Table of Contents

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

FORM 10-K

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

For the fiscal year ended December 31, 2006

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	06-0918165
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
6 SYLVAN WAY PARSIPPANY, NJ	07054
(Address of principal executive offices)	(Zip Code)

973-496-4700
(Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, Par Value $.01	New York Stock Exchange
Preferred Stock Repurchase Rights	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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 and 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐

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

The aggregate market value of the Registrant's common stock held by non-affiliates of the Registrant on June 30, 2006 was $16,150,271,336, or $2,149,205,537, as adjusted for the one-for-ten reverse stock split and Cendant Separation described herein. All executive officers and directors of the registrant have been deemed, solely for the purpose of the foregoing calculation, to be "affiliates" of the registrant.

The number of shares outstanding of the Registrant's common stock was 101,272,628 as of January 31, 2007.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement to be mailed to stockholders in connection with our annual stockholders' meeting to be held on May 21, 2007 (the "Annual Proxy Statement") are incorporated by reference into Part III hereof.

TABLE OF CONTENTS

Item	Description	Page
	PART I	
1	Business	1
1A	Risk Factors	16
1B	Unresolved Staff Comments	24
2	Properties	24
3	Legal Proceedings	25
4	Submission of Matters to a Vote of Security Holders	26
	PART II	
5	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	27
6	Selected Financial Data	29
7	Management's Discussion and Analysis of Financial Condition and Results of Operations	31
7A	Quantitative and Qualitative Disclosures about Market Risk	48
8	Financial Statements and Supplementary Data	49
9	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	49
9A	Controls and Procedures	49
9B	Other Information	51
	PART III	
10	Directors, Executive Officers and Corporate Governance	51
11	Executive Compensation	51
12	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	51
13	Certain Relationships and Related Transactions, and Director Independence	51
14	Principal Accountant Fees and Services	51
	PART IV	
15	Exhibits and Financial Statement Schedules	51
	Signatures	52

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 the cost of new vehicles;
- a decrease in our ability to acquire or dispose of cars generally through repurchase or guaranteed depreciation programs and/or dispose of vehicles through sales of vehicles in the used car market;
- a decline in the results of operations or financial condition of the manufacturers of our cars;
- a downturn in airline passenger traffic in the United States or in the other international locations in which we operate;
- an occurrence or threat of terrorism, pandemic disease, natural disasters or military conflict in the markets in which we operate;
- our dependence on third-party distribution channels;
- a disruption or decline in rental activity, particularly during our peak season or in key market segments;
- a disruption in our ability to obtain financing for our operations, including the funding of our vehicle fleet via the asset-backed securities and lending market;
- a significant increase in interest rates or in borrowing costs;
- our failure to increase or decrease appropriately the size of our fleet due to the seasonal nature of our business;
- our ability to accurately estimate our future results;
- our ability to implement our strategy for growth;
- a major disruption in our communication or centralized information networks;
- our failure or inability to comply with regulations or any changes in regulations;
- our failure or inability to make the changes necessary to operate effectively now that we operate independently from 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;

- other business, economic, competitive, governmental, regulatory, political or technological factors affecting our operations, pricing or services;
- risks inherent in the restructuring of the operations of Budget Truck Rental;
- risks inherent in the separation and related transactions, including risks related to our new borrowings, and costs of the separation; and
- the terms of agreements among the separated companies, including the allocations of assets and liabilities, including contingent liabilities and guarantees, commercial arrangements and the performance of each of the separated companies' obligations under these agreements.

Other factors and assumptions not identified above, including those described under "Risk Factors" set forth in Item 1A herein, 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" set forth in Item 1A herein, in connection with any forward-looking statements that may be made by us and our businesses generally. Except for our ongoing obligations to disclose material information 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 unless required by law. 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.

Table of Contents

PART I

ITEM 1. BUSINESS

Except as expressly indicated or unless the context otherwise requires, the "Company", "Avis Budget", "we", "our" or "us" means Avis Budget Group, Inc., a Delaware corporation, and its subsidiaries and "Avis Budget Car Rental" or "ABCR" means Avis Budget Car Rental, LLC, a Delaware limited liability company and its subsidiaries, the companies that comprise our vehicle rental operations. "Avis" and "Budget" refer to our Avis and Budget operations, respectively, and exclude the operations of Avis Europe and its affiliates, as further discussed below.

We operate two of the most recognized brands in the global vehicle rental industry through Avis and Budget. Avis is a leading rental car supplier to the premium commercial and leisure segments of the travel industry and Budget is a leading rental car supplier to the price-conscious segments of the industry. We believe we are the largest general-use vehicle rental operator in each of North America, Australia, New Zealand and certain other regions we serve, based on total revenue. We maintain the leading share of airport car rental revenue and we believe we operate the second largest consumer truck rental business in the United States based on available information.

Our car rental operations generate significant benefits from operating two distinctive brands that target different industry segments but share the same fleet, maintenance facilities, systems, technology and administrative infrastructure. We believe that Avis and Budget both enjoy complementary demand patterns with mid-week commercial demand balanced by weekend leisure demand. For 2006, our vehicle rental operations generated revenues of $5,628 million. The Avis, Budget and Budget Truck brands accounted for approximately 61%, 31% and 8% of our vehicle rental revenue, respectively, in 2006.

Our operations have an extended global reach that includes approximately 6,700 car and truck rental locations in the United States, Canada, Australia, New Zealand, Latin America, the Caribbean and parts of the Pacific region. On average, our rental fleet totaled more than 410,000 vehicles, and we completed more than 28 million vehicle rental transactions worldwide in 2006. Domestically, we derived approximately 81% of our nearly $4.0 billion in car rental revenue from on-airport locations in 2006 and approximately 19% of our domestic car rental revenue from off-airport locations, which we refer to as the local rental segment. In 2006, we significantly expanded our presence in the local segment and plan to continue this expansion in 2007. We rent our fleet of approximately 30,500 Budget trucks through a network of approximately 2,400 dealer operated, 210 company operated and 100 franchisee operated locations throughout the continental United States. We also license the use of the Avis and Budget trademarks to multiple licensees in areas in which we do not operate. The Avis and/or Budget vehicle rental systems in Europe, Africa, the Middle East and parts of Asia are operated at approximately 3,700 locations by subsidiaries and sub-licensees of an independent third party primarily under virtually royalty-free trademark license agreements.

Following the completion of the Cendant Separation, discussed in detail below, we categorize our operations in three operating segments: domestic car rental, consisting of our Avis and Budget U.S. car rental operations; international car rental, consisting of our international Avis and Budget car rental operations; and truck rental, consisting of our Budget truck rental operations. In 2006:

- our domestic car rental business generated approximately 89 million rental days and time and mileage revenue per day of $40.01 with an average rental fleet of approximately 329,350 vehicles;
- our international car rental business generated approximately 14 million rental days and time and mileage revenue per day of $39.61 with an average rental fleet of approximately 53,310 vehicles; and
- our truck rental business generated approximately 4.6 million rental days and time and mileage revenue per day of $86.28 with an average rental fleet of approximately 30,500 trucks.

For 2007, our objective is to enhance growth, profitability and our position as a leader in the vehicle rental industry. We expect to achieve our goals by focusing our efforts on the following core strategic initiatives:

- *Optimizing Our Two-Brand Strategy.* We plan to continue to position our two distinct and well-recognized brands to capture different segments of customer demand. With Avis as a premium brand preferred by corporate and upscale leisure travelers and Budget as a value brand preferred by cost-conscious travelers, we believe we are able to target a broad range of demand, particularly since the two brands share the same operational and administrative infrastructure while providing differentiated though consistently high levels of customer service. We aim to provide products, service and pricing, and to maintain marketing affiliations and corporate account contracts, which complement each brand's positioning. In addition, we use various marketing channels as appropriate to each of our brands and seek to continue to grow the volume of reservations that we generate through our avis.com and budget.com websites, which are among our least-expensive sources of advance bookings.

- *Expanding Our Revenue Sources.* We plan to expand the revenues we generate from sources beyond on-airport time and mileage rental fees. We seek to grow off-airport revenue for Avis and Budget by opening new locations and continuing our effort to identify and attract local demand. In particular, we plan to increase our revenues in the insurance replacement sector, in which we have historically had a more limited presence, and we have formed a dedicated local sales team to expand our insurance replacement, local truck rental and off-airport general-use rental volumes. Separately, we look to expand our revenue sources by offering additional products and services to existing on- and off-airport customers, including additional insurance coverages and insurance-related and ancillary products and services, such as our recently launched *Where2* GPS navigation product.

- *Capturing Incremental Profit Opportunities.* We plan to continue our focus on yield management and pricing optimization, rigorous cost controls and fleet diversification. We are developing technology that will allow us to strengthen our yield management and we have put in place technology to tailor our product/price offerings to specific customer segments. Specifically, we plan to continue to expand our technology that allows Avis and Budget to target customers with rates and prices based on past shopping and rental behavior. With respect to fleet diversification, in an effort to mitigate expected increases in fleet costs, we are seeking to adjust our relationships with vehicle manufacturers by moving to a more balanced multi-supplier model, increasing the risk-vehicle portion of our fleet, lengthening the average hold period, and reducing the average vehicle size and number of options. In addition, we believe the expansion of our revenue sources (discussed above) will permit us to generate incremental profits from our customer base, while at the same time enhancing their vehicle rental experience.

In 2006, we made considerable progress vis-à-vis our strategic objectives. We retained approximately 98% of our commercial contracts at Avis and Budget and, we believe, generated more U.S. rental car reservations through our own websites than any other company. Budget entered into marketing alliances with USAA and AARP, which are long-time Avis marketing partners, and grew its award-winning small business program. We opened approximately 200 new off-airport locations in 2006, and off-airport revenues represented 19% of our domestic car rental revenues. We are now an "approved" or "preferred" provider for customers of a majority of the largest auto insurance companies in the United States. In 2006, we began offering Where2 GPS navigation system units. In the area of cost management, we have reduced our reliance on individual suppliers, such that our largest fleet supplier in 2007 is expected to represent only 38% of our vehicle purchases, versus 53% in 2005. We are utilizing sophisticated yield-management technology to optimize our pricing, and we continue to analyze and streamline our operations to gain efficiencies. And, most importantly, our more than 30,000 employees continue to provide reliable, high-quality vehicle rental services that foster customer satisfaction and customer loyalty.

* * *

Company Information

Our principal executive office is located at 6 Sylvan Way, Parsippany, New Jersey (telephone number: (973) 496-4700). We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith, we file reports, proxy and information statements and other information with the Commission and certain of our officers and directors file statements of changes in beneficial ownership on Form 4 with the Commission. Such reports (including our annual reports on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K and any amendments to such reports), proxy statements and other information and such Form 4s can be accessed on our website at www.avisbudget.com as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Commission. A copy of our Codes of Conduct and Ethics, as defined under Item 406 of Regulation S-K, including any amendments thereto or waivers thereof, Corporate Governance Guidelines, Director Independence Criteria and Board Committee Charters can also be accessed on our website. We will provide, free of charge, a copy of our Codes of Conduct and Ethics, Corporate Governance Guidelines and Board Committee Charters upon request by phone or in writing at the above phone number or address, attention: Investor Relations. In accordance with New York Stock Exchange (NYSE) Rules, on September 22, 2006, we filed the annual certification by our Chief Executive Officer certifying that he was unaware of any violation by us of the NYSE's corporate governance listing standards at the time of the certification.

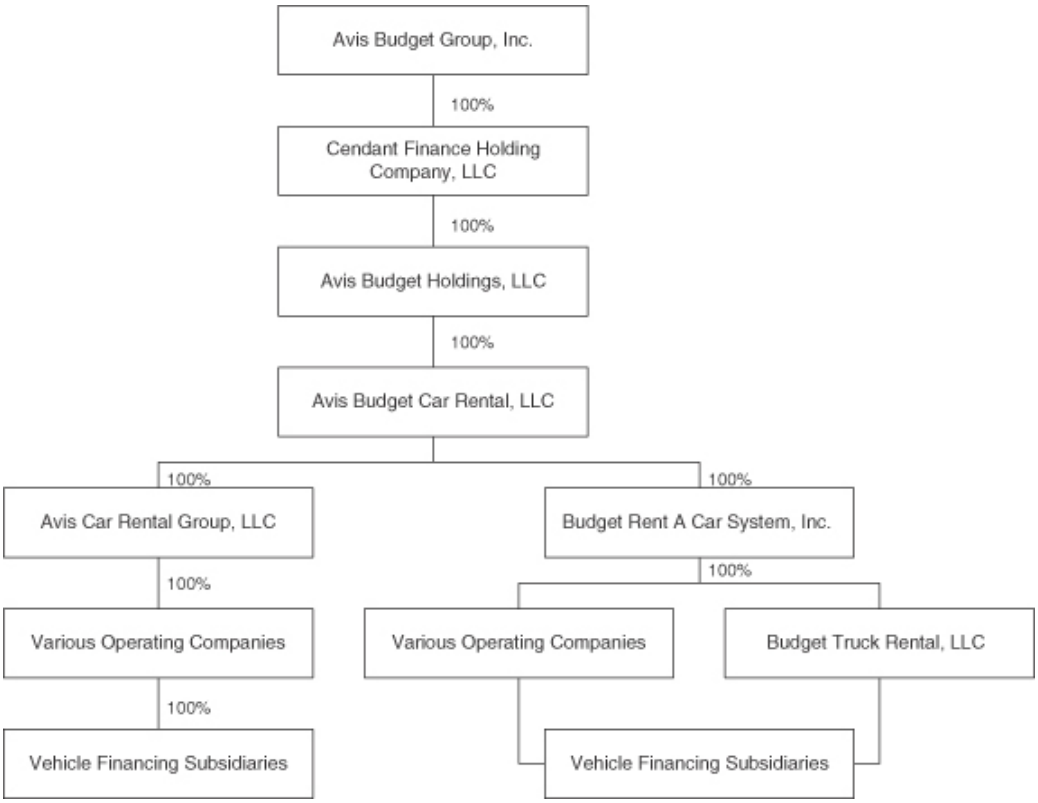
Company History – Cendant Separation

We were created through a merger with HFS Incorporated in December 1997 with the resultant corporation being renamed Cendant Corporation. On August 23, 2006, Cendant completed the separation (the "Cendant Separation") into four separate companies, one for each of its former Real Estate Services businesses (Realogy Corporation), its former Hospitality Services (including Timeshare Resorts) businesses (Wyndham Worldwide Corporation), its former Travel Distribution Services businesses (Travelport) and its Vehicle Rental businesses (Cendant, now Avis Budget Group). The separation was effected through the pro rata distributions of all of the shares of common stock of Realogy Corporation and Wyndham Worldwide Corporation and the sale of Travelport to an affiliate of The Blackstone Group. In connection with the Cendant Separation, we entered into certain agreements with Realogy, Wyndham and Travelport governing our relationships following the separation, including the assumption by Realogy and Wyndham of 62.5% and 37.5%, respectively, of certain contingent and other liabilities of Cendant. In connection with the Cendant Separation, we also entered into various commercial arrangements with Realogy, Wyndham and Travelport. Following completion of the Cendant Separation, Cendant changed its name to Avis Budget Group, Inc. and our common stock began to trade on the New York Stock Exchange under the symbol "CAR." With the completion of the Cendant Separation, Avis Budget Group's operations consist of two of the most recognized brands in the global vehicle rental industry through Avis Budget Car Rental, LLC, the parent of Avis Rent A Car System, LLC, Budget Rent A Car System, Inc. and Budget Truck Rental, LLC.

