if required, such Indebtedness to become due prior to its stated maturity or (in the case of any such Indebtedness constituting a Guarantee Obligation) to become payable; provided, that a default, event or condition described in clause (i), (ii) or (iii) of this paragraph (e) shall not at any time constitute an Event of Default unless, at such time, one or more defaults, events or conditions of the type described in clauses (i), (ii) and (iii) of this paragraph (e) shall have occurred and be continuing with respect to Indebtedness (x) the outstanding principal amount of which exceeds in the aggregate \$50,000,000; and (y) in the case of such Indebtedness which is Securitization Indebtedness (including AESOP Indebtedness), (1) an amortization or termination event pursuant to a securitization program prior to the end of the scheduled term or revolving period thereunder shall have occurred, (2) the Borrower and its Subsidiaries shall become unable to finance the purchase of vehicles and (3) the Borrower shall have failed, by the 45th day after the occurrence of an event referred to in clause (y)(1) and the expiration of all grace periods applicable thereto, to either (A) replace such securitization program with an alternative source of financing having terms not materially adverse to the Lenders from the program being replaced or having terms acceptable to the Required Lenders, or (B) obtain a waiver with respect to the occurrence of such event from the applicable required noteholders or lenders under such

securitization program, and provided that until and unless the event described in clause (y)(3) shall have occurred, no Event of Default shall exist as a result of the occurrence of an event referred to in clause (y)(1). Upon the entering into of any replacement facility referred to in clause (y)(1)(A), the Borrower shall deliver to the Administrative Agent a written officer's certificate providing that the Borrower has sufficient vehicle financing arrangements available to it to carry-on its business activities consistent, in all material respects, with its past practices; or

(f) (i) any Group Member (other than any Subsidiary which is not a Significant Subsidiary) shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or any Group Member (other than any Subsidiary which is not a Significant Subsidiary) shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against any Group Member any case, proceeding or other action of a nature referred to in clause (i) above that (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed or undischarged for a period of 60 days; or (iii) there shall be commenced against any Group Member any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets that results in the entry of an order for any such relief that shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) any Group Member shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) any Group Member shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(g) (i) any Person shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan, (ii) any "accumulated funding deficiency" (as defined in Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan or any Lien in favor of the PBGC or a Plan shall arise on the assets of any Group Member or any Commonly Controlled Entity, (iii) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Single Employer Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is, in the reasonable opinion of the Required Lenders, likely to result in the termination of such Plan for purposes of Title IV of ERISA, (iv) any Single Employer Plan shall terminate for purposes of Title IV of ERISA, (v) any Group Member or any Commonly Controlled Entity shall, or in the reasonable opinion of the Required Lenders is likely to, incur any liability in connection with a withdrawal from, or the Insolvency or Reorganization of, a Multiemployer Plan or (vi) any other event or condition shall occur or exist with respect to a Plan; and in each case in clauses (i) through (vi) above, such event or condition, together with all other such events or conditions in this clause (g), if any, could reasonably be expected to have a Material Adverse Effect; or

(h) one or more judgments or decrees shall be entered against any Group Member involving in the aggregate a liability (to the extent not paid or fully covered by insurance provided by a carrier not disputing coverage) of \$50,000,000 or more, and all such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within 30 days from the entry thereof; or

(i) any material provision of any Security Documents shall cease, for any reason, to be in full force and effect, or any Loan Party or any Affiliate of any Loan Party shall so assert, or any Lien created by any of the Security Documents shall cease to be enforceable and of the same effect and priority purported to be created thereby with respect to any Collateral, other than Collateral having a de minimus value (unless due to action or inaction by the Administrative Agent); or

(j) the guarantees contained in Section 2 and Section 3 of the Guarantee and Collateral Agreement shall cease, for any reason, to be in full force and effect or any Loan Party or any Affiliate of any Loan Party shall so assert; or

(k) the occurrence of a Change in Control;

then, and in any such event, (A) if such event is an Event of Default specified in clause (i) or (ii) of paragraph (f) above with respect to the Borrower or any Subsidiary Borrower, automatically the Commitments shall immediately terminate and the Loans (with accrued interest thereon) and all other amounts owing under this Agreement and the other Loan Documents (including all amounts of L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required thereunder) shall immediately become due and payable, and (B) if such event is any other Event of Default, either or both of the following actions may be taken: (i) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower declare the Revolving Commitments to be terminated forthwith, whereupon the Revolving Commitments shall immediately terminate; and (ii) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower, declare the Loans (with accrued interest thereon) and all other amounts owing under this Agreement and the other Loan Documents (including all amounts of L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required thereunder) to be due and payable forthwith, whereupon the same shall immediately become due and payable. With respect to all Letters of Credit with respect to which presentment for honor shall not have occurred at the time of an acceleration pursuant to this paragraph, the Borrower or the relevant Subsidiary Borrower shall at such time deposit in a cash collateral account opened by the Administrative Agent an amount equal to the aggregate then undrawn and unexpired amount of such Letters of Credit. Amounts held in such cash collateral account shall be applied by the Administrative Agent to the payment of drafts drawn under such Letters of Credit, and the unused portion thereof after all such Letters of Credit shall have expired or been fully drawn upon, if any, shall be applied to repay other obligations of the Borrower and any Subsidiary Borrower hereunder and under the other Loan Documents. After all such Letters of Credit shall have expired or been fully drawn upon, all Reimbursement Obligations shall have been satisfied and all other obligations of the Borrower and any Subsidiary Borrower hereunder and under the other Loan Documents shall have been paid in full, the balance, if any, in such cash collateral account shall be returned to the Borrower or such Subsidiary Borrower (or such other Person as may be lawfully entitled thereto). Except as expressly provided above in this Section, presentment, demand, protest and all other notices of any kind are hereby expressly waived by the Borrower and each Subsidiary Borrower.

SECTION 9. THE AGENTS

9.1 Appointment. Each Lender hereby irrevocably designates and appoints the Administrative Agent as the agent of such Lender under this Agreement and the other Loan Documents, and each such Lender irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative

Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent.

9.2 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys in-fact selected by it with reasonable care.

9.3 Exculpatory Provisions. Neither any Agent nor any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Loan Document (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by any Loan Party or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Agents under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of any Loan Party a party thereto to perform its obligations hereunder or thereunder. The Agents shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of any Loan Party.

9.4 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any instrument, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message, e-mail, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including counsel to Holdings or the Borrower), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders (or, if so specified by this Agreement, all Lenders) as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Lenders (or, if so specified by this Agreement, all Lenders), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans.

9.5 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless the Administrative Agent has received notice from a Lender, Holdings, the Borrower or any Subsidiary Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders (or, if so specified by this

Agreement, all Lenders); provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

9.6 Non-Reliance on Agents and Other Lenders. Each Lender expressly acknowledges that neither the Agents nor any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates have made any representations or warranties to it and that no act by any Agent hereafter taken, including any review of the affairs of a Loan Party or any affiliate of a Loan Party, shall be deemed to constitute any representation or warranty by any Agent to any Lender. Each Lender represents to the Agents that it has, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Loan Parties and their affiliates and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Loan Parties and their affiliates. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of any Loan Party or any affiliate of a Loan Party that may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

9.7 Indemnification. The Lenders agree to indemnify each Agent in its capacity as such (to the extent not reimbursed by Holdings, the Borrower or any Subsidiary Borrower and without limiting the obligation of Holdings, the Borrower or any Subsidiary Borrower to do so), ratably according to their respective Aggregate Exposure Percentages in effect on the date on which indemnification is sought under this Section (or, if indemnification is sought after the date upon which the Commitments shall have terminated and the Loans shall have been paid in full, ratably in accordance with such Aggregate Exposure Percentages immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans) be imposed on, incurred by or asserted against such Agent in any way relating to or arising out of, the Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Agent under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of the Loans and all other amounts payable hereunder.