Founded in 1946, Avis is believed to be the first company to rent cars from airport locations. Avis expanded its geographic reach throughout the United States in the 1950s and 1960s. In 1963, Avis introduced its award winning "We try harder" advertising campaign, which is considered one of the top ten advertising campaigns of all time by Advertising Age magazine. Budget was founded in 1958. The company name was chosen to appeal to the "budget-minded" or "value-conscious" vehicle rental customer. Avis possesses a long history of using proprietary information technology systems in its business, and its established, but continually updated Wizard System remains the backbone of our operations. Cendant acquired the Avis brand in 1996, Avis' capital stock in 2001, and the Budget brand and substantially all of the domestic and certain international assets of Budget's predecessor in 2002.

In addition to our vehicle rental operations, we continue to manage the transition of certain legacy items which remain following the completion of the Cendant Separation. Management of these items, which includes certain Cendant corporate contingent liabilities and assets and provision of certain transition services such as payroll, accounts receivable, telecommunications and information technology, is conducted through our subsidiary, Cendant Finance Holding Company, LLC and Avis Budget.

The following diagram reflects the current ownership structure of our company.



Car rental business

Operations—Avis

We operate or franchise approximately 2,100 of the approximately 5,000 rental locations that comprise the Avis car rental system (the "Avis System"), which represents one of the largest car rental systems in the world, based on total revenue and number of locations, and encompasses locations at most of the largest airports and cities in the United States and internationally. The Avis System in Europe, Africa, the Middle East and parts of Asia is primarily operated under royalty-free license agreements with Avis Europe Holdings, Limited ("Avis Europe"), an independent third party, and is comprised of approximately 2,900 company operated and sub-licensee locations.

We own and operate approximately 1,300 Avis car rental locations in both the on-airport and local rental segments in North America, Australia, New Zealand, Latin America and the Caribbean. For 2006, Avis generated total revenue of approximately $3.4 billion, of which approximately 85% (or $2.9 billion) was derived from U.S. operations. In addition, we franchise the Avis System to independent business owners in approximately 850 locations throughout the United States, Canada, Latin America, Australia, New Zealand and parts of the Pacific region. In 2006, approximately 95% of the Avis System total domestic revenue was generated by our locations and the remainder was generated by locations operated by franchisees. Franchisees generally pay royalty fees to us based either on total time and mileage charges or total revenue.

In 2006, Avis derived approximately 60% and 40% of its domestic time and mileage revenue from commercial and leisure customers, respectively, and 82% and 18% of its domestic revenue from customers renting at airports and locally, respectively. Customers who rent locally often rent in order to temporarily replace their cars when their own cars are not available either due to accidents or otherwise. We are focused on increasing the amount of revenue we generate locally for both Avis and Budget.

The Avis brand provides high-quality car rental services at price points generally above non-branded and value-branded national car rental companies. We offer Avis customers a variety of premium services, including:

- Avis Preferred, a counter bypass program, which is available at major airport locations;
- Avis Where2, a navigation system with real-time traffic alerts, including weather delays, construction tie-ups and traffic snarls, which suggests alternative routes and features Bluetooth hands-free calling, MP3 playback capability as well as directions in multiple languages;
- Avis Cool Cars, a new line of fun-to-drive vehicles, which include the Cadillac CTS, Volvo S60 and Hummer H3;
- Roving Rapid Return program, which permits customers who are returning vehicles to obtain a printed charge record at the vehicle as it is being returned;
- Avis Cares, a program which provides customers with area-specific driver safety information, the latest child safety seats (available for rent), local information and driving maps;
- Avis Access, a full range of special products and services for drivers and passengers with disabilities; and
- Avis Interactive, a proprietary management tool that allows select corporate clients to easily view and analyze their rental activity via the Internet through account analysis and activity reports, allowing these clients to better manage their travel budgets and monitor employee compliance with applicable travel procedures.

Operations—Budget

The Budget vehicle rental system (the “Budget System”) is one of the largest car rental systems in the world, based on total revenue and number of locations. We operate or franchise approximately 1,900 of the approximately 2,700 car rental locations in the Budget System, including locations at most of the largest airports and cities in the United States and certain other regions. The Budget System in Europe, Africa and the Middle East is operated under a royalty-free trademark license agreement with an independent third party, which is an affiliate of Avis Europe and is comprised of approximately 800 additional company operated and sub-licensee locations.

We own and operate approximately 700 Budget car rental locations in the United States, Canada, Puerto Rico, Australia and New Zealand. For the year ending December 31, 2006, our Budget car rental operations generated total revenue of approximately $1.7 billion, of which 88% (or $1.5 billion) was derived from U.S. operations. We also franchise the Budget System to independent business owners who operate approximately 1,100 locations throughout the United States, Canada, Latin America, the Caribbean and parts of the Asia Pacific region. In 2006, approximately 88% of the Budget System domestic total revenue was generated by our locations with the remainder generated by locations operated by independent franchisees. Independent franchisees generally pay royalty fees to us based on gross rental revenue. In 2006, Budget derived 28% and 72% of its domestic time and mileage car rental revenue from commercial and leisure customers, respectively, and 79% and 21% of its domestic car rental revenue from customers renting at airports and locally, respectively.

Budget is a leading rental car supplier to the price-conscious segments of the industry. Budget offers Fastbreak, an expedited rental service for frequent travelers. Budget also offers the Budget Small Business Program, a program targeting the needs of small businesses. The Budget Small Business Program was named "Best Car Rental Value" by *Entrepreneur* Magazine in their 2006 Business Travel Awards. Budget also offers its own branded version of the Avis Where2 GPS navigation product described above.

Reservations

Customers can make Avis and Budget reservations through our Avis and Budget websites at avis.com and budget.com, through our reservation centers toll-free at 1-888-777-AVIS and 1-800-BUDGET7, respectively, through online travel portals, through selected partners including many major airlines utilizing direct connect technology, through their travel agent or by calling a location directly. Travel agents can access our reservation systems through all major global distribution systems and can obtain information with respect to rental locations, vehicle availability and applicable rate structures through these systems.

Marketing

Avis and Budget support their premium and value brand positions through a range of marketing channels and campaigns, including traditional media, such as television, radio and print advertising, as well as Internet and direct marketing. Avis focuses its marketing around its industry-leading customer loyalty and its award-winning "We try harder" campaign. Budget builds its marketing around retail advertising, key partnerships and new media, including extensive online advertising and its second-annual Internet-only "blog" campaign recognized by Yahoo! Finance, Adrants and Brandweek.

We maintain strong links to the travel industry. Avis and Budget offer customers the ability to earn frequent traveler points with most major airlines' frequent traveler programs. Avis and Budget are also affiliated with the frequency programs of major hotel companies, including Hilton Hotels Corporation, Hyatt Corporation, Starwood Hotels and Resorts Worldwide, Inc. and Wyndham Worldwide. These arrangements provide incentives to program participants and cooperative marketing opportunities including call transfer programs and online links with various partners' websites. Avis has an agreement with Wyndham's lodging brands whereby lodging customers making reservations by telephone may be transferred to Avis if they desire to rent a vehicle.

In 2006, approximately 79% of domestic vehicle rental transactions from our owned and operated Avis locations in the United States were generated by travelers who rented from Avis under contracts between Avis and the travelers' employers or through membership in an organization with whom Avis has a contractual affiliation (such as AARP). Avis also has marketing relationships with American Express Company and Sears, Roebuck and Co., through which we are able to provide customers of these companies with incentives to rent from Avis. Avis licensees also have the option to participate in these affiliations. For commercial and leisure travelers that are unaffiliated with any of the employers or organizations that we contract with, Avis solicits business through media, direct mail, email and Internet advertising. Avis conducts various loyalty programs through direct marketing campaigns, including Avis Preferred, which allows customers to bypass the counter, and Preferred Select, which offers upgrades and other incentives to our best customers. As a result of these programs, Avis has been ranked as the top rental car brand for customer loyalty for eight consecutive years by a leading third party research firm. Travel agents are also able to participate in the Avis travel agent reward program, Club Red.

Similarly, Budget offers "Unlimited Budget", a loyalty incentive program for travel agents which had approximately 17,600 travel agents actively enrolled as of December 31, 2006. Budget also has contractual arrangements with American Express Company and other organizations which offer members of these groups incentives to rent from Budget. In connection with its focus on price-conscious customers, Budget primarily relies on retail advertising, including Internet advertising, and on value pricing to drive customers to our Budget website, Budget call centers and other distribution channels. Budget also offers proprietary marketing programs such as Fastbreak, an expedited rental service for frequent renters.

Our international Avis and Budget operations maintain close relationships with the travel industry through participation in several non-U.S. based airline frequent traveler programs, such as those operated by Air Canada and Qantas Airways Limited, as well as participation in Avis Europe's programs with British Airways Plc, Deutsche Lufthansa AG and other carriers.

Franchising

Of the approximately 2,100 Avis and approximately 1,900 Budget car rental locations we operated and/or franchised at December 31, 2006, approximately 40% and 60%, respectively, were owned and operated by franchisees. Revenue derived from our car rental franchisees in 2006 totaled approximately $36 million. Franchised locations range from large operations at major airport locations to franchise territories encompassing an entire country to relatively small operations in suburban locations. Fleets of our franchisees range from fleets in excess of 3,000 vehicles to fleets of fewer than 50 vehicles. Franchises provide us with a source of high margin revenue as there are relatively limited additional fixed costs associated with fees paid by franchisees to us. Although franchises represent approximately half of the locations that we own and franchise, they represent only approximately 7% of total domestic revenue generated by the Avis and Budget Systems, as the average franchise operation is significantly smaller than the average owned location.

We enjoy good relationships with our franchisees and meet regularly with them at regional, national and international meetings. Our relationships with Avis and/or Budget franchisees are governed by franchise agreements that grant the franchisees the right to operate Avis and/or Budget vehicle rental businesses in certain exclusive territories. These franchise agreements impose obligations on the franchisee regarding the operations of each franchise and restrict the franchisee's ability to transfer its franchise agreement and the franchisee's capital stock. Each franchisee is required to adhere to our system standards for each brand as updated and supplemented by our policy bulletins, brand manuals and service programs. We maintain the right to monitor the operations of franchisees and, when applicable, can declare a franchise to be in default under its franchise agreements, which may or may not be curable. We can terminate these franchise agreements for certain defaults, including failure to pay franchise fees and failure to adhere to our operational standards.

In general, the franchise agreements grant the franchisees the exclusive right to operate an Avis and/or Budget car and truck rental business in a particular geographic area. Under agreements that predate our ownership of Avis or Budget, a limited number of franchisees in the United States are also separately franchised exclusively to sell used cars under the Avis and/or Budget brand. Our current franchise agreements provide for a 20-year term. Certain existing franchise agreements provide for renewal terms for no additional fee so long as the franchisee is not in default. Upon renewal, the terms and conditions of the franchise agreement may generally be amended from those contained in the expiring franchise agreements, while language in certain older franchise agreements may limit our ability to do so. The car rental royalty fee payable to us under franchise agreements is generally 5% to 7.5% of gross rental revenue but certain franchisees of each brand, both internationally and domestically, have franchise agreements with different royalty fee structures.

Pursuant to their franchise agreements, some franchisees must meet certain requirements relating to the number of rental offices in their franchised territory, the number of vehicles available for rental and the amount of their advertising and promotional expenditures. In general, each franchise agreement provides that the franchisee must not engage in any other vehicle rental business within the franchised territory during the term of such agreement and, in the Budget franchise agreement, for 12 months thereafter. Upon termination of a franchise, the franchisee is also prohibited from using the Avis or Budget name and related marks in any business.

Other revenue

In addition to revenue from vehicle rentals and franchisee royalties, we generate revenue from Avis and Budget customers through the sale and/or rental of optional products and services such as supplemental equipment (for example, child seats and ski racks), loss damage waivers, additional/supplemental liability insurance, personal accident/effects insurance, fuel service options, fuel service charges, and products and services as described

above, such as rentals of Where2 GPS navigation units. In 2006, approximately 4% of our vehicle operations revenue was generated by the sale of loss damage waivers, by which we agree to relieve a customer from financial responsibility arising from vehicle damage incurred during the rental period, if the customer has not breached the rental agreement.

Websites

Avis and Budget have strong brand presence on the Internet through their websites, avis.com and budget.com, as well as third party websites. A steadily increasing number of Avis and Budget vehicle rental customers obtain rate, location and fleet information and then reserve their rentals directly on these websites. Direct bookings via our websites incur less cost per transaction than bookings made through our voice reservation agents or through third party distribution systems. Therefore, the trend toward Internet bookings is generating cost savings for us. In addition, both Avis and Budget have agreements to promote their car rental services with major Internet portals and have a strong advertising presence on various search engines. Over 49% of Budget's 2006 domestic reservations were derived from bookings over the Internet, with 30% of reservations derived from bookings on budget.com. Over 28% of Avis' domestic reservations were derived from bookings over the Internet, with 22% derived from bookings on avis.com. In 2006, avis.com reservations grew by 11% and budget.com reservations grew by 8% over the prior year.

The Wizard System

We own the Wizard System, our worldwide reservations, rentals, data processing and information management system. The Wizard System enables us to process over a million incoming customer inquiries each day, providing our customers with accurate and timely information about our locations, rental rates and vehicle availability, as well as the ability to place or modify reservations. Additionally, the Wizard System is linked to all major travel distribution networks worldwide and provides real-time processing for travel agents, travel industry partners (such as airlines), corporate travel departments and individual consumers through our websites or calls to our reservation agents. The Wizard System also provides personal profile information to our reservation and rental agents to better service our customers. Among the principal features of the Wizard System are:

- "Roving Rapid Return", which permits customers who are returning vehicles to obtain completed charge records from wireless-connected "Roving Rapid Return" agents who complete and deliver the charge record at the vehicle as it is being returned;
- "Preferred Service", Avis' expedited rental service that provides enrolled customers with a printed Preferred Service rental record in their pre-assigned vehicle and a fast, convenient check-out;
- "Fastbreak", Budget's expedited rental service which allows for a faster processing of rentals and service for enrolled customers;
- "Wizard on Wheels", which enables us to assign vehicles and complete rental agreements while customers are being transported to the rental vehicle;
- "Flight Arrival Notification", a system that alerts rental locations when flights have arrived so that vehicles can be assigned and paperwork prepared automatically;
- "Avis Link", which automatically identifies when a customer with a profile on record is entitled to special rental rates and conditions, and therefore sharply reduces the number of instances in which we inadvertently fail to give Avis renters the benefits of negotiated rate arrangements to which they are entitled;
- "Credit Card Link", which allows both brands to verify all major credit cards in a real-time connection during the rental processing;

- interactive interfaces through third party computerized reservation systems such as Galileo and Sabre;
- "Avis Interactive", which allows select corporate clients to easily view and analyze their rental activity via the Internet through account analysis and activity reports, allowing these clients to better manage their travel budgets and monitor employee compliance with applicable travel policies;
- "Direct Connect", a service offered to business to business partners that allows them to easily connect their electronic systems to the Wizard System, for either brand, and to obtain rate, location and fleet information as well as book reservations for their customers; and
- operations management programs that, among other things, enable field personnel to manage which vehicles will be rented next.

We also use data supplied from the Wizard System and airline reservation systems in certain proprietary information management systems to maintain centralized control of major business processes such as fleet acquisition and logistics, sales to corporate accounts and determination of rental rates. The principal components of the systems we employ include:

- *Fleet planning model*. We have created a comprehensive decision tool to develop fleet plans and schedules for the acquisition and disposition of our fleet, along with fleet age, mix, mileage and cost reports based upon these plans and schedules. This tool allows management to monitor and change fleet volume and composition on a daily basis and to optimize our fleet plan based on estimated business levels and available repurchase and guaranteed depreciation programs.
- *Yield management*. We have created a yield management system which is designed to enhance profits by providing greater control of vehicle availability and rate availability changes at our rental locations. The system monitors and forecasts supply and demand to support our efforts to optimize volume and rate at each location. Integrated into this yield management system is a fleet distribution module that takes into consideration the costs as well as the potential benefits associated with distributing vehicles to various rental locations within a geographic area to accommodate rental demand at these locations. The fleet distribution module makes specific recommendations for movement of vehicles between locations.
- *Pricing decision support system*. Pricing in the vehicle rental industry is highly competitive and complex. To improve our ability to respond to rental rate changes in the marketplace, we have developed sophisticated systems to gather and report competitive industry rental rate changes every day. The system, using data from third party reservation systems as its source of information, automatically scans rate movements and reports significant changes to a staff of pricing analysts for evaluation. The system greatly enhances our ability to gather and respond to rate changes in the marketplace.
- *Business mix model*. We have developed a strategic planning model to evaluate the discrete segments of our business relative to each other. The model considers revenue and costs to determine the potential margin contribution of each discrete segment. The model develops business mix and fleet optimization recommendations by using data from our financial systems, the Wizard System and the fleet and revenue management systems along with management's objectives and targets.
- *Customer profitability model*. We have developed a sophisticated model which analyzes a corporate customer's rental pattern to estimate the fleet costs, operations costs and division overhead expenses associated with that customer's vehicle rentals. We use this profitability model to determine the financial merit of individual corporate contracts.
- *Enterprise data warehouse*. We have developed a sophisticated and comprehensive electronic data storage and retrieval system which retains information related to various aspects of our business. This

data warehouse allows us to take advantage of comprehensive management reports, query capability and easy access to data for strategic decision making for both brands.

- *Sales and marketing systems*. We have developed a sophisticated system of online data screens which enables our sales force to analyze key account information of our corporate customers including historical and current rental activity, revenue and booking sources, top renting locations, rate usage categories and customer satisfaction data. We use this information, which is updated weekly and captured on a country-by-country basis, to determine opportunities for revenue growth, profitability and improvement.

- *Interactive adjustments*. We have developed a multi-linked customer data system which allows us to easily retrieve pertinent customer information and make needed adjustments online for superior customer service. This data system links with other accounting systems to handle any charge card transactions automatically.

Fleet

General. We maintain a single fleet of vehicles for Avis and Budget. We rent a wide variety of vehicles, including luxury and specialty vehicles. Our fleet consists primarily of vehicles from the current and immediately preceding model year. Rentals are generally made on a daily, weekly or monthly basis. Rental charges are computed on the basis of the length of the rental or, in some cases, on the length of the rental plus a mileage charge. Rates vary at different locations depending on the type of vehicle rented, the local marketplace and competitive and cost factors. Most rentals are made utilizing rate plans under which the customer is responsible for gasoline used during the rental. We also generally offer our customers the convenience of leaving a rented vehicle at a location in a city other than the one in which it was rented, although, consistent with industry practices, a drop-off charge or special intercity rate may be imposed. We facilitate one-way car rentals between corporate-owned and franchised locations in the United States that enable us to operate as an integrated network of locations.

Vehicle purchasing. We participate in a variety of vehicle purchase programs with major domestic and foreign vehicle manufacturers. General Motors is the featured supplier for Avis, and Ford is the featured supplier for Budget. During 2006, approximately 42%, 32% and 12% of the cars acquired for our U.S. car rental fleet were manufactured by General Motors, Ford and Chrysler, respectively, compared to 53%, 28% and 8%, respectively, in 2005. During 2006, we also purchased Toyota, Hyundai, Suzuki, Nissan, Kia and Subaru vehicles. The decrease in the portion of our fleet sourced from General Motors, and the number of other vehicle manufacturers from which we purchased vehicles in 2006 is reflective of our efforts to diversify our fleet, which we expect to continue in 2007. The substantial majority of vehicles used in our rental car business are purchased through our principal U.S. vehicle financing, which is an asset-backed facility.

Vehicle disposition. We generally hold a vehicle in our domestic fleet for a term of four to twelve months. For 2006 and 2005, approximately 88% and 95%, respectively, of the rental cars purchased for our domestic car fleet were the subject of agreements requiring automobile manufacturers to repurchase them or guarantee our rate of depreciation during a specified period of time. Cars subject to these agreements are sometimes referred to as “program vehicles” or “program cars” and cars not subject to these agreements are sometimes referred to as “risk cars” or “risk vehicles”. The programs in which we participate currently require that the program vehicles be maintained in our fleet for a minimum number of months (typically four to twelve months) and impose return conditions, including those related to mileage and condition. At the time of return to the manufacturer, we receive the price guaranteed at the time of purchase and are thus protected from fluctuations in the prices of previously-owned vehicles in the wholesale market at the time of disposition. The future percentages of program vehicles in our fleet will be dependent on the availability and attractiveness of manufacturers’ repurchase and guaranteed depreciation programs, over which we have no control, and we expect percentages for 2007 to be lower than 2006 as we acquire more risk vehicles in order to mitigate the anticipated increased cost of program vehicles. We dispose of our risk vehicles largely through automobile auctions.

Of the approximately 445,000 cars from our rental car fleet that we sold in 2006, we sold approximately 88% back to the manufacturers pursuant to repurchase or guaranteed depreciation programs and the rest through third party channels such as wholesale auctions. In 2007, we expect the percentage of cars sold back to the manufacturers to decrease as we acquire more risk vehicles.

Utilization and seasonality. Our car rental business is subject to seasonal variations in customer demand, with the summer vacation period representing the peak season. The general seasonal variation in demand, along with more localized changes in demand at each of our locations, causes us to vary our fleet size over the course of the year. For 2006, our average monthly fleet size in the U.S. ranged from a low of approximately 297,000 vehicles in December to a high of approximately 366,000 vehicles in July. Domestic fleet utilization for 2006, which is based on the number of rental days (or portion thereof) that vehicles are rented compared to the total amount of time that vehicles are available for rent, ranged from 67% in December to 78% in August and averaged 75% for 2006. Our calculation of utilization may not be comparable to other companies' calculation of similarly titled statistics.

Maintenance. We place a strong emphasis on vehicle maintenance since quick and proper repairs are critical to fleet utilization. To accomplish this task we employ a full-time National Institute for Automotive Service Excellence ("ASE") fully certified technician instructor at our headquarters. This instructor has developed a specialized training program for our 410 technicians who operate in approximately 100 maintenance and damage repair centers for both Avis and Budget. The technicians/instructors also maintain strong relationships with General Motors and Ford. We use advanced diagnostic equipment, including General Motors' "Techline" and "Tech 2" diagnostic computers and Ford's PDS diagnostic system. Our technician training department also prepares its own technical service bulletins that can be retrieved electronically at all of our repair locations. Approximately 89% of our technicians are ASE certified.

Customer service

Our commitment to delivering a consistently high level of customer service is a critical element of our success and strategy. Each year, our internal quality auditors conduct approximately 1,000 unannounced reviews of locations to measure service levels by location. We identify specific areas of achievement and opportunity from these assessments. We address areas of improvement on a system-wide level and develop standard methods and measures. The major focus areas of these assessments include (i) vehicle condition and availability; (ii) customer interaction, including helpfulness and courtesy; and (iii) location image. In addition, we utilize a toll-free "800" number and a dedicated customer service email address to allow customers of both Avis and Budget to report problems directly to our customer relations department. Location associates and managers also receive training and are empowered to resolve virtually all customer issues at the location level. We prepare weekly and monthly reports on the types and number of complaints received for use in conjunction with the customer satisfaction reports by location management as feedback of customer service delivery. Finally, we conduct daily location-specific customer satisfaction tracking by sending web-based surveys to recent customers of our top volume locations.

Airport concession fees

In general, concession fees for on-airport locations are based on a percentage of total commissionable revenue (as defined by each airport authority), subject to minimum annual guaranteed amounts. Concessions are typically awarded by airport authorities every three to five years based upon competitive bids. Our concession agreements with the various airport authorities generally impose certain minimum operating requirements, provide for relocation in the event of future construction and provide for abatement of the minimum annual guarantee in the event of extended low passenger volume.

Competition

The car rental industry is characterized by intense price and service competition. Competition in the U.S. vehicle rental operations business is based primarily upon price, reliability, vehicle availability, national distribution,

usability of booking systems, ease of rental and return and other elements of customer service. In addition, competition is influenced strongly by advertising, marketing and brand reputation. We compete primarily with the following car rental companies: Hertz Global Holdings, Inc., Vanguard Car Rental USA Group, which operates the National Car Rental and Alamo brands, Dollar Thrifty Automotive Group and Enterprise Rent-A-Car Company.

Truck rental business

Operations

Budget's truck rental business is one of the largest local and one-way truck rental businesses in the United States. The Budget truck rental business has a combined fleet of approximately 30,500 trucks, with a median truck age of less than two years old, which are rented through a network of approximately 2,400 dealers, 210 company operated and 100 licensee operated locations throughout the continental United States. The Budget truck rental business serves both the consumer and light commercial sectors. The consumer sector consists primarily of individuals who rent trucks to move household goods on either a one-way or local basis. The light commercial sector consists of a wide range of businesses that rent light- to medium-duty trucks, which we define as trucks having a gross vehicle weight of less than 26,000 pounds, for a variety of commercial applications. In 2006, the Budget truck rental business generated total revenue of approximately $472 million.

We primarily advertise in "yellow pages" telephone directories to promote our truck rental business to potential customers. Budget truck rental customers can make reservations through the Budget truck rental reservation center toll-free at 1-800-GO-BUDGET, through our Budget truck rental website at budgettruck.com or by calling a location directly. In addition, we have established online affiliations with websites like moving.com to reach our targeted audience. Budget truck rental reservations may also be made through the budget.com website.

During 2006, we announced plans to close the headquarters of our truck rental operations in Denver and integrate Denver-based operations into existing car rental facilities during first quarter 2007. In connection with this restructuring, we eliminated certain positions and significantly reduced separate senior management for our truck rental operations.

Distribution

Budget's truck rental business is offered through a national network, which included approximately 2,400 dealers as of December 31, 2006. These independent dealers are primarily self-storage facilities, rental centers, hardware stores, service stations and other similar service retailers. In addition to the dealers' principal businesses, the dealers rent our light- and medium-duty trucks to consumers and to our commercial accounts and are responsible for collecting payments on our behalf. The dealers receive a commission on all truck rentals and ancillary equipment rentals. Generally, dealership agreements may be terminated by either party upon 30 to 90 days' prior written notice.

Competition

The truck rental industry is characterized by intense price and service competition. We compete with a large number of truck rental companies throughout the country, including U-Haul International, Inc., Penske Truck Leasing Corporation, Ryder System, Inc., Enterprise Rent-A-Car Company and many others.

Seasonality

Our truck rental operations are subject to seasonal demand patterns, with generally higher levels of demand occurring during the late spring and summer months when most self moves occur, with the third quarter typically being our busiest quarter. Generally, December is also a strong month due to increased retail sales activity and package deliveries.