9.8 Agent in Its Individual Capacity. Each Agent and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with any Loan Party as though such Agent were not an Agent. With respect to its Loans made or renewed by it and with respect to any Letter of Credit issued or participated in by it, each Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though it were not an Agent, and the terms "Lender" and "Lenders" shall include each Agent in its individual capacity.

9.9 Successor Administrative Agent. The Administrative Agent may resign as Administrative Agent upon 10 days' notice to the Lenders and the Borrower. If the Administrative Agent shall resign as Administrative Agent under this Agreement and the other Loan Documents, then the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall (unless an Event of Default under Section 8(a) or Section 8(f) with respect to the Borrower shall have occurred and be continuing) be subject to approval by the Borrower (which approval shall not be unreasonably withheld or delayed), whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of the Loans. If no successor agent has accepted appointment as Administrative Agent by the date that is 10 days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent may, on behalf of the Lenders and with the consent of the Borrower (such consent not to be unreasonably withheld), appoint a successor Administrative Agent, which shall be a commercial bank organized or licensed under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least \$500,000,000. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Section 9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Loan Documents.

9.10 Co-Documentation Agent, Documentation Agent and Syndication Agent. Neither of the Co-Documentation Agent, the Documentation Agents nor the Syndication Agent shall have any duties or responsibilities hereunder in its capacity as such.

SECTION 10. MISCELLANEOUS

10.1 Amendments and Waivers. (a) Neither this Agreement, any other Loan Document, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this Section 10.1. The Required Lenders and each Loan Party party to the relevant Loan Document may, or, with the written consent of the Required Lenders, the Administrative Agent and each Loan Party party to the relevant Loan Document may, from time to time, (i) enter into written amendments, supplements or modifications hereto and to the other Loan Documents for the purpose of adding any provisions to this Agreement or the other Loan Documents or changing in any manner the rights of the Lenders or of the Loan Parties hereunder or thereunder or (ii) waive, on such terms and conditions as the Required Lenders or the Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Loan Documents or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (A) forgive any principal amount or extend the final scheduled date of maturity of any Loan or any Reimbursement Obligation or extend the scheduled date of any amortization payment in respect of any Term Loan (for the purpose of clarity each of the foregoing not to include any waiver of a prepayment), reduce the stated rate of any interest or fee payable hereunder (except (1) in connection with the waiver of applicability of any post-default increase in interest rates (which waiver shall be effective with the consent of the Majority Facility Lenders of each adversely affected Facility) and (2) that any amendment or modification of defined terms used in the financial covenants in this Agreement shall not constitute a reduction in the rate of interest or fees for purposes of this clause (A)) or extend the scheduled date of any payment thereof, or increase the amount or extend the expiration date of any Lender's Revolving Commitment, in each case without the written consent of each Lender directly affected thereby; (B) eliminate or reduce the voting rights of any Lender under this Section 10.1 without the written consent

of such Lender; (C) reduce any percentage specified in the definition of Required Lenders, consent to the assignment or transfer by the Borrower or any Subsidiary Borrower of any of its rights and obligations under this Agreement and the other Loan Documents, release all or substantially all of the Collateral or release all or substantially all of the Subsidiary Guarantors from their obligations under the Guarantee and Collateral Agreement except as otherwise provided in the Loan Documents, in each case without the written consent of all Lenders; (D) amend, modify or waive any provision of Section 2.11 or 2.17 without the written consent of the Majority Facility Lenders in respect of each Facility adversely affected thereby; (E) reduce the percentage specified in the definition of Majority Facility Lenders with respect to any Facility without the written consent of all Lenders under such Facility; (F) after the Closing Date, amend, modify or waive any provision of Section 5.2 without the written consent of the Majority Facility Lenders with respect of the Revolving Facility, (G) amend, modify or waive any provision of Section 9 without the written consent of the Administrative Agent; (H) amend, modify or waive any provision of Section 2.6 or 2.7 without the written consent of the Swingline Lender; or (I) amend, modify or waive any provision of Section 3 without the written consent of the Issuing Lender. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Lenders and shall be binding upon the Loan Parties, the Lenders, the Administrative Agent and all future holders of the Loans. In the case of any waiver, the Loan Parties, the Lenders and the Administrative Agent shall be restored to their former position and rights hereunder and under the other Loan Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

(b) Notwithstanding the foregoing, this Agreement may be amended with the written consent of the Administrative Agent, the Borrower and each of the Lenders providing the relevant Replacement Term Loans (as defined below) to permit the refinancing, replacement or modification of all outstanding Term Loans ("Replaced Term Loans") with a replacement term loan tranche hereunder ("Replacement Term Loans"), provided that (i) the aggregate principal amount of such Replacement Term Loans shall not exceed the aggregate principal amount of such Replaced Term Loans, (ii) the Applicable Margin for such Replacement Term Loans shall not be higher than the Applicable Margin for such Replaced Term Loans and (iii) the weighted average life to maturity of such Replacement Term Loans shall not be shorter than the weighted average life to maturity of such Replaced Term Loans at the time of such refinancing.

(c) In addition, notwithstanding the foregoing, this Agreement may be amended without consent of the Lenders, so long as no Default or Event of Default shall have occurred and be continuing, as follows:

(i) to designate any Domestic Subsidiary of the Borrower as a Domestic Subsidiary Borrower under the Revolving Facility upon (A) ten Business Days prior notice to the Lenders (such notice to contain the name, primary business address and taxpayer identification number of such Subsidiary), (B) the execution and delivery by the Borrower, such Subsidiary and the Administrative Agent of a Joinder Agreement, substantially in the form of Exhibit G (a "Joinder Agreement"), providing for such Subsidiary to become a Subsidiary Borrower, (C) the agreement and acknowledgment by the Borrower and each other Subsidiary Borrower that the Guarantee and Collateral Agreement covers the Obligations of such Subsidiary and (D) the delivery to the Administrative Agent of (1) corporate or other applicable resolutions, other corporate or other applicable documents, certificates and legal opinions in respect of such Subsidiary reasonably equivalent to comparable documents delivered on the Closing Date and (2) such other documents with respect thereto as the Administrative Agent shall reasonably request; and

(ii) to remove any Subsidiary as a Subsidiary Borrower upon execution and delivery by the Borrower to the Administrative Agent of a written notification to such effect and repayment in full of all Loans made to such Subsidiary Borrower, cash collateralization of all L/C Obligations in respect of any Letters of Credit issued for the account of such Subsidiary Borrower and repayment in full of all other amounts owing by such Subsidiary Borrower under this Agreement and the other Loan Documents (it being agreed that any such repayment shall be in accordance with the other terms of this Agreement).

10.2 Notices. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy or electronic transmission), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered, or three Business Days after being deposited in the mail, postage prepaid, or, in the case of telecopy notice or electronic transmission, when received, addressed as follows in the case of Holdings, the Borrower and the Administrative Agent, and as set forth in an administrative questionnaire delivered to the Administrative Agent in the case of the Lenders, or to such other address as may be hereafter notified by the respective parties hereto:

Holdings: Avis Budget Holdings, LLC
1 Campus Drive
Parsippany, New Jersey 07054
Attention: David B. Wyshner
Telecopy: (973) 496-5080
Telephone: (973) 496-7938

Borrower: Avis Budget Car Rental, LLC
1 Campus Drive
Parsippany, New Jersey 07054
Attention: David B. Wyshner
Telecopy: (973) 496-5080
Telephone: (973) 496-7938

Administrative Agent: JPMorgan Chase Bank, N.A.
1111 Fannin Street
10th Floor
Houston, Texas 77002
Attn: Syed A Abbas
Telecopy: (713) 750-2938
Telephone: (713) 750-7924

with a copy to: JPMorgan Chase Bank, N.A.
383 Madison Avenue
Floor 24
New York, NY 10179
Attention: Robert Kellas
Telecopy: 212-270-5100
Telephone: 212-270-3560

provided that any notice, request or demand to or upon the Administrative Agent or the Lenders shall not be effective until received.

Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Section 2 unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

10.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Lender, any right, remedy, power or privilege hereunder or under the other Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

10.4 Survival of Representations and Warranties. All representations and warranties made hereunder, in the other Loan Documents and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the making of the Loans and other extensions of credit hereunder.

10.5 Payment of Expenses and Taxes. The Borrower agrees (a) to pay or reimburse the Administrative Agent for all its reasonable out-of-pocket costs and expenses incurred in connection with the development, preparation and execution of, and any amendment, supplement or modification to, this Agreement and the other Loan Documents and any other documents prepared in connection herewith or therewith, and the consummation and administration of the transactions contemplated hereby and thereby, including the reasonable fees and disbursements of Simpson Thacher & Bartlett LLP and filing and recording fees and expenses, with statements with respect to the foregoing to be submitted to the Borrower prior to the Closing Date (in the case of amounts to be paid on the Closing Date) and from time to time thereafter on a quarterly basis or such other periodic basis as the Administrative Agent shall deem appropriate, (b) to pay or reimburse each Lender and the Administrative Agent for all its reasonable out-of-pocket costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the other Loan Documents and any such other documents, including the fees and disbursements of counsel to the Lenders and of counsel to the Administrative Agent; provided, that the Borrower shall not be liable for the fees and disbursements of more than one separate firm for the Lenders (unless there shall exist an actual conflict of interest among the Lenders) in connection with any one action or any separate but substantially similar or related actions in the same jurisdiction, nor shall the Borrower be liable for any settlement or extra-judicial resolution of claims without the Borrower's written consent, (c) to pay, indemnify, and hold each Lender and the Administrative Agent harmless from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and similar taxes, if any, that may be payable or determined to be payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, the other Loan Documents and any such other documents, and (d) to pay, indemnify, and hold each Lender and the Administrative Agent and their respective officers, directors, employees, affiliates, agents and controlling persons (each, an "Indemnitee") harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (other than with respect to taxes, which shall be governed exclusively by Section 2.19) with respect to the execution, delivery, enforcement, performance and administration of this Agreement, the other Loan Documents and any such other documents, including any of the foregoing relating to the use of proceeds of the Loans or the violation of, noncompliance with or liability under, any Environmental Law applicable to the operations of any Group Member or any of the

Properties and the reasonable fees and expenses of legal counsel in connection with claims, actions or proceedings by any Indemnitee against any Loan Party under any Loan Document (all the foregoing in this clause (d), collectively, the “Indemnified Liabilities”), provided, that the Borrower shall have no obligation hereunder to any Indemnitee with respect to Indemnified Liabilities to the extent such Indemnified Liabilities are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnitee; provided further, that that the Borrower shall not be liable for the fees and disbursements of more than one separate firm for any Indemnitees (unless there shall exist an actual conflict of interest among such Indemnitees) in connection with any one action or any separate but substantially similar or related actions in the same jurisdiction, nor shall the Borrower be liable for any settlement or extra-judicial resolution of such Indemnitees’ claims without the Borrower’s written consent. Without limiting the foregoing, and to the extent permitted by applicable law, the Borrower agrees not to assert and to cause its Subsidiaries not to assert, and hereby waives and agrees to cause its Subsidiaries to waive, all rights for contribution or any other rights of recovery with respect to all claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature, under or related to Environmental Laws, that any of them might have by statute or otherwise against any Indemnitee. All amounts due under this Section 10.5 shall be payable not later than 10 days after written demand therefor. Statements payable by the Borrower pursuant to this Section 10.5 shall be submitted to David B. Wyshner (Telephone No. 973-496-7938) (Telecopy No. 973-496-5080), at the address of the Borrower set forth in Section 10.2, or to such other Person or address as may be hereafter designated by the Borrower in a written notice to the Administrative Agent. The agreements in this Section 10.5 shall survive repayment of the Loans and all other amounts payable hereunder.

10.6 Successors and Assigns; Participations and Assignments. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any affiliate of the Issuing Lender that issues any Letter of Credit), except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section.

(b)(i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees (each, an “Assignee”) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans at the time owing to it) with the prior written consent of:

(A) the Borrower (such consent not to be unreasonably withheld), provided that no consent of the Borrower shall be required for an assignment to a Lender, an affiliate of a Lender, an Approved Fund (as defined below) or, if an Event of Default under Section 8(a) or (f) has occurred and is continuing, any other Person; and

(B) the Administrative Agent, provided that no consent of the Administrative Agent shall be required for an assignment of all or any portion of a Term Loan to a Lender, an affiliate of a Lender or an Approved Fund.

(C) the Issuing Lender, provided that no consent of the Issuing Lender shall be required for an assignment of all or any portion of a Term Loan or Term Commitment.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender, an affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitments or Loans under any Facility, the amount of the Commitments or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than, in the case of the Revolving Facility, \$5,000,000 or, in the case of the Term Facility, \$1,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, provided that (1) no such consent of the Borrower shall be required if an Event of Default under Section 8(a) or (f) has occurred and is continuing and (2) such amounts shall be aggregated in respect of each Lender and its affiliates or Approved Funds, if any;

(B) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500; and

(C) the Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an administrative questionnaire.

For the purposes of this Section 10.6, "Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an affiliate of a Lender or (c) an entity or an affiliate of an entity that administers or manages a Lender.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) below, from and after the effective date specified in each Assignment and Assumption the Assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.18, 2.19, 2.20 and 10.5). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 10.6 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount of and interest on the Loans and L/C Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent, the Issuing Lender and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, the Issuing Lender and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an Assignee, the Assignee's completed administrative questionnaire (unless the Assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c)(i) Any Lender may, without the consent of the Borrower or the Administrative Agent, sell participations to one or more banks or other entities (a “Participant”) in all or a portion of such Lender’s rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it); provided that (A) such Lender’s obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrower, the Administrative Agent, the Issuing Lender and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under this Agreement. Any agreement pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver that (1) requires the consent of each Lender directly affected thereby pursuant to the proviso to the second sentence of Section 10.1 and (2) directly affects such Participant. Subject to paragraph (c)(ii) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.18, 2.19 and 2.20 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, and subject to paragraph (c)(ii) of this Section, each Participant also shall be entitled to the benefits of Section 10.7(b) as though it were a Lender, provided such Participant shall be subject to Section 10.7(a) as though it were a Lender.

(ii) A Participant shall not be entitled to receive any greater payment under Section 2.18 or 2.19 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant. A Participant shall not be entitled to receive any funds directly from the Borrower in respect of Sections 2.18, 2.19, 2.20 or 10.7 unless such Participant shall have provided to Administrative Agent, acting for this purpose as an agent of the Borrower, such information as is required to be recorded in the Register pursuant to paragraph (b)(iv) above as if such Participant were a Lender. Any Participant that is a Non-U.S. Lender shall not be entitled to the benefits of Section 2.19 unless such Participant complies with Section 2.19(d) as though it were a Lender.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or Assignee for such Lender as a party hereto.

(e) The Borrower, upon receipt of written notice from the relevant Lender, agrees to issue Notes to any Lender requiring Notes to facilitate transactions of the type described in paragraph (d) above.

(f) Notwithstanding the foregoing, any Conduit Lender may assign any or all of the Loans it may have funded hereunder to its designating Lender without the consent of the Borrower or the Administrative Agent and without regard to the limitations set forth in Section 10.6(b). Each of Holdings, the Borrower, each Subsidiary Borrower, each Lender and the Administrative Agent hereby confirms that it will not institute against a Conduit Lender or join any other Person in instituting against a Conduit Lender any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding under any state bankruptcy or similar law, for one year and one day after the payment in full of the latest maturing commercial paper note issued by such Conduit Lender; provided, however, that each Lender designating any Conduit Lender hereby agrees to indemnify, save and hold harmless each other party hereto for any loss, cost, damage or expense arising out of its inability to institute such a proceeding against such Conduit Lender during such period of forbearance.