Ancillary products and insurance coverage

We supplement our daily truck rental revenue by offering customers a range of ancillary optional products. We rent automobile towing equipment and other moving accessories such as hand trucks, furniture pads and moving supplies. We also make available to customers a range of optional liability-limiting products and coverages such as physical damage waivers, automobile towing protection, personal accident and cargo insurance and supplemental liability insurance. These ancillary products enhance our appeal to consumers by offering customers "one-stop" moving services.

Insurance coverage

We generally assume the risk of our liability to third parties arising from vehicle rental services in the United States, Canada, Puerto Rico and the U.S. Virgin Islands, for up to $1 million per occurrence, through a combination of self-insurance, insurance coverage provided by one of our domestic subsidiaries and insurance coverage secured from one or more unaffiliated domestic insurance carriers. We retain the exposure for up to $9 million per occurrence, in excess of the previously described $1 million level, through an unaffiliated fronting carrier who is reinsured by our offshore captive insurance company, Constellation Reinsurance Co., Ltd. We also purchase additional excess insurance coverage from a combination of unaffiliated excess carriers.

We insure the risk of liability to third parties in Argentina, Australia and New Zealand through a combination of unaffiliated carriers and our affiliates. These carriers provide coverage supplemental to minimum local requirements.

Trademarks and intellectual property

The service marks "Avis" and "Budget", related marks incorporating the words "Avis" or "Budget", and related logos and marks such as "We try harder" are material to our vehicle rental business. Our subsidiaries and franchisees actively use these marks. All of the material marks used by the Avis and Budget Systems are registered (or have applications pending for registration) with the United States Patent and Trademark Office as well as all countries worldwide where Avis and Budget have operations. Our subsidiaries own the marks, patents and other intellectual property, including the Wizard System, used in our business.

Discontinued Operations

Following the formal approval by our Board of Directors of a disposition plan for the former Cendant Travel Distribution Services businesses and completion of the Cendant Separation, we classified the former Real Estate Services, Hospitality Services, Timeshare Resorts and Travel Distribution Services businesses as discontinued operations. Set forth below is a brief description of the businesses that were classified as discontinued operations during 2006. The former mortgage business, which was distributed in 2005, was also classified as a discontinued operation in 2006 following completion of the Cendant Separation as such business could not be classified as a discontinued operation in 2005 when originally distributed due to participation by the former Real Estate Services business in a mortgage origination venture established with PHH in connection with the distribution of that business.

Real Estate Services Businesses. Realogy Corporation, which holds the assets and liabilities associated with the former Real Estate Services businesses, is one of the preeminent providers of real estate and relocation services in the world. Realogy is a franchisor of five of the most recognized brands in the real estate industry; owns and operates a full-service real estate brokerage business; offers a broad range of employee relocation services; and offers title and settlement services, assisting with the closing of real estate transactions. In the first quarter of 2006 (prior to the completion of the Cendant Separation), we changed the name of our Real Estate Services segment to Realogy.

Hospitality Services and Timeshare Resorts Businesses. Wyndham Worldwide Corporation, which holds the assets and liabilities associated with the former Hospitality Services and Timeshare Resorts businesses, is one of

the preeminent providers of hospitality products and services in the world. Wyndham franchises hotels and provides property management services; provides vacation exchange products and services to developers, managers and owners of intervals of vacation ownership interests and markets vacation rental properties; and markets and sells vacation ownership interests and provides consumer financing in connection with the purchase by individuals of vacation ownership interests.

Both Realogy and Wyndham were distributed to our stockholders on July 31, 2006 as part of the Cendant Separation through a pro rata dividend of all of the common stock of each company to Cendant stockholders at the close of business on the record date of the distributions.

Travel Distribution Services Businesses. Travelport, which holds the assets and liabilities associated with the former Travel Distribution Services businesses, provides a highly effective worldwide system for the distribution of travel and travel-related products and services. Travelport focuses on electronic travel distribution services that connect travel suppliers to travel agencies, and it owns and operates several industry-leading online travel agencies. On August 23, 2006, we completed the sale of Travelport.

FINANCIAL DATA OF SEGMENTS AND GEOGRAPHIC AREAS

Financial data for our segments and geographic areas are reported in Note 21—Segment Information to our Consolidated Financial Statements included in Item 8 of this Form 10-K.

REGULATION

We are subject to federal, state and local laws and regulations, including those relating to taxing and licensing of vehicles, franchising, consumer credit, environmental protection, insurance, privacy and labor matters.

Environmental

The principal environmental regulatory requirements applicable to our vehicle rental operations relate to the ownership or use of tanks for the storage of petroleum products, such as gasoline, diesel fuel and waste oils; the treatment or discharge of waste waters; and the generation, storage, transportation and off-site treatment or disposal of solid or liquid wastes. We operate approximately 440 Avis and Budget locations at which petroleum products are stored in underground or above ground tanks. We have instituted an environmental compliance program designed to ensure that these tanks are in compliance with applicable technical and operational requirements, including the replacement and upgrade of underground tanks to comply with the December 1998 U.S. Environmental Protection Agency upgrade mandate and periodic testing and leak monitoring of underground storage tanks. We believe that the locations where we currently operate are in compliance, in all material respects, with such regulatory requirements.

We may also be subject to requirements related to the remediation of, or the liability for remediation of, substances that have been released into the environment at properties owned or operated by us or at properties to which we send substances for treatment or disposal. Such remediation requirements may be imposed without regard to fault and liability for environmental remediation can be substantial.

We may be eligible for reimbursement or payment of remediation costs associated with future releases from regulated underground storage tanks and have established funds to assist in the payment of remediation costs for releases from certain registered underground tanks. Subject to certain deductibles, the availability of funds, compliance status of the tanks and the nature of the release, these tank funds may be available to us for use in remediating future releases from our tank systems.

Loss damage waivers

A traditional revenue source for the vehicle rental industry has been the sale of loss damage waivers, by which rental companies agree to relieve a customer from financial responsibility arising from vehicle damage incurred

during the rental period if there has been no breach of the rental agreement. Approximately 4% of our revenue during 2006 was generated by the sale of loss damage waivers. To date, 24 states have enacted legislation which requires disclosure to each customer at the time of rental that damage to the rented vehicle may be covered by the customer's personal automobile insurance and that loss damage waivers may not be necessary. In addition, New York permits the sale of loss damage waivers at a capped rate per day based on the vehicle manufacturer's suggested retail price. Illinois, Nevada and California have similar statutes, which establish the daily rate that can be charged for loss damage waivers.

Insurance

As a result of our reinsurance of the optional insurance coverages that we offer through unaffiliated third party insurance companies as well as other insurance obligations, we are subject to regulation under the insurance statutes, including insurance holding company statutes, of the jurisdictions in which our insurance company subsidiaries are domiciled. These regulations vary from jurisdiction to jurisdiction, but generally require insurance holding companies and insurers that are subsidiaries of insurance holding companies to register and file certain reports, including information concerning their capital structure, ownership, financial condition and general business operations with the regulatory authority of the applicable jurisdiction, and require prior regulatory agency approval of changes in control of an insurer and intra-corporate transfers of assets within the holding company structure. Such insurance statutes may also require that we obtain limited licenses to sell optional insurance coverage to our customers at the time of rental.

Franchise regulation

The sale of franchises is regulated by various state laws, as well as by the Federal Trade Commission (the "FTC"). The FTC requires that franchisors make extensive disclosure to prospective franchisees but does not require registration. A number of states require registration or disclosure in connection with franchise offers and sales. In addition, several states have "franchise relationship laws" or "business opportunity laws" that limit the ability of the franchisor to terminate franchise agreements or to withhold consent to the renewal or transfer of these agreements. Although our franchising operations have not been materially adversely affected by such existing regulations, we cannot predict the effect of any future federal, state or local legislation or regulation.

Privacy

Laws in some countries and jurisdictions limit the types of information we may collect about individuals with whom we deal or propose to deal, as well as how we collect, retain and use the information that we are permitted to collect. The centralized nature of our information systems requires the routine flow of information about customers and potential customers across national borders, particularly into the United States. If this flow of information were to become illegal, or subject to onerous restrictions, our ability to serve our customers could be seriously impaired for an extended period of time.

EMPLOYEES

As of December 31, 2006, we employed approximately 30,000 employees, of which approximately 11,000 people were employed on a part-time basis. Approximately 27% of our employees are covered by collective bargaining agreements. We believe our employee relations are satisfactory. We have never experienced a large-scale work stoppage.

ITEM 1A. RISK FACTORS

You should carefully consider each of the following risks and all of the other information set forth in this Annual Report on Form 10-K. Based on the information currently known to us, we believe that the following information identifies the most significant risk factors affecting our company in each of these categories of risk. However, the risks and uncertainties our company faces are not limited to those described below. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business. Past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods.

Risks related to our business

The high level of competition in the vehicle rental industry may lead to reduced rental volumes, downward pricing or an inability to increase our prices, which could have a material adverse impact on our results of operations.

The vehicle rental industry in which we operate is highly competitive. We believe that price is one of the primary competitive factors in the vehicle rental industry. Our competitors, some of whom may have access to substantial capital, may seek to compete aggressively on the basis of pricing. To the extent that we match competitors' downward pricing, it could have a material adverse impact on our results of operations. To the extent that we do not match or remain within a reasonable competitive margin of our competitors' pricing, it could also have a material adverse impact on our results of operations, as we may lose rental volume. The Internet has increased pricing transparency among vehicle rental companies by enabling cost-conscious customers to more easily obtain and compare the rates available from various vehicle rental companies for any given rental. This transparency may increase the prevalence and intensity of price competition in the future.

We face risks of increased fleet costs, both generally and due to the possibility that automobile manufacturers could change or cease their repurchase or guaranteed depreciation programs.

Fleet costs represented approximately 27% of our aggregate expenses for 2006 and can vary from year to year based on the prices at which we are able to purchase and dispose of rental vehicles. For 2006 and 2005, approximately 88% and 95%, respectively, of the rental cars purchased for our domestic car fleet were the subject of agreements requiring automobile manufacturers to repurchase them or guarantee the depreciation rate for a specified period of time. We refer to cars subject to such agreements as "program cars." Under these repurchase and guaranteed depreciation programs, automobile manufacturers agree to repurchase cars at a specified price during a specified time period or guarantee the rate of depreciation for a specified period of time, typically subject to certain car condition and mileage requirements. Repurchase and guaranteed depreciation programs, therefore, enable us to determine, in advance, our depreciation expense, which is a significant cost factor in our car rental operations. Repurchase and guaranteed depreciation programs also limit the risk to us that the market value of a car, at the time of its disposition, will be less than its estimated residual (or depreciated) value.

Automobile manufacturers may not continue to sell cars to us subject to repurchase or guaranteed depreciation programs at all or on terms consistent with past practice. In addition, we intend to reduce the number of program cars we purchase to mitigate anticipated increases in fleet costs. Should any such decrease in the percentage of our car rental fleet subject to repurchase or guaranteed depreciation programs occur, we would expect to bear increased risk relating to the residual market value of our car rental fleet and the depreciation of rental vehicles, each of which could have a material adverse effect on our results of operations and financial condition. The overall cost of cars subject to repurchase or guaranteed depreciation programs could also increase if the manufacturers were to make changes to these programs, particularly if such changes were to result in a decrease in the repurchase price or guaranteed depreciation without a corresponding decrease to the original purchase price. Repurchase or guaranteed depreciation programs also generally provide us with flexibility to reduce the

size of our fleet rapidly in response to an economic downturn or changes in demand by returning cars sooner than originally expected. This flexibility may be reduced in the future to the extent the percentage of program cars in our car rental fleet decreases or this feature of repurchase or guaranteed depreciation programs is altered.

During 2006, approximately 74% of the cars acquired for our U.S. car rental fleet were manufactured by either General Motors Corporation or Ford Motor Company. A default on any repurchase or guaranteed depreciation agreement, particularly with respect to GM or Ford, might leave us with a substantial unpaid claim against the manufacturer with respect to program cars that were either (a) sold for an amount less than the amount guaranteed under the applicable agreement or (b) sold and returned to the car manufacturer but for which we were not paid, as well as potential additional expenses if the prices at which we were able to dispose of program cars were less than the specified prices under the repurchase or guaranteed depreciation program. Any increased risk with respect to the likelihood of these defaults or a decline in the results of operations or financial condition of the manufacturers of the cars we purchase could also impact our ability to finance the purchase of cars to maintain our car rental fleet.

The relative strength of the used vehicle marketplace materially impacts the costs of our rental cars and trucks not covered by repurchase or guaranteed depreciation programs or trade-in agreements. We currently sell these used vehicles through auctions, third party resellers and other channels. These markets may not produce stable used vehicle pricing in the future. Based on the number of used trucks and non-program cars produced by our rental operations annually, and our intent to increase this number, any downturn in the used vehicle marketplace could have a material impact on our fleet holding costs and profitability.

Our car rental business is dependent on airline passenger traffic, and disruptions in travel patterns could harm our business.

In 2006, we generated approximately 81% of our domestic car rental revenue from our corporate owned on-airport locations. As a result, a decline in airline passenger traffic could have a material adverse effect on our results of operations. Events that affect air travel could include economic downturns, work stoppages, military conflicts, terrorist incidents or threats, pandemic diseases, natural disasters or the response of governments to any of these events. We also face increased costs of maintaining our positions on-airport through increased competitive bidding and minimum airport guarantees.

We are dependent on third party distribution channels, and the success of our business depends in significant part on these relationships.

The operators of third party distribution channels, through which we generate approximately 44% of our domestic reservations, generally can cancel or modify their agreements with us upon relatively short notice. Changes in our pricing agreements, commission schedules or arrangements with third party distribution channels, the termination of any of our relationships or a reduction in the transaction volume of such channels could have a material adverse effect on our business, financial condition and results of operations. Most of these reservations are made in connection with GDS (Amadeus, Galileo, Sabre and Worldspan), which aggregate reservations from various sources. Our largest third party source of reservations (other than from GDS) in 2006 was responsible for less than 2% of our domestic reservations.

Our business is seasonal, and a disruption in rental activity during our peak season could materially adversely affect our results of operations.