10.7 Adjustments; Set-off. (a) Except to the extent that this Agreement expressly provides for payments to be allocated to a particular Lender or to the Lenders under a particular Facility, if any Lender (a “Benefitted Lender”) shall, at any time after the Loans and other amounts payable hereunder shall immediately become due and payable pursuant to Section 8, receive any payment of all or part of the Obligations owing to it, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 8(f), or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of the Obligations owing to such other Lender, such Benefitted Lender shall purchase for cash from the other Lenders a participating interest in such portion of the Obligations owing to each such other Lender, or shall provide such other Lenders with the benefits of any such collateral, as shall be necessary to cause such Benefitted Lender to share the excess payment or benefits of such collateral ratably with each of the Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefitted Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest.

(b) In addition to any rights and remedies of the Lenders provided by law, each Lender shall have the right, without prior notice to Holdings, the Borrower or any Subsidiary Borrower, any such notice being expressly waived by Holdings, the Borrower and each Subsidiary Borrower to the extent permitted by applicable law, upon any amount becoming due and payable by Holdings, the Borrower or any Subsidiary Borrower hereunder (whether at the stated maturity, by acceleration or otherwise), to set off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender or any branch or agency thereof to or for the credit or the account of Holdings, the Borrower or such Subsidiary Borrower, as the case may be. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such setoff and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such setoff and application.

10.8 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart hereof. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

10.9 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10.10 Integration. This Agreement and the other Loan Documents represent the entire agreement of Holdings, the Borrower, the Administrative Agent and the Lenders with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent or any Lender relative to the subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents.

10.11 GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

10.12 Submission To Jurisdiction; Waivers. Each of the Agents, Lenders, Holdings, the Borrower and the Subsidiary Borrowers hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of New York, the courts of the United States for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to Holdings, the Borrower or the relevant Subsidiary Borrower, as the case may be, at its address set forth in Section 10.2 or at such other address of which the Administrative Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive or consequential damages.

10.13 Judgment. The obligations of the Borrower or any Subsidiary Borrower in respect of this Agreement and the other Loan Documents due to any party hereto shall, notwithstanding any judgment in a currency (the "judgment currency") other than the currency in which the sum originally due to such party is denominated (the "original currency"), be discharged only to the extent that on the Business Day following receipt by such party of any sum adjudged to be so due in the judgment currency such party may in accordance with normal banking procedures purchase the original currency with the judgment currency; if the amount of the original currency so purchased is less than the sum originally due under such judgment to such party in the original currency, the Borrower or such Subsidiary Borrower, as the case may be, agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such party against such loss, and if the amount of the original currency so purchased exceeds the sum originally due to any party to this Agreement, such party agrees to remit to the Borrower such excess. The provisions of this Section 10.13 shall survive the termination of this Agreement and payment of the obligations of the Borrower and the Subsidiary Borrowers under this Agreement and the other Loan Documents.

10.14 Acknowledgements. Each of Holdings, the Borrower and the Subsidiary Borrowers hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents;

(b) neither the Administrative Agent nor any Lender has any fiduciary relationship with or duty to Holdings, the Borrower or any Subsidiary Borrower arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between Administrative Agent and Lenders, on one hand, and Holdings, the Borrower or any Subsidiary Borrower, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among Holdings, the Borrower or any Subsidiary Borrower and the Lenders.

10.15 Releases of Guarantees and Liens. (a) Notwithstanding anything to the contrary contained herein or in any other Loan Document, the Administrative Agent is hereby irrevocably authorized by each Lender (without requirement of notice to or consent of any Lender except as expressly required by Section 10.1) to take any action requested by the Borrower having the effect of releasing any Collateral or guarantee obligations (i) to the extent necessary to permit consummation of any transaction not prohibited by any Loan Document or that has been consented to in accordance with Section 10.1 or (ii) under the circumstances described in paragraph (b) below.

(b) At such time as the Loans, the Reimbursement Obligations and the other obligations under the Loan Documents (other than obligations under or in respect of Specified Swap Agreements) shall have been paid in full, the Commitments have been terminated and no Letters of Credit shall be outstanding (or such Letters of Credit are Collateralized), the Collateral shall be released from the Liens created by the Security Documents, and the Security Documents and all obligations (other than those expressly stated to survive such termination) of the Administrative Agent and each Loan Party under the Security Documents shall terminate, all without delivery of any instrument or performance of any act by any Person.

10.16 Confidentiality. Each of the Administrative Agent and each Lender agrees to keep confidential all non-public information provided to it by any Loan Party, the Administrative Agent or any Lender pursuant to or in connection with this Agreement that is designated by the provider thereof as confidential; provided that nothing herein shall prevent the Administrative Agent or any Lender from disclosing any such information (a) to the Administrative Agent, any other Lender or any affiliate thereof, (b) subject to an agreement to comply with the provisions of this Section, to any actual or prospective Transferee or any direct or indirect counterparty to any Swap Agreement (or any professional advisor to such counterparty), (c) to its employees, directors, agents, attorneys, accountants and other professional advisors or those of any of its affiliates for performing the purposes of a Loan Document, (d) upon the request or demand of any Governmental Authority, (e) in response to any order of any court or other Governmental Authority or as may otherwise be required pursuant to any Requirement of Law, after notice to the Borrower if reasonably feasible, (f) if requested or required to do so in connection with any litigation or similar proceeding, after notice to the Borrower if reasonably feasible, (g) that has been publicly disclosed, (h) to the National Association of Insurance Commissioners or any similar organization or any nationally recognized rating agency that requires access to information about a Lender's investment portfolio in connection with ratings issued with respect to such Lender, or (i) in connection with the exercise of any remedy hereunder or under any other Loan Document.

10.17 WAIVERS OF JURY TRIAL. HOLDINGS, THE BORROWER, THE ADMINISTRATIVE AGENT AND THE LENDERS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

10.18 USA Patriot Act. Each Lender hereby notifies Holdings and the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "USA Patriot Act"), it is required to obtain, verify and record information that identifies Holdings and the Borrower, which information includes the name and address of Holdings and the Borrower and other information that will allow such Lender to identify Holdings and the Borrower in accordance with the USA Patriot Act

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

AVIS BUDGET HOLDINGS, LLC

By: _____
Name:
Title:

AVIS BUDGET CAR RENTAL, LLC

By: _____
Name:
Title:

JPMORGAN CHASE BANK, N.A., as
Administrative Agent and as a Lender

By: _____
Name:
Title:

DEUTSCHE BANK SECURITIES INC., as
Syndication Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

DEUTSCHE BANK AG NEW YORK BRANCH, as
a Lender

By: _____
Name:
Title:

By: _____
Name:
Title:

BANK OF AMERICA, N.A., as a Documentation Agent and as a Lender

By: _____
Name:
Title:

CREDIT AGRICOLE CORPORATE & INVESTMENT BANK
NEW YORK BRANCH
(formerly known as CALYON), as a Documentation Agent and as a Lender

By: _____
Name:
Title:

CITICORP USA, INC., as a Documentation Agent and as a Lender

By: _____
Name:
Title:

WACHOVIA BANK, NATIONAL ASSOCIATION,
as Documentation Agent and as a Lender

By: _____
Name:
Title:

REVOLVING COMMITMENTS

<u>Lenders</u>	<u>Aggregate Revolving Commitments</u>	<u>Extended Revolving Commitments²</u>	<u>Non-Extended Revolving Commitments</u>
JPMORGAN CHASE BANK, N.A.	\$ 125,000,000.00	\$ 125,000,000.00	\$ 0.00
DEUTSCHE BANK AG NEW YORK BRANCH	\$ 125,000,000.00	\$ 125,000,000.00	\$ 0.00
DEUTSCHE BANK AG NEW YORK BRANCH GCT	\$ 30,666,666.67	\$ 0.00	\$ 30,666,666.67
DEUTSCHE BANK AG - LONDON BRANCH	\$ 2,300,000.00	\$ 0.00	\$ 2,300,000.00
BANK OF AMERICA, N.A.	\$ 97,033,333.33	\$ 97,033,333.33	\$ 0.00
CITIBANK, N.A.	\$ 95,833,333.33	\$ 95,833,333.33	\$ 0.00
WACHOVIA BANK, NATIONAL ASSOCIATION	\$ 82,033,333.33	\$ 82,033,333.33	\$ 0.00
CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK (fka CALYON)	\$ 82,033,333.33	\$ 82,033,333.33	\$ 0.00
BARCLAYS BANK PLC	\$ 82,000,000.00	\$ 82,000,000.00	\$ 0.00
THE ROYAL BANK OF SCOTLAND PLC	\$ 75,000,000.00	\$ 75,000,000.00	\$ 0.00
THE BANK OF NOVA SCOTIA	\$ 57,500,000.00	\$ 57,500,000.00	\$ 0.00
THE BANK OF TOKYO-MITSUBISHI UFJ, LTD	\$ 46,000,000.00	\$ 46,000,000.00	\$ 0.00
CREDIT SUISSE GROUP AG	\$ 34,500,000.00	\$ 0.00	\$ 34,500,000.00
SUMITOMO MITSUI BANKING CORPORATION	\$ 30,666,666.66	\$ 30,666,666.66	\$ 0.00
BANK OF MONTREAL	\$ 27,600,000.00	\$ 27,600,000.00	\$ 0.00
COMMERZBANK AG	\$ 24,533,333.33	\$ 0.00	\$ 24,533,333.33
MIZUHO CORPORATE BANK LTD	\$ 19,500,000.00	\$ 0.00	\$ 19,500,000.00
WELLS FARGO BANK, NATIONAL ASSOCIATION	\$ 19,166,666.67	\$ 19,166,666.67	\$ 0.00
THE BANK OF NEW YORK MELLON	\$ 19,166,666.67	\$ 0.00	\$ 19,166,666.67
IBM CREDIT LLC	\$ 19,166,666.67	\$ 0.00	\$ 19,166,666.67
UNICREDIT BANK AG, NEW YORK BRANCH	\$ 15,333,333.34	\$ 15,333,333.34	\$ 0.00
FIRST COMMERCIAL BANK LTD	\$ 15,333,333.33	\$ 0.00	\$ 15,333,333.33
BANK HAPOALIM BM	\$ 11,500,000.00	\$ 0.00	\$ 11,500,000.00

² After giving effect to the reduction of the Extended Revolving Commitments pursuant to Section 4 of the Second Amendment.

WESTPAC BANKING CORPORATION	\$9,200,000.00	\$9,200,000.00	\$ 0.00
MERRILL LYNCH CAPITAL CORPORATION	\$7,666,666.67	\$7,666,666.67	\$ 0.00
NATIXIS	\$7,666,666.67	\$ 0.00	\$ 7,666,666.67
CHANG HWA COMMERCIAL BANK LIMITED	\$7,666,666.67	\$ 0.00	\$ 7,666,666.67
RAYMOND JAMES BANK, FSB	\$6,133,333.34	\$6,133,333.34	\$ 0.00

EXHIBIT B

Form of Commitment Reduction Notice

Reference is made to the Credit Agreement dated as of April 19, 2006 (as amended from time to time, the "Credit Agreement") among Avis Budget Car Rental, LLC, the Lenders and other parties thereto and JPMorgan Chase Bank, N.A., as administrative agent. Capitalized terms used but not defined herein are used with the meanings assigned to them in the Credit Agreement.

The undersigned Lender hereby elects to have its Revolving Commitment reduced in accordance with Section 4 of the Second Amendment.

Lender Name: _____

Revolving Commitment: \$ _____

[_____]

By: _____

Name:

Title:

EXHIBIT C

Form of Guarantee and Collateral Acknowledgement

Reference is made to the Credit Agreement dated as of April 19, 2006 (as amended from time to time, the "Credit Agreement") among others Avis Budget Car Rental, LLC, the Lenders and other parties thereto and JPMorgan Chase Bank, N.A., as administrative agent. Capitalized terms used but not defined herein are used with the meanings assigned to them in the Credit Agreement.

Each Loan Party executing a copy of this Guarantee and Collateral Acknowledgement confirms and agrees that notwithstanding the effectiveness of the foregoing Second Amendment, each Loan Document to which such Person is a party is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects, in each case as amended by the Second Amendment.

[]

By: _____

Name:

Title:

AMENDMENT TO THE AMENDED AND RESTATED
SERIES 2008-1 SUPPLEMENT

This SECOND AMENDMENT TO THE AMENDED AND RESTATED SERIES 2008-1 SUPPLEMENT (this "Amendment"), dated as of March 29, 2010, amends the Amended and Restated Series 2008-1 Supplement (as amended, modified or supplemented from time to time in accordance with its terms, the "Series 2008-1 Supplement"), dated as of October 29, 2009, among AVIS BUDGET RENTAL CAR FUNDING (AESOP) LLC, a special purpose limited liability company established under the laws of Delaware ("ABRCF"), AVIS BUDGET CAR RENTAL, LLC, a limited liability company established under the laws of Delaware, as administrator (the "Administrator"), JPMORGAN CHASE BANK, N.A., a national banking association, as administrative agent (the "Administrative Agent"), the several commercial paper conduits listed on Schedule I thereto (each a "CP Conduit Purchaser"), the several banks set forth opposite the name of each CP Conduit Purchaser on Schedule I thereto (each an "APA Bank" with respect to such CP Conduit Purchaser), the several agent banks set forth opposite the name of each CP Conduit Purchaser on Schedule I thereto (each a "Funding Agent" with respect to such CP Conduit Purchaser), THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as trustee (in such capacity, the "Trustee") and as agent for the benefit of the Series 2008-1 Noteholders (in such capacity, the "Series 2008-1 Agent"), to the Second Amended and Restated Base Indenture, dated as of June 3, 2004, between ABRCF and the Trustee (as amended, modified or supplemented from time to time, exclusive of Supplements creating a new Series of Notes, the "Base Indenture"). All capitalized terms used herein and not otherwise defined herein shall have the respective meanings provided therefor in the Definitions List attached as Schedule I to the Base Indenture (as amended through the date hereof) or the Series 2008-1 Supplement, as applicable.

W I T N E S S E T H:

WHEREAS, pursuant to Section 12.2(ii)(e) of the Base Indenture, any Supplement thereto may be amended to modify an Amortization Event set forth in such Supplement with the consent of ABRCF, the Trustee and each Noteholder affected by such amendment;

WHEREAS, pursuant to Section 11.11 of the Series 2008-1 Supplement such Supplement may be amended in accordance with the terms of the Base Indenture;

WHEREAS, the parties desire to amend the Series 2008-1 Supplement to modify the Amortization Event set forth in clause (m) of Article IV thereof, to modify certain defined terms used in clause (l) of Article IV thereof and to add certain other related definitions set forth in Article I thereof; and

WHEREAS, ABRCF has requested the Trustee, the Series 2008-1 Agent, the Administrator, the Administrative Agent and the Series 2008-1 Noteholders to, and, upon the effectiveness of this Amendment, ABRCF, the Trustee, the Series 2008-1 Agent, the Administrator, the Administrative Agent and each Series 2008-1 Noteholder have agreed to, make the amendments described above as set forth herein;

NOW, THEREFORE, it is agreed:

1. Amendment to Article I(b). Article I(b) of the Series 2008-1 Supplement is hereby amended as follows:

(a) by deleting the definition of “Consolidated EBITDA” in its entirety;

(b) by adding the following new definition thereto in the appropriate alphabetical order:

““Consolidated Interest Coverage Ratio” has the meaning set forth in the Credit Agreement.”

and;

(c) by amending and restating in its entirety the definition of “Credit Agreement” as follows:

““Credit Agreement” means the Credit Agreement, dated as of April 19, 2006, among Avis Budget Holdings, LLC, as Borrower, ABCR, as Borrower, the subsidiary borrowers referred to therein, the several lenders referred to therein, JPMorgan Chase, as Administrative Agent, Deutsche Bank Securities Inc., as Syndication Agent, each of Bank of America, N.A., Credit Agricole Corporate & Investment Bank New York Branch (formerly known as Calyon New York Branch) and Citicorp USA, Inc., as Documentation Agents, and Wachovia Bank, National Association, as Co-Documentation Agent, as amended by the First Amendment thereto dated as of December 23, 2008 and the Second Amendment thereto dated as of March 10, 2010, but without giving effect to any further amendment unless such amendment has been approved in writing by the Requisite Noteholders.”