In our business, the third quarter of the year has historically been our strongest quarter due to the increased level of leisure travel and household moving activity. In 2006, the third quarter accounted for approximately 28% of our vehicle rental revenue and 36% of ABCR’s income before income taxes. Any occurrence that disrupts rental activity during the third quarter could have a disproportionately material adverse effect on our liquidity and/or our results of operations.

An increase in interest rates would increase the cost of servicing our debt and could reduce our profitability.

A significant amount of our borrowings, primarily our seasonal borrowings, bear interest at variable rates and expose us to interest rate risk. If interest rates increase, whether because of an increase in market interest rates or an increase in our own cost of borrowing, our debt service obligations for our variable rate indebtedness would increase even though the amount of borrowings remained the same, and our net income could be materially adversely affected. As of December 31, 2006, our total outstanding debt of approximately $7.1 billion included interest rate sensitive debt of approximately $500 million (either by its original terms or through the use of interest rate derivatives), which had a weighted average interest rate of approximately 6% per annum. During our seasonal borrowing peak in 2006, outstanding interest rate sensitive debt totaled approximately $1.5 billion, with a weighted average interest rate of approximately 6% per annum.

We face risks arising from our heavy reliance on communications networks and centralized information systems.

We rely heavily on information systems, including our reservation system, to accept reservations, process rental and sales transactions, manage our fleet of vehicles, account for our activities and otherwise conduct our business. We have centralized our information systems, and we rely on communications services providers to link our systems with the business locations these systems serve. A failure of a major system, or a major disruption of communications between the system and the locations it serves, could cause a loss of reservations, interfere with our ability to manage our fleet, slow rental and sales processes and otherwise materially adversely affect our ability to manage our business effectively. Our systems' business continuity plans and insurance programs are designed to mitigate such a risk, not eliminate it.

In addition, because our systems contain personally identifiable non-public information about millions of individuals and businesses, our failure to maintain the security of the data we hold, whether the result of our own error or the malfeasance of others, could harm our reputation or give rise to legal liabilities leading to lower revenue, increased costs and other material adverse effects on our results of operations.

We face risks related to liability and insurance.

Our businesses expose us to claims for personal injury, death and property damage related to the use of our vehicles and for workers' compensation claims and other employment-related claims by our employees. We may become exposed to uninsured liability at levels in excess of our historical levels resulting from unusually high losses or otherwise. In addition, liabilities in respect of existing or future claims may exceed the level of our reserves and/or our insurance, and we may not have sufficient capital available to pay any uninsured claims. Furthermore, insurance with unaffiliated carriers may not continue to be available to us on economically reasonable terms or at all.

Environmental regulations could subject us to liability for fines or damages.

We are subject to federal, state, local and foreign environmental laws and regulations in connection with our operations, including, among other things, with respect to the ownership and operation of tanks for the storage of petroleum products, such as gasoline, diesel fuel and motor and waste oils. We have established a compliance program for our tank systems that is intended to ensure that the tanks are properly registered with the state or other jurisdiction in which the tanks are located and have been either replaced or upgraded to meet applicable leak detection and spill, overfill, corrosion protection and vapor recovery requirements. These tank systems may not at all times remain free from undetected leaks, and the use of these tanks may result in significant spills.

We have made, and will continue to make, expenditures to comply with environmental laws and regulations, including, among others, expenditures for the cleanup of contamination at our owned and leased properties, as well as contamination at other locations at which our wastes have reportedly been identified. Our compliance

with existing or future environmental laws and regulations may, however, require material expenditures by us or otherwise have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Changes in the U.S. and foreign legal and regulatory environment that affect our operations, including laws and regulations relating to the insurance products we sell, consumer privacy, data security, automobile-related liability and insurance rates, could disrupt our business, increase our expenses or otherwise have a material adverse effect on our results of operations.

We are subject to a wide variety of laws and regulations in the United States and the other countries and jurisdictions in which we operate, and changes in the level of government regulation of our business have the potential to materially alter our business practices or our profitability. Depending on the jurisdiction, those changes may come about through new legislation, the issuance of new laws and regulations or changes in the interpretation of existing laws and regulations by a court, regulatory body or governmental official.

The optional insurance products, including, but not limited to, supplemental liability insurance, personal accident insurance and personal effects protection, offered to renters providing various insurance coverages in our domestic vehicle rental operations are regulated under state laws governing the licensing of such products. In our international car rental operations, our offering of optional products providing insurance coverage historically has not been regulated.

Any changes in U.S. or foreign law that change our operating requirements with respect to optional insurance products could increase our costs of compliance or make it uneconomical to offer such products, which would lead to a reduction in revenue. If customers decline to purchase supplemental liability insurance products through us as a result of any changes in these laws or otherwise, our results of operations could be materially adversely affected.

In almost every state, we recover various costs associated with the title and registration of our vehicles. In addition, where permitted, we also recover the concession cost imposed by an airport authority or the owner and/or operator of the premises from which our vehicle is rented. Our long standing business practice has been to separately state these additional surcharges in our rental agreements and invoices and disclose the existence of these surcharges to consumers together with an estimated total price, inclusive of these surcharges, in all distribution channels. This standard practice comports with the Federal Trade Commission Act and has been upheld by several courts. However, there are several legislative proposals which, if enacted, would define which surcharges are permissible and establish calculation formulas which may differ from the manner in which we set our surcharges. We cannot assure you that if any of these proposals were to be enacted there will not be an adverse impact or limitation on our ability to recover all of the surcharges we currently charge.

We may be held responsible by third parties, regulators or courts for the actions of, or failures to act by, our licensees, which exposes us to possible fines, other liabilities and bad publicity.

Our car and truck rental licensee locations, which include both franchisees and dealers, are independently owned and operated. Our agreements with our licensees require that they comply with all laws and regulations applicable to their businesses, including our internal policies and standards. Under these licensee agreements, licensees retain control over the employment and management of all personnel. Third parties, regulators or courts may seek to hold us responsible for the actions of, or failures to act by, our licensees. Although we maintain the right to monitor the operations of licensees and have the ability to terminate licensee agreements for failure to adhere to contracted operational standards, we are unlikely to detect all problems. Moreover, there are occasions when our and our licensees' activities may not be clearly distinguishable. It is our policy to vigorously seek to be dismissed from any such claims and to pursue indemnity for any adverse decisions. Failure to comply with laws and regulations by our licensees may expose us to liability and damages that may adversely affect our business.

Significant increases in fuel costs or limitations in fuel supplies could harm our business.

We could be adversely affected by limitations in fuel supplies or significant increases in fuel prices. A severe or protracted disruption in fuel supplies or significant increases in fuel prices could have a material adverse effect on our financial condition and results of operations, either by directly discouraging consumers from renting cars and trucks or by causing a decline in airline passenger traffic.

Risks related to our indebtedness

We have a substantial amount of debt which could impair our financial condition and adversely affect our ability to react to changes in our business.

As of December 31, 2006, our total debt was approximately $7.1 billion and we had approximately $1.2 billion of available borrowing capacity under our senior secured credit facility.

Our substantial indebtedness could have important consequences, including:

- limiting our ability to borrow additional amounts to fund working capital, capital expenditures, debt service requirements, execution of our business strategy, acquisitions and other purposes;
- requiring us to dedicate a substantial portion of our cash flow from operations to pay principal and interest on our debt, which would reduce the funds available to us for other purposes;
- making us more vulnerable to adverse changes in general economic, industry and competitive conditions, in government regulation and in our business by limiting our flexibility in planning for, and making it more difficult for us to react quickly to, changing conditions; and
- exposing us to risks inherent in interest rate fluctuations because some of our borrowings are at variable rates of interest, which could result in higher interest expenses in the event of increases in interest rates.

Despite our current indebtedness levels, we may still be able to incur substantially more debt. This could further exacerbate the risks associated with our substantial indebtedness.

Subject to specified limitations, the indenture governing our senior unsecured notes limits, but does not prohibit, ABCR or its subsidiaries from incurring additional indebtedness in the future. As of December 31, 2006, ABCR's senior secured credit facility provided us commitments for additional borrowings of up to $1.2 billion, in the aggregate. All of those borrowings would be secured and the lenders under ABCR's senior secured credit facility would have a prior claim to the assets that secure such indebtedness. If new debt is added to our current debt levels, the risks described above in the previous risk factor could intensify.

Restrictive covenants in agreements and instruments governing our debt may adversely affect our ability to operate our business.

The indenture governing our senior unsecured notes and the agreement governing ABCR's senior secured credit facility contain, and our future debt instruments may contain various provisions that limit our ability to, among other things:

- incur additional debt;
- provide guarantees in respect of obligations of other persons;
- issue redeemable stock and preferred stock;

- pay dividends or distributions or redeem or repurchase capital stock;
- prepay, redeem or repurchase debt;
- make loans, investments and capital expenditures;
- incur liens;
- make distributions from our subsidiaries;
- sell assets and capital stock of our subsidiaries; and
- consolidate or merge with or into, or sell substantially all of our assets to, another person.

We require a significant amount of cash to service all of our indebtedness and our ability to generate sufficient cash depends on many factors, some of which are beyond our control.

Our ability to make payments on and refinance our debt depends on our ability to generate cash flow. To some extent, this is subject to prevailing economic and competitive conditions and to certain financial, business and other factors, some of which are beyond our control. Our business may not generate cash flow from operations at levels sufficient to permit us to pay principal, premium, if any, and interest on our indebtedness, and our cash needs may increase. If we are unable to generate sufficient cash flow from operations to service our debt and meet our other cash needs, we may be forced to reduce or delay capital expenditures, sell assets or operations, seek additional capital or restructure or refinance our indebtedness. If we must sell our assets, it may negatively affect our ability to generate revenue.

Risks related to the separation

We have little recent operating history as a stand-alone vehicle rental company.

The financial information included in this annual report on Form 10-K does not reflect the financial condition, results of operations or cash flows we would have achieved as a stand-alone vehicle rental company during the periods presented or those that we will achieve in the future. This is primarily a result of the following factors:

- Prior to the completion of the Cendant Separation, the vehicle rental business was operated by Cendant as part of its broader corporate organization, rather than as an independent company. Cendant or one of its affiliates performed various corporate functions for our vehicle rental business, including, but not limited to, tax administration, certain governance functions (including compliance with the Sarbanes-Oxley Act of 2002 and internal audit) and external reporting. Our financial results for all periods other than fourth quarter 2006 for our operating segments reflect allocations of corporate expenses from Cendant for these and similar functions. These allocations may be more or less than the comparable expenses we would have incurred had we operated as a stand-alone vehicle rental company during those periods.
- Generally, prior to completion of the Cendant Separation, working capital requirements and capital for general corporate purposes for the vehicle rental business, including acquisitions and capital expenditures, were historically satisfied as part of the corporate-wide cash management policies of Cendant’s broader corporate organization. With the completion of the Cendant Separation, we will not have access to the cash generated by the businesses of Realogy, Wyndham Worldwide or Travelport in order to finance our working capital or other cash requirements (except for obligations of these entities to make payments to us for certain specified items). Without access to the cash generated by these companies, we may need to obtain additional financing from banks, or through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements.

- With the completion of the Cendant Separation, the cost of capital for our business may be higher than our cost of capital prior to the completion of the Cendant Separation.

- While we have entered into short-term transition agreements that govern certain commercial and other relationships among us, Realogy, Wyndham Worldwide and Travelport, those temporary arrangements may not capture the benefits (including economies of scope and scale in customer and vendor relationships) our business has enjoyed as a result of being integrated with those companies. The loss of these benefits could have an adverse effect on our business, results of operations and financial condition.

- Other significant changes may occur in our cost structure, management, financing and business operations as a result of our operating as a company separate from Realogy, Wyndham Worldwide and Travelport.

We may be unable to make, on a timely or cost-effective basis, the changes necessary to operate now that the Cendant Separation is complete, and we may experience increased costs as a result of the Cendant Separation.

Realogy, Wyndham Worldwide and Travelport are contractually obligated to provide to us only those services specified in the transition services agreement and the other agreements we entered into with them in connection with the separation. We may be unable to replace, in a timely manner or on comparable terms, the services that Realogy, Wyndham Worldwide or Travelport previously provided to us that are not specified in the transition services agreement or the other agreements. In addition, if Realogy, Wyndham Worldwide or Travelport do not continue to perform effectively the transition services and other services that are called for under the transition services agreement and the other agreements, we may not be able to operate our business effectively and our profitability may decline. Furthermore, after the expiration of the transition services and other agreements, we may be unable to replace, in a timely manner or on comparable terms, the services specified in such agreements.

Our agreements with Realogy, Wyndham Worldwide and Travelport may not reflect terms that would have resulted from arm's-length negotiations among unaffiliated parties.

The agreements related to the separation, including the Separation and Distribution Agreement, Tax Sharing Agreement, Transition Services Agreement and other agreements, were not the result of arm's-length negotiations and thus may not reflect terms that would have resulted from arm's-length negotiations among unaffiliated parties. Such terms include, among other things, those related to allocation of assets, liabilities, rights, indemnifications and other obligations among the companies.

We are relying on Realogy, Wyndham Worldwide and Travelport to fulfill their obligations under the Separation and Distribution Agreement and other agreements.

Pursuant to the Separation and Distribution Agreement, Realogy and Wyndham Worldwide are responsible for 62.5% and 37.5%, respectively of certain contingent and other of our corporate liabilities including those relating to unresolved tax and legal matters. More specifically, Realogy and Wyndham Worldwide have generally assumed and are responsible for the payment of their allocated percentage of (i) all taxes imposed on us and certain of our subsidiaries and (ii) certain of our contingent and other corporate liabilities and/or our subsidiaries to the extent incurred prior to August 23, 2006. These contingent and other corporate liabilities include liabilities relating to (i) Cendant's terminated or divested businesses, including among others, the former PHH and Marketing Services (Affinion) businesses, (ii) liabilities relating to the Travelport sale, if any, (iii) the Securities Action and related litigation (for a further description of these litigation matters, see "Legal Proceedings") and (iv) generally any actions with respect to the Cendant Separation or the distributions brought by any third party. If any party responsible for such liabilities were to default in its payment, when due, of any such assumed obligations, each non-defaulting party, including us, would be required to pay an equal portion of the amounts in default.