2. Amendment to Article IV. Clause (m) of Article IV of the Series 2008-1 Supplement is hereby amended and restated in its entirety as follows:

“(m)(i) the Consolidated Leverage Ratio as at the last day of any period of four consecutive fiscal quarters of ABCR ending with any fiscal quarter set forth below (commencing with the fiscal quarter ending June 30, 2010) shall exceed the ratio set forth below opposite such fiscal quarter:

<u>Fiscal Quarter ending</u>	<u>Consolidated Leverage Ratio</u>
June 30, 2010	6.25 to 1.00
September 30, 2010	5.75 to 1.00
December 31, 2010	5.50 to 1.00
March 31, 2011	5.50 to 1.00
June 30, 2011	5.25 to 1.00
September 30, 2011	5.00 to 1.00
December 31, 2011	4.75 to 1.00
March 31, 2012	4.75 to 1.00
June 30, 2012	4.75 to 1.00
September 30, 2012	4.50 to 1.00
December 31, 2012	4.50 to 1.00
March 31, 2013	4.50 to 1.00
June 30, 2013	4.50 to 1.00
September 30, 2013	4.25 to 1.00
December 31, 2013	4.25 to 1.00
March 31, 2014	4.25 to 1.00

or (ii) the Consolidated Interest Coverage Ratio for any period of four consecutive fiscal quarters of ABCR ending with any fiscal quarter set forth below (commencing with the fiscal quarter ending June 30, 2010), shall be less than the ratio set forth below opposite such fiscal quarter:

<u>Fiscal Quarter ending</u>	<u>Consolidated Interest Coverage Ratio</u>
June 30, 2010	1.30 to 1.00
September 30, 2010	1.30 to 1.00
December 31, 2010	1.35 to 1.00
March 31, 2011	1.40 to 1.00
June 30, 2011	1.45 to 1.00
September 30, 2011	1.55 to 1.00
December 31, 2011	1.60 to 1.00
March 31, 2012	1.60 to 1.00
June 30, 2012	1.65 to 1.00
September 30, 2012	1.70 to 1.00
December 31, 2012	1.70 to 1.00
March 31, 2013	1.70 to 1.00
June 30, 2013	1.70 to 1.00
September 30, 2013	1.75 to 1.00
December 31, 2013	1.75 to 1.00
March 31, 2014	1.75 to 1.00

3. Direction. By their signatures hereto, each of the undersigned (excluding The Bank of New York Mellon Trust Company, N.A., in its capacity as Trustee and Series 2008-1 Agent) hereby authorize and direct the Trustee and Series 2008-1 Agent to execute this Amendment and take any and all further action necessary or appropriate to give effect to the transaction contemplated hereby.

4. Waiver. Each Series 2008-1 Noteholder, by its execution hereof, hereby waives, solely with respect to this Amendment, the requirement under Section 11.11 of the Series 2008-1 Supplement that Standard & Poor's confirm that this Amendment will not result in a withdrawal or downgrade of the rating of the Commercial Paper issued by any CP Conduit Purchaser whose Commercial Paper is rated by Standard & Poor's on the Series 2008-1 Second Amendment Effective Date.

5. This Amendment is limited as specified and, except as expressly stated herein, shall not constitute a modification, acceptance or waiver of any other provision of the Series 2008-1 Supplement.

6. This Amendment shall become effective on the date (the “Series 2008-1 Second Amendment Effective Date”) that is the later of (a) the date hereof or (b) the first date on which each of the following have occurred: (i) each of ABRCF, the Administrator, the Administrative Agent and each Series 2008-1 Noteholder shall have executed and delivered this Amendment to the Trustee, and the Trustee shall have executed this Amendment, (ii) the Rating Agency Consent Condition shall have been satisfied with respect to this Amendment, (iii) all certificates and opinions of counsel required under the Base Indenture or by the Series 2008-1 Noteholders shall have been delivered to the Trustee and the Series 2008-1 Noteholders, as applicable, and (iv) the Second Amendment, dated as of March 10, 2010, to the Credit Agreement, dated as of April 19, 2006 and as amended to date, among Avis Budget Holdings, LLC, as borrower, ABCR, as borrower, the subsidiary borrowers referred to therein, the several lenders referred to therein, JPMorgan Chase Bank, N.A., as administrative agent, Deutsche Bank Securities Inc., as syndication agent, each of Bank of America, N.A., Credit Agricole Corporate & Investment Bank New York Branch (formerly known as Calyon New York Branch) and Citicorp USA, Inc., as documentation agents, and Wachovia Bank, National Association, as co-documentation agent, shall have been executed and delivered by each party thereto and all conditions precedent to the effectiveness thereof shall have been satisfied or waived.

7. From and after the Series 2008-1 Second Amendment Effective Date, all references to the Series 2008-1 Supplement shall be deemed to be references to the Series 2008-1 Supplement as amended hereby.

8. This Amendment may be executed in separate counterparts by the parties hereto, each of which when so executed and delivered shall be an original but all of which shall together constitute one and the same instrument.

9. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective duly authorized officers as of the date above first written.

AVIS BUDGET RENTAL CAR FUNDING
(AESOP) LLC, as Issuer

By: /s/ Rochelle Tarlowe
Name: Rochelle Tarlowe
Title: Vice President and Treasurer

THE BANK OF NEW YORK MELLON TRUST COMPANY,
N.A., as Trustee and Series 2008-1 Agent

By: /s/ Sally R. Tokich
Name: Sally R. Tokich
Title: Senior Associate

By: /s/ Adam Klimek

Name: Adam Klimek

Title: Executive Director

AGREED, ACKNOWLEDGED AND CONSENTED:

SHEFFIELD RECEIVABLES CORPORATION,
as a CP Conduit Purchaser under the Series
2008-1 Supplement

By: Barclays Bank PLC
as Attorney-in-Fact

By: /s/ Jason D. Muncy
Name: Jason D. Muncy
Title: Associate Director

BARCLAYS BANK PLC,
as a Funding Agent and an APA Bank under the Series 2008-
1 Supplement

By: /s/ Jeffery Goldberg
Name: Jeffery Goldberg
Title: Director

LIBERTY STREET FUNDING LLC,
as a CP Conduit Purchaser under the Series
2008-1 Supplement

By: /s/ Jill A. Russo
Name: Jill A. Russo
Title: Vice President

THE BANK OF NOVA SCOTIA,
as a Funding Agent and an APA Bank under the Series 2008-
1 Supplement

By: /s/ Michael Eden
Name: Michael Eden
Title: Director

YC SUSI TRUST,
as a CP Conduit Purchaser under the Series
2008-1 Supplement

By: Bank of America, National Association,
as Administrative Trustee

By: /s/ Aeneas P. Griffin
Name: Aeneas P. Griffin
Title: Director

BANK OF AMERICA, NATIONAL ASSOCIATION,
as a Funding Agent and an APA Bank under the Series 2008-
1 Supplement