Moreover, the Separation and Distribution Agreement provides for cross-indemnities designed to place financial responsibility of certain liabilities and other obligations with the proper company. Any failure by Realogy, Wyndham Worldwide or Travelport to pay any of their assumed liabilities when due or to indemnify us when required may cause a material adverse affect on our results of operations.

Risks related to our common stock

The market price of our shares may fluctuate widely.

We cannot predict the prices at which our common stock will trade. The market price of our common stock may fluctuate widely, depending upon many factors, some of which may be beyond our control, including:

- our quarterly or annual earnings, or those of other companies in our industry;
- actual or anticipated fluctuations in our operating results;
- changes in accounting standards, policies, guidance, interpretations or principles;
- announcements by us or our competitors of significant acquisitions or dispositions;
- changes in earnings estimates by securities analysts or our ability to meet those estimates;
- the operating and stock price performance of other comparable companies;
- overall market fluctuations; and
- general economic conditions.

Stock markets in general have experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations may adversely affect the trading price of our common stock.

Your percentage ownership may be diluted in the future.

Your percentage ownership may be diluted in the future because of equity awards that we granted to our directors, officers and employees and the accelerated vesting of other equity awards. As disclosed in the notes to our financial statements included herein, on August 1, 2006, we granted approximately 1.8 million restricted stock units and approximately 0.5 million stock-settled stock appreciation rights. While we anticipate that the value of annual grants in future years will be lower than the August 2006 grant, we do expect to grant restricted stock units and/or other types of equity awards in the future.

Our stockholder rights plan and provisions in our certificate of incorporation and by-laws, and of Delaware law may prevent or delay an acquisition of our company, which could decrease the trading price of our common stock.

Our amended and restated certificate of incorporation, amended and restated by-laws and Delaware law contain provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids unacceptably expensive to the raider and to encourage prospective acquirors to negotiate with our Board of Directors rather than to attempt a hostile takeover. These provisions include, among others:

- elimination of the right of our stockholders to act by written consent;
- rules regarding how stockholders may present proposals or nominate directors for election at stockholder meetings;

- the right of our Board to issue preferred stock without stockholder approval; and
- limitations on the right of stockholders to remove directors.

Delaware law also imposes some restrictions on mergers and other business combinations between us and any holder of 15% or more of our outstanding common stock.

In 2006, prior to the Cendant Separation, our Board adopted a stockholder rights plan which provides, among other things, that when specified events occur, our stockholders will be entitled to purchase from us a newly created series of junior preferred stock. The preferred stock purchase rights are triggered by the earlier to occur of (i) ten business days (or a later date determined by our Board of Directors before the rights are separated from our common stock) after the public announcement that a person or group has become an "acquiring person" by acquiring beneficial ownership of 15% or more of our outstanding common stock or (ii) ten business days (or a later date determined by our Board before the rights are separated from our common stock) after a person or group begins a tender or exchange offer that, if completed, would result in that person or group becoming an acquiring person. The issuance of preferred stock pursuant to the stockholder rights plan would cause substantial dilution to a person or group that attempts to acquire us on terms not approved by our Board of Directors.

We believe these provisions protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirors to negotiate with our Board and by providing our Board with more time to assess any acquisition proposal. These provisions are not intended to make our company immune from takeovers. However, these provisions apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that our Board determines is not in the best interests of our company and our stockholders.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Our principal executive offices are located at leased offices at 6 Sylvan Way, Parsippany, New Jersey 07054 pursuant to a lease expiring in 2023. Additional corporate functions are also conducted at leased offices at 10 Sylvan Way and One Campus Drive in Parsippany, New Jersey pursuant to leases expiring in 2011 and 2007, respectively. We also own a facility in Virginia Beach, Virginia, which serves as a satellite administrative facility for our car rental operations. Office space is also leased in Orlando, Florida; Englewood, Colorado; Wichita Falls, Texas; Tulsa, Oklahoma; and Fredericton, Canada pursuant to leases expiring in 2007, 2010, 2010, 2010, and 2011, respectively. These locations primarily provide operational services for both brands, including call center operations. The Budget office at Redding, California was closed in 2005 and is currently vacant and is subject to a lease expiring in 2011. In addition, there are approximately 20 other leased office locations in the United States for administrative activities, regional sales and operations activities.

We lease or have vehicle rental concessions for both the Avis and Budget brands at locations throughout the world. Avis operates approximately 750 locations in the United States and approximately 310 locations outside the United States. Of those locations, approximately 230 in the United States and approximately 120 outside the United States are at airports. Budget operates at approximately 590 locations in the United States of which approximately 140 are at airports. Budget also operates at approximately 180 locations outside the United States of which approximately 60 are at airports. Typically, an airport receives a percentage of vehicle rental revenue, with a guaranteed minimum. Because there is a limit to the number of vehicle rental locations in an airport, vehicle rental companies frequently bid for the available locations, usually on the basis of the size of the guaranteed minimums.

We believe that our properties are sufficient to meet our present needs and we do not anticipate any difficulty in securing additional space, as needed, on acceptable terms.

ITEM 3. LEGAL PROCEEDINGS

Vehicle Rental Business

We, along with our subsidiaries, are involved, from time to time, in legal proceedings in the ordinary course of business, including the cases described below.

On August 8, 2006, *Ludwig v. Avis Rent A Car System, Inc.* and *Farrell v. Budget Rent A Car System, Inc*. were commenced in the Superior Court of California in and for Los Angeles on behalf of plaintiffs and all others similarly situated claiming violations of California Civil Code Section 1936 and unlawful, unfair or fraudulent business practices under California Business and Professions Code Section 17203. In both cases, plaintiffs seek class certification, general and compensatory damages, attorneys' fees and seek that Avis and Budget, respectively, be enjoined from future conduct constituting violations of Civil Code Section 1936. Section 1936 of the California Civil Code establishes the additional daily rates which a rental car company may charge for the optional loss damage waiver product based on the manufacturer suggested retail price (MSRP) of the vehicle in 2002 with Consumer Price Index increases to the MSRP commencing January 1, 2003. Plaintiffs contend that the amount of the daily charge imposed for certain classes of vehicles exceeds the amount set forth in the statute based on the vehicle cost. No class certification hearing has been scheduled or heard by the court.

Avis has been named as a defendant in two putative class actions (*Esquivel v. Avis*, commenced January 24, 2004 in the 214th Judicial District of Nueces County, Texas, and *Stafford v. Avis*, commenced February 16, 2005 in the District Court in and for Creek County, State of Oklahoma) and Budget has been named as a defendant in one putative class action (*Ramon v. Budget*, commenced April 21, 2006 in the U.S. District Court for the District of New Jersey). Each case alleges that the Company's use and collection of the fuel service charge ("FSC"), pursuant to its rental agreements, constitutes an illegal penalty and is therefore a breach of the rental agreements between the Company and the putative class members and is unconscionable under the relevant state Uniform Commercial Code. The cases assert other causes of action such as fraudulent misrepresentation, unjust enrichment, unfair trade practice under the Oklahoma Consumer Protection Act, and violation of New Jersey's Consumer Fraud Act. The putative class in each case comprises: in Esquivel, all Texas residents who were charged an FSC by Avis or its licensee in Texas after February 6, 2000; in Stafford, all persons who were charged an FSC by Avis, or alternatively, all Oklahoma residents who were charged an FSC by Avis; and in Ramon, all persons who were charged an FSC by Budget. In each case, the plaintiff seeks an unspecified amount of compensatory damages, with the return of all FSC paid or the difference between the FSC and the Company's actual costs, disgorgement of unearned profits, attorneys' fees and costs. In the Esquivel matter, discovery is ongoing and a hearing on the plaintiff's motion for class certification that was scheduled for December 2006 has been adjourned and is likely to be rescheduled for April 2007. No class certification hearing has been scheduled or heard by the Court in the Stafford case. In February 2007, the Court granted our motion to dismiss the complaint in its entirety in the Ramon case, without prejudice.

On October 27, 2006, plaintiffs Giuseppe Demarte and Mona Self filed a complaint against Budget Truck Rental, LLC ("BTR") in the Superior Court of the State of California, County of Los Angeles. The complaint alleges causes of action for unlawful business practices in violation of California Business & Professions Code Section 17200, et seq., and conversion, relating to BTR's refueling practices and procedures. The complaint is asserted as a putative class action on behalf of "all persons who, within the four years preceding the filing of the Complaint, have entered into a truck rental agreement with Budget Truck Rental in California that provided for a refueling fee and who paid that fee, or have paid for fuel in connection with that rental agreement based on the amount of fuel measured by the rented truck's fuel gauge, or have returned the rented truck to Budget with more fuel in the tank than at the initiation of the rental." On December 29, 2006, BTR filed an answer to plaintiffs' complaint. A case management conference currently is scheduled for March 6, 2007.

Corporate Litigation

Pursuant to the Separation and Distribution Agreement dated as of July 27, 2006 among the Company, Realogy Corporation, Wyndham Worldwide Corporation and Travelport, Realogy has assumed 62.5% and Wyndham Worldwide has assumed 37.5% of certain contingent and other corporate liabilities (and related costs and

expenses) of the Company or its subsidiaries which are not primarily related to any of the respective businesses of Realogy, Wyndham Worldwide, Travelport and/or the Company's vehicle rental operations, in each case incurred or allegedly incurred on or prior to the date of the separation of Travelport from the Company. Such litigation includes the litigation described below.

After the April 15, 1998 announcement of the discovery of accounting irregularities in the former CUC International, Inc. ("CUC") business units, and prior to the filing of this annual report on Form 10-K, approximately 70 lawsuits claiming to be class actions and other proceedings were commenced against the Company and other defendants, of which a number of lawsuits have been settled. Approximately five lawsuits remain unresolved in addition to the matter described below.

In Re Cendant Corporation Litigation, Master File No. 98-1664 (WHW) (D.N.J.) (the "Securities Action"), is a consolidated class action brought on behalf of all persons who acquired securities of Cendant and CUC, except PRIDES securities, between May 31, 1995 and August 28, 1998. Named as defendants are the Company; 28 current and former officers and directors of Cendant, CUC and HFS Incorporated; and Ernst & Young LLP, CUC's former independent accounting firm.

The Amended and Consolidated Class Action Complaint in the Securities Action alleges that, among other things, the lead plaintiffs and members of the class were damaged when they acquired securities of Cendant and CUC because, as a result of accounting irregularities, Cendant's and CUC's previously issued financial statements were materially false and misleading, and the allegedly false and misleading financial statements caused the prices of Cendant's and CUC's securities to be inflated artificially.

On December 7, 1999, we announced that we had reached an agreement to settle claims made by class members in the Securities Action for approximately $2,850 million in cash plus 50 percent of any net recovery we receive from Ernst & Young as a result of our cross-claims against Ernst & Young as described below. This settlement received all necessary court approvals and was fully funded on May 24, 2002.

On January 25, 1999, we asserted cross-claims against Ernst & Young that alleged that Ernst & Young failed to follow professional standards to discover and recklessly disregarded the accounting irregularities and is therefore liable to us for damages in unspecified amounts. The cross-claims assert claims for breaches of Ernst & Young's audit agreements with us, negligence, breaches of fiduciary duty, fraud and contribution. On July 18, 2000, we filed amended cross-claims against Ernst & Young asserting the same claims.

On March 26, 1999, Ernst & Young filed cross-claims against us and certain of our present and former officers and directors that alleged that any failure by Ernst & Young to discover the accounting irregularities was caused by misrepresentations and omissions made to Ernst & Young in the course of its audits and other reviews of our financial statements. Ernst & Young's cross-claims assert claims for breach of contract, fraud, fraudulent inducement, negligent misrepresentation and contribution. Damages in unspecified amounts are sought for the costs to Ernst & Young associated with defending the various shareholder lawsuits, lost business it claims is attributable to Ernst & Young's association with us, and for harm to Ernst & Young's reputation. On June 4, 2001, Ernst & Young filed amended cross-claims against us asserting the same claims.

Realogy, Wyndham Worldwide and Travelport have assumed under the Separation Agreement certain contingent and other corporate liabilities (and related costs and expenses), which are primarily related to each of their respective businesses.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Price of Common Stock

Our common stock is listed on the New York Stock Exchange ("NYSE") under the symbol "CAR". At January 31, 2007, the number of stockholders of record was approximately 3,298. The following table sets forth the quarterly high and low sales prices per share of CAR common stock as reported by the NYSE for 2006 and 2005.

2006 (*)	**High**	**Low**
First Quarter	$23.36	$20.29
Second Quarter	23.71	20.45
Third Quarter	24.40	17.30
Fourth Quarter	22.62	18.59

2005 (*)	**High**	**Low**
First Quarter	$30.57	$27.05
Second Quarter	29.77	25.51
Third Quarter	29.93	26.14
Fourth Quarter	27.33	21.96

(*) Stock prices reflect the impact of the separation and have been adjusted for the 1-for-10 reverse stock split, which became effective September 5, 2006.

Dividend Policy

Following the declaration of a cash dividend for first quarter 2006, our Board suspended any further cash dividends prior to completion of the Cendant Separation. We do not anticipate paying dividends on our common stock for the foreseeable future. Our ability to pay dividends to holders of our common stock is limited as a practical matter by ABCR's senior credit facilities, the indenture governing our senior notes and our vehicle financing programs, insofar as we may seek to pay dividends out of funds made available to Avis Budget Group by ABCR and/or its subsidiaries, because these debt financings directly or indirectly restrict ABCR's ability to pay dividends or make loans. The declaration and payment of future dividends to holders of our common stock will be at the discretion of our Board of Directors and will depend upon many factors, including our financial conditions, earnings, capital requirements of our businesses, covenants associated with certain debt obligations, legal requirements, regulatory constraints, industry practice and other factors that the Board of Directors deems relevant.

On July 31, 2006, we distributed 100% of our ownership interest in Realogy and Wyndham, comprising Cendant's former Real Estate Services and Hospitality Services (including Timeshare Resorts) businesses, respectively, to our stockholders. We distributed one share of Realogy common stock for every four shares of our common stock and one share of Wyndham stock for every five shares of our common stock, in each case outstanding on the record date for the distribution. On January 31, 2005, we distributed 100% of our ownership interest in PHH Corporation, comprising our former mortgage, appraisal and fleet management businesses, to our stockholders. We distributed one share of PHH common stock for every 20 shares of our common stock outstanding on the record date for the distribution.