By: /s/ Aeneas P. Griffin
Name: Aeneas P. Griffin
Title: Director

CHARTA, LLC (as successor to Charta Corporation),
as a CP Conduit Purchaser under the Series
2008-1 Supplement

By: Citibank, N.A., as
Attorney-in-fact

By: /s/ Karrie L. Truglia
Name: Karrie L. Truglia
Title: Vice President

CITIBANK, N.A., as
an APA Bank under the Series
2008-1 Supplement

By: /s/ Karrie L. Truglia
Name: Karrie L. Truglia
Title: Vice President

CITICORP NORTH AMERICA, INC.,
as a Funding Agent under the Series
2008-1 Supplement

By: /s/ Karrie L. Truglia
Name: Karrie L. Truglia
Title: Vice President

FALCON ASSET SECURITIZATION COMPANY LLC, as a
CP Conduit Purchaser under the Series 2008-1 Supplement

By: /s/ Adam Klimek
Name: Adam Klimek
Title: Executive Director

JPMORGAN CHASE BANK, N.A.
as a Funding Agent under the Series
2008-1 Supplement

By: /s/ Adam Klimek
Name: Adam Klimek
Title: Executive Director

JPMORGAN CHASE BANK, N.A.
as an APA Bank under the Series
2008-1 Supplement

By: /s/ Adam Klimek
Name: Adam Klimek
Title: Executive Director

MONTAGE FUNDING LLC,
as a CP Conduit Purchaser under the Series
2008-1 Supplement

By: /s/ Lori Gebron
Name: Lori Gebron
Title: Vice President

DEUTSCHE BANK AG, NEW YORK BRANCH,
as a Funding Agent and an APA Bank under the Series 2008-
1 Supplement

By: /s/ Matt Bissonette
Name: Matt Bissonette
Title: Director

By: /s/ Robert Sheldon
Name: Robert Sheldon
Title: Managing Director

ATLANTIC ASSET SECURITIZATION LLC,
as a CP Conduit Purchaser under the Series
2008-1 Supplement

By: /s/ Sam Pilcer
Name: Sam Pilcer
Title: Managing Director

By: /s/ Kostantina Kourmpetis
Name: Kostantina Kourmpetis
Title: Managing Director

CREDIT AGRICOLE CORPORATE & INVESTMENT BANK
NEW YORK BRANCH, as a Funding Agent and an APA
Bank under the Series 2008-1 Supplement

By: /s/ Sam Pilcer
Name: Sam Pilcer
Title: Managing Director

By: /s/ Kostantina Kourmpetis
Name: Kostantina Kourmpetis
Title: Managing Director

AMSTERDAM FUNDING CORPORATION,
as a CP Conduit Purchaser under the Series
2008-1 Supplement

By: /s/ Jill A. Russo

Name: Jill A. Russo
Title: Vice President

THE ROYAL BANK OF SCOTLAND PLC,
as an APA Bank under the Series
2008-1 Supplement by: RBS Securities Inc.,
as agent

By: /s/ Michael Zappaterrini

Name: Michael Zappaterrini
Title: Managing Director

THE ROYAL BANK OF SCOTLAND PLC,
as a Funding Agent under the Series
2008-1 Supplement by: RBS Securities Inc.,
as agent

By: /s/ Michael Zappaterrini

Name: Michael Zappaterrini
Title: Managing Director

AVIS BUDGET CAR RENTAL, LLC,
as Administrator

By: /s/ Rochelle Tarlowe
Name: Rochelle Tarlowe
Title: Vice President and Treasurer

SECOND AMENDMENT TO THE SERIES 2009-3 SUPPLEMENT

This SECOND AMENDMENT TO THE SERIES 2009-3 SUPPLEMENT (this "Amendment"), dated as of March 29, 2010, amends the Series 2009-3 Supplement (as amended, modified or supplemented from time to time in accordance with its terms, the "Series 2009-3 Supplement"), dated as of November 5, 2009, among AVIS BUDGET RENTAL CAR FUNDING (AESOP) LLC, a special purpose limited liability company established under the laws of Delaware ("ABRCF"), AVIS BUDGET CAR RENTAL, LLC, a limited liability company established under the laws of Delaware, as administrator (the "Administrator"), DEUTSCHE BANK AG, NEW YORK BRANCH, as administrative agent (the "Administrative Agent"), the several commercial paper conduits listed on Schedule I thereto (each a "CP Conduit Purchaser"), the several banks set forth opposite the name of each CP Conduit Purchaser on Schedule I thereto (each an "APA Bank" with respect to such CP Conduit Purchaser), the several agent banks set forth opposite the name of each CP Conduit Purchaser on Schedule I thereto (each a "Funding Agent" with respect to such CP Conduit Purchaser), THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as trustee (in such capacity, the "Trustee") and as agent for the benefit of the Series 2009-3 Noteholders (in such capacity, the "Series 2009-3 Agent"), to the Second Amended and Restated Base Indenture, dated as of June 3, 2004, between ABRCF and the Trustee (as amended, modified or supplemented from time to time, exclusive of Supplements creating a new Series of Notes, the "Base Indenture"). All capitalized terms used herein and not otherwise defined herein shall have the respective meanings provided therefor in the Definitions List attached as Schedule I to the Base Indenture (as amended through the date hereof) or the Series 2009-3 Supplement, as applicable.

WITNESSETH:

WHEREAS, pursuant to Section 12.2(ii)(e) of the Base Indenture, any Supplement thereto may be amended to modify an Amortization Event set forth in such Supplement with the consent of ABRCF, the Trustee and each Noteholder affected by such amendment;

WHEREAS, pursuant to Section 11.11 of the Series 2009-3 Supplement such Supplement may be amended in accordance with the terms of the Base Indenture;

WHEREAS, the parties desire to amend the Series 2009-3 Supplement to modify the Amortization Event set forth in clause (n) of Article IV thereof, to modify certain defined terms used in clause (m) of Article IV thereof and to add certain other related definitions set forth in Article I thereof; and

WHEREAS, ABRCF has requested the Trustee, the Series 2009-3 Agent, the Administrator, the Administrative Agent and the Series 2009-3 Noteholders to, and, upon the effectiveness of this Amendment, ABRCF, the Trustee, the Series 2009-3 Agent, the Administrator, the Administrative Agent and each Series 2009-3 Noteholder have agreed to, make the amendments described above as set forth herein;

NOW, THEREFORE, it is agreed:

1. Amendment to Article I(b). Article I(b) of the Series 2009-3 Supplement is hereby amended as follows:

(a) by deleting the definition of “Consolidated EBITDA” in its entirety;

(b) by adding the following new definition thereto in the appropriate alphabetical order:

““Consolidated Interest Coverage Ratio” has the meaning set forth in the Credit Agreement.”

and;

(c) by amending and restating in its entirety the definition of “Credit Agreement” as follows:

““Credit Agreement” means the Credit Agreement, dated as of April 19, 2006, among Avis Budget Holdings, LLC, as Borrower, ABCR, as Borrower, the subsidiary borrowers referred to therein, the several lenders referred to therein, JPMorgan Chase Bank, N.A., as Administrative Agent, Deutsche Bank Securities Inc., as Syndication Agent, each of Bank of America, N.A., Credit Agricole Corporate & Investment Bank New York Branch (formerly known as Calyon New York Branch) and Citicorp USA, Inc., as Documentation Agents, and Wachovia Bank, National Association, as Co-Documentation Agent, as amended by the First Amendment thereto dated as of December 23, 2008 and the Second Amendment thereto dated as of March 10, 2010, but without giving effect to any further amendment unless such amendment has been approved in writing by the Requisite Noteholders.”