In 2006, we paid cash dividends of $1.10 per common share in the first quarter. In 2005, we paid cash dividends of $0.90, $0.90, $1.10 and $1.10 per common share in the first, second, third and fourth quarters, respectively. These dividend amounts have been adjusted to reflect a one-for-ten reverse stock split, which we completed in September 2006.

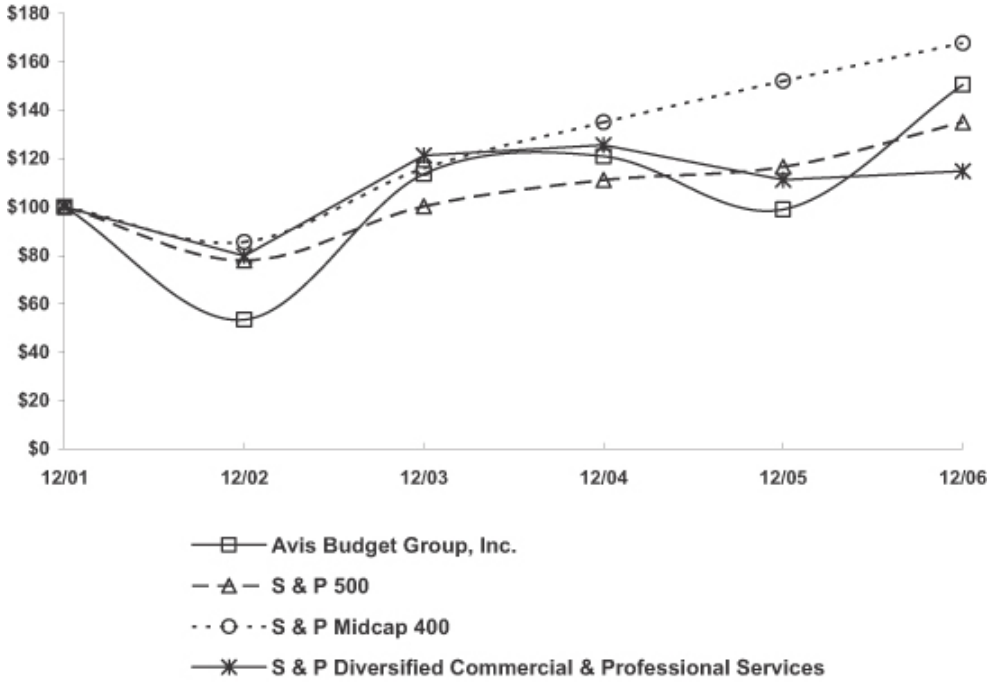
Issuer Purchases of Equity Securities

None.

Performance Graph

The following graph assumes $100 invested on December 31, 2001 and compares (a) the yearly percentage change in our cumulative total stockholder return on our common stock (as measured by dividing (i) the sum of (A) the cumulative amount of dividends (including the Realogy, Wyndham and PHH distributions described above under "Dividend Policy"), assuming dividend reinvestment, during the five years commencing on the last trading day before January 1, 2002 and ending on December 31, 2006, and (B) the difference between our stock price at the end and the beginning of the periods presented by (ii) the share price at the beginning of the periods presented) with (b) (i) the Standard & Poor's 500 Index, (ii) the Standard & Poor's MidCap 400 Index and (iii) the Standard & Poor's Diversified Commercial Services Index.

Comparison of Five Year Cumulative Total Return
Among Avis Budget Group, Inc., the S&P 500 Index, the S&P MidCap 400 Index and
the S&P Diversified Commercial Services Index



ITEM 6. SELECTED FINANCIAL DATA

	At or For the Year Ended December 31,				
	2006	2005	2004	2003	2002
	(In millions, except per share data)				
Results of Operations					
Net revenues	$ 5,689	$ 5,400	$ 4,820	$ 4,682	$ 3,015
Income (loss) from continuing operations	$ (451)	$ (11)	$ 71	$ (149)	$ (241)
Income (loss) from discontinued operations, net of tax	(1,479)	1,637	2,020	1,558	1,012
Cumulative effect of accounting changes, net of tax	(64)	(8)	-	(329)	-
Net income (loss)	$ (1,994)	$ 1,618	$ 2,091	$ 1,080	$ 771
Per Share Data					
Income (loss) from continuing operations:					
Basic	$ (4.48)	$ (0.10)	$ 0.69	$ (1.46)	$ (2.37)
Diluted	(4.48)	(0.10)	0.67	(1.46)	(2.37)
Income (loss) from discontinued operations:					
Basic	$ (14.71)	$ 15.74	$ 19.60	$ 15.32	$ 9.94
Diluted	(14.71)	15.74	18.99	15.32	9.94
Cumulative effect of accounting changes:					
Basic	$ (0.63)	$ (0.08)	$ -	$ (3.24)	$ -
Diluted	(0.63)	(0.08)	-	(3.24)	-
Net income (loss):					
Basic	$ (19.82)	$ 15.56	$ 20.29	$ 10.62	$ 7.57
Diluted	(19.82)	15.56	19.66	10.62	7.57
Cash dividends declared [a]	$ 1.10	$ 4.00	$ 3.20	$ -	$ -
Financial Position					
Total assets	$13,271	$34,493	$42,698	$39,551	$36,337
Assets of discontinued operations	-	20,512	29,452	27,232	24,469
Assets under vehicle programs	7,700	8,500	7,072	6,485	6,379
Long-term debt, including current portion	1,842	3,508	4,234	5,900	6,396
Debt under vehicle programs [b]	5,270	7,909	6,727	6,295	6,138
Stockholders' equity	2,443	11,342	12,464	9,946	9,167

(a) Cash dividends declared have been adjusted to reflect the 1-for-10 reverse stock split of our common stock, which became effective in September 2006. See Note 1 to our Consolidated Financial Statements.

(b) Includes related-party debt due to Avis Budget Rental Car Funding (AESOP) LLC. See Note 15 to our Consolidated Financial Statements.

In presenting the financial data above in conformity with generally accepted accounting principles, we are required to make estimates and assumptions that affect the amounts reported. See "Critical Accounting Policies" under Item 7 included elsewhere herein for a detailed discussion of the accounting policies that we believe require subjective and complex judgments that could potentially affect reported results.

Income (loss) from discontinued operations, net of tax, includes the after tax results of the following disposed businesses for all periods presented (through their dates of disposition): (i) Travelport, which we sold in August 2006, (ii) Realogy and Wyndham, which were spun-off on July 31, 2006, (iii) our former Marketing Services division, which we sold in October 2005, (iv) Wright Express Corporation, which we sold in February 2005, (v) our former mortgage, fleet leasing and appraisal businesses, which were included in the spin-off of PHH Corporation on January 31, 2005, (vi) Jackson Hewitt Tax Service Inc., which we sold in June 2004, and

(vii) National Car Parks ("NCP"), which we sold in May 2002. Income (loss) from discontinued operations, net of tax, also includes the after tax losses on the sale of Travelport and the spin-offs of Realogy and Wyndham in 2006, the after tax gains on the sale of our Marketing Services division and Wright Express in 2005, the after tax loss on the spin-off of PHH in 2005, the after tax gain on the sale of Jackson Hewitt in 2004 and the after tax loss on disposal of NCP in 2002. See Note 3 to our Consolidated Financial Statements for more detailed information regarding these discontinued operations.

During 2006, we recorded $10 million of restructuring charges related to restructuring initiatives within our Truck Rental and Domestic Car Rental segments. In 2005, we recorded $26 million of restructuring and transaction-related charges as a result of restructuring activities undertaken following the spin-off of PHH Corporation and the initial public offering of Wright Express Corporation. See Note 9 to our Consolidated Financial Statements for a detailed description of such charges.

During 2006, 2005, 2004, 2003 and 2002, we incurred $40 million, $35 million, $(28) million, $11 million and $103 million, respectively, for litigation and related costs (credits) primarily in connection with the 1998 discovery of accounting irregularities in the former business units of CUC International, Inc. The amount in 2004 includes a $55 million credit recorded in connection with previously established liabilities for severance and other termination benefits for which we no longer believe we are liable.

During 2003, we consolidated a number of entities pursuant to Financial Accounting Standards Board Interpretation No. 46, "Consolidation of Variable Interest Entities," and/or as a result of amendments to the underlying structures of certain of the facilities we used to securitize assets. See Notes 2 and 15 to the Consolidated Financial Statements for more information.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our Consolidated Financial Statements and accompanying Notes thereto included elsewhere herein. Unless otherwise noted, all dollar amounts are in millions and those relating to our results of operations are presented before taxes.

Following the distributions of the shares of Realogy Corporation and Wyndham Worldwide Corporation to our stockholders on July 31, 2006 and the sale of Travelport, Inc. on August 23, 2006, which are further described below, we changed our name to Avis Budget Group, Inc. Our continuing operations consist primarily of our Avis Budget Car Rental, LLC subsidiary, the parent company of the companies that comprise our vehicle rental operations, which 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 car rentals and ancillary products and services primarily in Canada, Argentina, Australia, 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 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. We have also experienced significant per-unit fleet cost increases on model-year 2006 and 2007 vehicles, which have negatively impacted our margins. Accordingly, our ability to achieve profit margins consistent with prior periods remains dependent on our ability to successfully reflect corresponding changes in our pricing programs.

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 disproportionately material adverse effect on our results of operations. We have a predominantly 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 trends, among others, may affect and/or have impacted our financial condition and results of operations:

- Domestic enplanements, which remained relatively flat compared to 2005, but are expected to increase modestly in 2007, assuming there are no major disruptions in travel;

- Rising per-unit car fleet costs, which we began to experience in 2005 and anticipate will continue with model-year 2007 vehicles;
- Pricing increases, which we instituted throughout 2006 in response to rising fleet costs and intend to continue to pursue, where appropriate; and
- Our continued expansion in off-airport, or local market segments, including insurance replacement rentals.

In 2004 and 2005, we undertook a strategic realignment to simplify our business model through exiting non-core businesses or businesses that produced volatility to our earnings inconsistent with our business model and the remainder of our core businesses. We began this strategic realignment by completing the initial public offering of Jackson Hewitt Tax Service Inc. in June 2004. We completed the spin-off of our former mortgage, fleet leasing and appraisal businesses in a tax-free distribution of the common stock of PHH Corporation to our stockholders in January 2005. In February 2005, we completed the initial public offering of Wright Express Corporation, raising $964 million of cash. In October 2005, we completed the sale of our Marketing Services division, which was comprised of our former individual membership and loyalty/insurance marketing businesses, for approximately $1.7 billion of cash (approximately $1.8 billion of gross proceeds), representing the culmination of our 2004 and 2005 strategic realignment.

Following this strategic realignment, our management team and Board of Directors, with the aid of financial and legal advisors, performed a comprehensive review of the growth opportunities and estimated market valuations for each of our core businesses. As a result of this review, from October 2005 to July 2006, our Board of Directors approved a plan to separate Cendant into four independent companies:

- **Realogy Corporation –** encompasses our former Realogy segment, which is now presented as a discontinued operation.

- **Wyndham Worldwide Corporation –** encompasses our former Hospitality Services and Timeshare Resorts segments, which are now presented as discontinued operations.

- **Travelport, Inc. –** encompasses our former Travel Distribution Services segment, which is now presented as a discontinued operation.

- **Avis Budget Group, Inc. –** encompasses our vehicle rental operations.

On July 31, 2006, we completed the spin-offs of Realogy Corporation and Wyndham Worldwide Corporation in tax-free distributions of one share each of Realogy and Wyndham common stock for every four and five shares, respectively, of then outstanding Cendant common stock held on July 21, 2006. On August 1, 2006, Realogy and Wyndham stock began regular-way trading on the New York Stock Exchange under the symbols “H” and “WYN,” respectively. Prior to the completion of the spin-offs, we received special cash dividends of $2,225 million and $1,360 million from Realogy and Wyndham, respectively, and utilized such proceeds to fund a portion of the repayment of our outstanding debt, as discussed below. On August 23, 2006, we completed the sale of Travelport for proceeds of approximately $4.1 billion, net of closing adjustments, of which approximately $1.8 billion was used to repay indebtedness of Travelport. Pursuant to the Separation and Distribution Agreement, during third quarter 2006, we distributed $1,423 million and $760 million of such proceeds to Realogy and Wyndham, respectively. In connection with executing our plan, we incurred costs of $574 million and $15 million during 2006 and 2005, respectively. These costs consist primarily of legal, accounting, other professional and consulting fees and various employee costs, and for 2006 include costs associated with the retirement of corporate debt.

In connection with our execution of the separation plan, we repaid certain corporate and other debt and entered into new financing arrangements, including (i) the completion of $1,875 million of fixed and floating rate

financing by Avis Budget Car Rental (ii) the establishment of a $1.5 billion revolving credit facility by Avis Budget Car Rental (iii) the completion of a tender offer for $2.6 billion of our corporate debt by repurchasing approximately $2.5 billion outstanding aggregate principal amount of our 6 1/4% notes due in January 2008 and March 2010, 7 3/8% notes due in January 2013 and 7 1/8% notes due in March 2015 and the subsequent redemption of the untendered portion of such debt and (iv) the repayment of aggregate principal of $950 million due in August 2006 under our 6 7/8% and 4.89% notes. As a result of the spin-offs of Realogy and Wyndham, we repaid outstanding borrowings of $560 million (including $265 million which was recorded within discontinued operations) and $600 million under our former $2.0 billion revolving credit facility and asset-linked facility, respectively, and terminated these facilities during July 2006.

In connection with the separation, we entered into a separation agreement, tax sharing agreement and transition services agreement with Realogy, Wyndham and Travelport.

On August 29, 2006, our stockholders approved certain amendments to our Certificate of Incorporation, including a change in our name from Cendant Corporation to Avis Budget Group, Inc. and a 1-for-10 reverse stock split of our common stock, each of which became effective on the New York Stock Exchange at the opening of the market on September 5, 2006 and, at that time, our ticker symbol changed to ‘‘CAR’’.