2. Amendment to Article IV. Clause (n) of Article IV of the Series 2009-3 Supplement is hereby amended and restated in its entirety as follows:

“(n)(i) the Consolidated Leverage Ratio as at the last day of any period of four consecutive fiscal quarters of ABCR ending with any fiscal quarter set forth below (commencing with the fiscal quarter ending June 30, 2010) shall exceed the ratio set forth below opposite such fiscal quarter:

<u>Fiscal Quarter ending</u>	<u>Consolidated Leverage Ratio</u>
June 30, 2010	6.25 to 1.00
September 30, 2010	5.75 to 1.00
December 31, 2010	5.50 to 1.00
March 31, 2011	5.50 to 1.00
June 30, 2011	5.25 to 1.00
September 30, 2011	5.00 to 1.00
December 31, 2011	4.75 to 1.00
March 31, 2012	4.75 to 1.00
June 30, 2012	4.75 to 1.00
September 30, 2012	4.50 to 1.00
December 31, 2012	4.50 to 1.00
March 31, 2013	4.50 to 1.00
June 30, 2013	4.50 to 1.00
September 30, 2013	4.25 to 1.00
December 31, 2013	4.25 to 1.00
March 31, 2014	4.25 to 1.00

or (ii) the Consolidated Interest Coverage Ratio for any period of four consecutive fiscal quarters of ABCR ending with any fiscal quarter set forth below (commencing with the fiscal quarter ending June 30, 2010), shall be less than the ratio set forth below opposite such fiscal quarter:

<u>Fiscal Quarter ending</u>	<u>Consolidated Interest Coverage Ratio</u>
June 30, 2010	1.30 to 1.00
September 30, 2010	1.30 to 1.00
December 31, 2010	1.35 to 1.00
March 31, 2011	1.40 to 1.00
June 30, 2011	1.45 to 1.00
September 30, 2011	1.55 to 1.00
December 31, 2011	1.60 to 1.00
March 31, 2012	1.60 to 1.00
June 30, 2012	1.65 to 1.00
September 30, 2012	1.70 to 1.00
December 31, 2012	1.70 to 1.00
March 31, 2013	1.70 to 1.00
June 30, 2013	1.70 to 1.00
September 30, 2013	1.75 to 1.00
December 31, 2013	1.75 to 1.00
March 31, 2014	1.75 to 1.00

3. Direction. By their signatures hereto, each of the undersigned (excluding The Bank of New York Mellon Trust Company, N.A., in its capacity as Trustee and Series 2009-3 Agent) hereby authorize and direct the Trustee and Series 2009-3 Agent to execute this Amendment and take any and all further action necessary or appropriate to give effect to the transaction contemplated hereby.

4. Waiver. Each Series 2009-3 Noteholder, by its execution hereof, hereby waives, solely with respect to this Amendment, the requirement under Section 11.11 of the Series 2009-3 Supplement that Standard & Poor's confirm that this Amendment will not result in a withdrawal or downgrade of the rating of the Commercial Paper issued by any CP Conduit Purchaser whose Commercial Paper is rated by Standard & Poor's on the Series 2009-3 Second Amendment Effective Date.

5. This Amendment is limited as specified and, except as expressly stated herein, shall not constitute a modification, acceptance or waiver of any other provision of the Series 2009-3 Supplement.

6. This Amendment shall become effective on the date (the "Series 2009-3 Second Amendment Effective Date") that is the later of (a) the date hereof or (b) the first date on which each of the following have occurred: (i) each of ABRCF, the Administrator, the Administrative Agent and each Series 2009-3 Noteholder shall have executed and delivered this Amendment to the Trustee, and the Trustee shall have executed this Amendment, (ii) the Rating Agency Consent Condition shall have been satisfied with respect to this Amendment, (iii) all certificates and opinions of counsel required under the Base Indenture or by the Series 2009-3 Noteholders shall have been delivered to the Trustee and the Series 2009-3 Noteholders, as applicable, and (iv) the Second Amendment, dated as of March 10, 2010, to the Credit Agreement, dated as of April 19, 2006 and as amended to date, among Avis Budget Holdings, LLC, as borrower, ABCR, as borrower, the subsidiary borrowers referred to therein, the several lenders referred to therein, JPMorgan Chase Bank, N.A., as administrative agent, Deutsche Bank Securities Inc., as syndication agent, each of Bank of America, N.A., Credit Agricole Corporate & Investment Bank New York Branch (formerly known as Calyon New York Branch) and Citicorp USA, Inc., as documentation agents, and Wachovia Bank, National Association, as co-documentation agent, shall have been executed and delivered by each party thereto and all conditions precedent to the effectiveness thereof shall have been satisfied or waived.

7. From and after the Series 2009-3 Second Amendment Effective Date, all references to the Series 2009-3 Supplement shall be deemed to be references to the Series 2009-3 Supplement as amended hereby.

8. This Amendment may be executed in separate counterparts by the parties hereto, each of which when so executed and delivered shall be an original but all of which shall together constitute one and the same instrument.

9. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective duly authorized officers as of the date above first written.

AVIS BUDGET RENTAL CAR FUNDING
(AESOP) LLC, as Issuer

By: /s/ Rochelle Tarlowe
Name: Rochelle Tarlowe
Title: Vice President and Treasurer

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee
and Series 2009-3 Agent

By: /s/ Sally R. Tokich
Name: Sally R. Tokich
Title: Senior Associate

DEUTSCHE BANK AG, NEW YORK BRANCH,
as Administrative Agent

By: /s/ Ozan Kaya
Name: Ozan Kaya
Title: Vice President

By: /s/ Jay Steiner
Name: Jay Steiner
Title: Managing Director

AGREED, ACKNOWLEDGED AND CONSENTED:

GEMINI SECURITIZATION CORP., LLC,
as a CP Conduit Purchaser under the Series
2009-3 Supplement

By: /s/ Frank B. Bilotta
Name: Frank B. Bilotta
Title: President

DEUTSCHE BANK AG, NEW YORK BRANCH,
as a Funding Agent and an APA Bank under the Series 2009-
3 Supplement

By: /s/ Robert Sheldon
Name: Robert Sheldon
Title: Managing Director

By: /s/ Matt Bissonette
Name: Matt Bissonette
Title: Director

AVIS BUDGET CAR RENTAL, LLC,
as Administrator

By: /s/ Rochelle Tarlowe

Name: Rochelle Tarlowe

Title: Vice President and Treasurer

Avis Budget Group, Inc.
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(Dollars in millions)

	Three Months Ended March 31,	
	2010	2009
Earnings before fixed charges:		
Loss before income taxes	\$ (66)	\$ (70)
Plus: Fixed charges	112	101
Earnings available to cover fixed charges	\$ 46	\$ 31
Fixed charges^(a):		
Interest, including amortization of deferred financing costs	\$ 95	\$ 85
Interest portion of rental payment	17	16
Total fixed charges	\$ 112	\$ 101
Ratio of earnings to fixed charges ^(b)	—	—

^(a) Consists of interest expense on all indebtedness (including amortization of deferred financing costs) and the portion of operating lease rental expense that is representative of the interest factor. Interest expense on all indebtedness is detailed as follows:

	Three Months Ended March 31,	
	2010	2009
Related to debt under vehicle programs	\$ 54	\$ 46
All other	41	39
	\$ 95	\$ 85

^(b) Earnings were not sufficient to cover fixed charges for the three months ended March 31, 2010 and 2009.

* * *

CERTIFICATIONS

I, Ronald L. Nelson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Avis Budget Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2010

/s/ RONALD L. NELSON
CHIEF EXECUTIVE OFFICER

I, David B. Wyshner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Avis Budget Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2010

/s/ DAVID B. WYSHNER

EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL
OFFICER

**CERTIFICATION OF CEO AND CFO PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Avis Budget Group, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Ronald L. Nelson, as Chief Executive Officer of the Company, and David B. Wyshner, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ RONALD L. NELSON

RONALD L. NELSON
CHIEF EXECUTIVE OFFICER
May 6, 2010

/S/ DAVID B. WYSHNER

DAVID B. WYSHNER
EXECUTIVE VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER
May 6, 2010