RESULTS OF OPERATIONS

Discussed below are our consolidated results of operations and the results of operations for each of our reportable segments. Generally accepted accounting principles require us to segregate and report as discontinued operations, for all periods presented, the account balances and activities of Jackson Hewitt, PHH, Wright Express, our former Marketing Services division, Realogy, Wyndham and Travelport. Previously, we could not classify our former mortgage business as a discontinued operation due to Realogy's participation in a mortgage origination venture that was established with PHH in connection with our January 2005 spin-off of PHH. However, due to the spin-off of Realogy on July 31, 2006, this business is classified as a discontinued operation.

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 usage 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 to 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, non-vehicle related interest and income taxes. Our presentation of EBITDA may not be comparable to similarly-titled measures used by other companies.

Year Ended December 31, 2006 vs. Year Ended December 31, 2005

Our consolidated results of operations comprised the following:

	2006	2005	Change
Net revenues	$ 5,689	$5,400	$ 289
Total expenses	6,366	5,462	904
Loss before income taxes	(677)	(62)	(615)
Benefit from income taxes	(226)	(51)	(175)
Loss from continuing operations	(451)	(11)	(440)
Income from discontinued operations, net of tax	478	1,088	(610)
Gain (loss) on disposal of discontinued operations, net of tax	(1,957)	549	(2,506)
Cumulative effect of accounting changes, net of tax	(64)	(8)	(56)
Net income (loss)	$(1,994)	$1,618	$ (3,612)

During 2006, our total revenues increased $289 million (5%) principally due to a 5% increase in T&M revenue reflecting a 2% increase in rental days and a 5% increase in T&M revenue per day within our car rental operations, partially offset by a 14% reduction in truck rental days. Total expenses increased $904 million (17%) principally reflecting separation-related charges of $574 million we incurred during 2006 and increased fleet depreciation and lease charges of $178 million resulting from higher per unit fleet costs and a larger car rental fleet. The separation charges relate primarily to the early extinguishment of debt, stock-based compensation, severance and retention and legal, accounting, and other professional fees. The year-over-year increase in total expenses also reflects (i) increases in operating costs associated with increased car rental volume and fleet size, including vehicle maintenance and damage costs, commissions and shuttling costs, and (ii) incremental expenses representing inflationary increases in rent, salaries and wages and other costs. Interest expense related to corporate debt increased $64 million primarily due to the absence in 2006 of a $73 million reversal of accrued interest during first quarter 2005 associated with the resolution of amounts due under a litigation settlement reached in 1999. We also incurred $101 million of incremental corporate interest expense related to $1,875 million of borrowings by Avis Budget Car Rental in second quarter 2006, which was substantially offset by a reduction in corporate interest expense resulting from the repayment of approximately $3.5 billion of corporate debt in third quarter 2006. As a result of these items, as well as a $175 million increase in our benefit from income taxes, our loss from continuing operations increased $440 million. Our effective tax rate for continuing operations was a benefit of 33.4% and 82.3% for 2006 and 2005, respectively. The 2005 rate was higher due to the favorable resolution of prior years' examination matters and state taxes. Selling, general and administrative expenses include unallocated corporate expenses related to the discontinued operations treatment of our former subsidiaries. We will not incur the majority of these corporate costs going forward.

Income from discontinued operations decreased $610 million, which primarily reflects (i) a decrease of $745 million in net income generated by Realogy and Wyndham in 2006 compared to 2005 (these businesses were included in our 2006 results through July 31, 2006, the date of disposition, but were included in our results for the full year ended December 31, 2005) and (ii) the absence in 2006 of net income of $53 million related to our former Marketing Services division (this business was disposed in fourth quarter 2005). These decreases were partially offset by (i) an increase of $160 million in net income generated by Travelport during 2006, which reflects the absence in 2006 of a $425 million pretax impairment charge recorded in 2005, partially offset by the inclusion of this business in our 2006 results through August 23, 2006, the date of disposition, but for the full year ended December 31, 2005 and (ii) the absence of a $24 million loss incurred by PHH in 2005.

The net loss we recognized on the disposal of discontinued operations increased approximately $2.5 billion year-over-year, which reflects (i) a $1.8 billion loss on the disposal of Travelport in 2006, (ii) $112 million of costs we incurred in connection with the spin-offs of Realogy and Wyndham and (iii) the absence of a net gain on disposals of $549 million in 2005, which includes a $581 million gain on the sale of our former Marketing

Services division and a $253 million gain recognized primarily in connection with the initial public offering of Wright Express, partially offset by a $285 million charge related to the spin-off of PHH.

During 2006, we recorded non-cash charges of $103 million ($64 million, after tax) to reflect the cumulative effect of accounting changes as a result of our adoption of (i) SFAS No. 152, "Accounting for Real Estate Time-Sharing Transactions,'' and American Institute of Certified Public Accountants' Statement of Position No. 04-2, "Accounting for Real Estate Time-Sharing Transactions'' on January 1, 2006, which resulted in a non-cash charge of $65 million after tax, and (ii) SFAS No. 123R, ''Share-Based Payment,'' on January 1, 2006, which resulted in a non-cash credit of $1 million after tax. In addition, during 2005, we recorded a $14 million ($8 million, after tax) non-cash charge to reflect the cumulative effect of accounting change as a result of our adoption of FASB Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations."

As a result of the above-mentioned items, which arose from the dramatic change in composition of our operations effected over 2005 and 2006, net income decreased approximately $3.6 billion.

Following is a more detailed discussion of the results of each of our reportable segments:

	Revenues			EBITDA		
	2006	2005	% Change	2006	2005	% Change
Domestic Car Rental	$4,395	$4,109	7%	$ 214	$ 225	(5)%
International Car Rental	761	661	15	111	111	-
Truck Rental	472	546	(14)	45	103	(56)
Total Reportable Segments	5,628	5,316	6	370	439	(16)
Corporate and Other [a]	61	84	(27)	(393)	(213)	
Total Company	$5,689	$5,400	5	(23)	226	
Less: Non-vehicle related depreciation and amortization				105	116	
Interest expense related to corporate debt, net [b]				549	172	
Loss before income taxes				$(677)	$ (62)	

(a) Includes unallocated corporate overhead, the elimination of transactions between segments and the results of operations of certain non-strategic businesses.
(b) The 2006 amount includes a $313 million charge related to the early extinguishment of corporate debt. The 2005 amount includes a credit resulting from the reversal of $73 million of accrued interest associated with the resolution of amounts due under a litigation settlement reached in 1999.

Domestic Car Rental

Revenues increased $286 million (7%) while EBITDA decreased $11 million (5%) in 2006 compared with 2005. We achieved higher car rental pricing in 2006 compared to 2005, but EBITDA margin comparisons were negatively impacted by higher fleet costs.

The revenue increase of $286 million was comprised of a $222 million (7%) increase in T&M revenue and a $64 million (8%) increase in ancillary revenues. The increase in T&M revenue was principally driven by a 1% increase in the number of days a car was rented and a 6% increase in T&M revenue per day. We expect to realize continuing year-over-year price increases into 2007 as we seek to offset the impact of higher fleet costs and interest rates, which we began to experience in the second half of 2005. Fleet depreciation and lease charges increased $122 million (12%) in 2006 primarily due to (i) an increase of 1% in the average size of our domestic rental fleet and (ii) increased per unit fleet costs for model year 2007 and 2006 vehicles compared, respectively, to model year 2006 and 2005 vehicles. We incurred $5 million more vehicle-related interest expense during 2006 compared to 2005, primarily due to a decrease in intercompany interest income. The impact of rising interest rates was substantially offset by the reduction in vehicle related debt in April 2006 with the proceeds from our new corporate borrowings. Interest expense related to such corporate debt is not included in EBITDA, whereas interest related to vehicle-backed debt is included in EBITDA.

The $64 million increase in ancillary revenues was due primarily to (i) a $27 million increase in counter sales of insurance and other items, (ii) a $24 million increase in airport concession and vehicle licensing revenues, which was offset in EBITDA by higher airport concession and vehicle licensing expenses remitted to airport and other regulatory authorities, and (iii) a $13 million increase in gasoline revenues, which was offset in EBITDA by $24 million of additional gasoline costs. EBITDA from our domestic car rental operations also reflects (i) $87 million of additional expenses primarily associated with increased car rental volume and fleet size, including vehicle maintenance and damage costs, (ii) $43 million of incremental expenses primarily representing inflationary increases in rent, salaries and wages and other costs, (iii) $28 million of incremental agency-operator and credit card commission expense associated with increased T&M revenue and (iv) $19 million of separation-related charges we incurred during 2006 primarily related to accelerated vesting of stock-based compensation awards. Such activity was partially offset by (i) a $26 million decrease in public liability and property damage costs reflecting more favorable claims experience, (ii) the absence of $12 million of expenses relating to damages caused by the hurricanes experienced in the Gulf Coast in September 2005, (iii) a $10 million reduction in incentive compensation expenses and (iv) the absence of $10 million of litigation expense incurred in 2005 resulting from the settlement of a dispute.

International Car Rental

Revenues increased $100 million (15%) while EBITDA was unchanged in 2006 compared with 2005, primarily reflecting growth in rental day volume and the impact on our 2006 results of franchisees acquired during or subsequent to 2005, as discussed below. Our EBITDA margins were negatively impacted by higher fleet and interest costs.

The revenue increase of $100 million was comprised of a $69 million (14%) increase in car rental T&M revenue and a $31 million (18%) increase in ancillary revenues. The increase in T&M revenue was principally driven by a 13% increase in the number of days a car was rented (which includes 4% organic growth) and a 2% increase in T&M revenue per day. The favorable effect of incremental T&M revenues was partially offset in EBITDA by $35 million (24%) of increased fleet depreciation and lease charges resulting from an increase of 13% in the average size of our international rental fleet and increased per-unit fleet costs. We incurred $10 million more vehicle-related interest expense during 2006 compared to 2005, primarily due to increased interest rates.

The $31 million increase in ancillary revenues was due primarily to (i) a $16 million increase in counter sales of insurance and other items, (ii) an $11 million increase in airport concession and vehicle licensing revenues, the majority of which was offset in EBITDA by higher airport concession and vehicle licensing expenses remitted to airport and other regulatory authorities, and (iii) a $4 million increase in gasoline revenues, which was partially offset in EBITDA by $1 million of additional gasoline costs. EBITDA also reflects (i) $20 million of higher operating expenses primarily due to increased car rental volume and fleet size, including vehicle maintenance and damage costs, (ii) $20 million of incremental expenses primarily representing inflationary increases in rent, salaries and wages and other costs and (iii) $7 million of incremental agency-operator and credit card commission expense associated with increased T&M revenue. The increases discussed above also include (i) $55 million of revenue and $1 million of EBITDA losses resulting from our acquisitions of international franchisees during or subsequent to 2005 and (ii) a $12 million increase in revenue related to favorable foreign currency exchange rate fluctuations, which was substantially offset in EBITDA by the opposite impact of foreign currency exchange rate fluctuations on expenses.

Truck Rental

Revenues and EBITDA declined $74 million (14%) and $58 million (56%), respectively, for 2006 compared with 2005, primarily reflecting lower rental day volume and lower T&M revenue per day. EBITDA was also impacted by higher fleet costs.

Substantially all of the revenue decrease of $74 million was due to a decrease in T&M revenue, which reflected a 14% reduction in rental days and a 2% decrease in T&M revenue per day. The 14% reduction in rental days

reflected declines primarily in commercial volumes and a 5% reduction in the average size of our rental fleet. Despite the reduction in the average size of our truck rental fleet, reflecting our efforts to focus on newer and more efficient trucks, we incurred $23 million (23%) of incremental fleet depreciation, interest and lease charges primarily due to higher per-unit fleet costs. EBITDA was also unfavorably impacted by the absence of a $13 million credit relating to a refinement made during 2005 in how we estimate repair and refurbishment costs of our truck fleet. During 2006, we recorded $3 million of separation-related charges, including debt termination and other costs. These items were partially offset by (i) a $31 million decrease in operating expenses primarily due to operating a smaller and more efficient fleet and reduced rental volumes, (ii) a $13 million decrease in our public liability and property damage costs as a result of more favorable claims experience and a reduction in rental days, (iii) a decrease of $12 million in credit card and other commission expense partially associated with decreased T&M revenue and (iv) the absence of a $5 million restructuring charge recorded in 2005, which represented costs incurred in connection with the closure of a reservation center and unprofitable rental locations, which was more than offset by an $8 million charge in 2006 principally related to the closure of the Budget Truck Rental headquarters and other facilities and reductions in staff.

Corporate and Other

Revenues decreased $23 million and the EBITDA loss increased from $213 million in 2005 to $393 million in 2006.

Revenues and EBITDA were unfavorably impacted in 2006 by the absence of an $18 million realized gain on the sale of Homestore stock in 2005. Revenues were also impacted by a $12 million reduction in earnings on a credit card marketing program under which we earned fees based on a percentage of credit card spending through the date of the separation.

EBITDA was also unfavorably impacted year-over-year by a $182 million increase in general and administrative costs in 2006, including separation-related charges, unallocated corporate expenses and executive salaries. These increases were partially offset by a $32 million decrease in incentive compensation costs in 2006, and the absence in 2006 of $19 million of restructuring charges recorded during 2005.

Year Ended December 31, 2005 vs. Year Ended December 31, 2004

Our consolidated results of operations comprised the following:

	2005	2004	Change
Net revenues	$5,400	$4,820	$ 580
Total expenses	5,462	4,813	649
Income (loss) before income taxes	(62)	7	(69)
Benefit from income taxes	(51)	(64)	13
Income (loss) from continuing operations	(11)	71	(82)
Income from discontinued operations, net of tax	1,088	1,822	(734)
Gain on disposal of discontinued operations, net of tax	549	198	351
Cumulative effect of accounting change, net of tax	(8)	-	(8)
Net income	$1,618	$2,091	$ (473)

During 2005, our total revenues increased $580 million (12%) principally due to an 11% increase in T&M revenue reflecting a 14% increase in domestic rental days and a 17% increase in international rental days. Total expenses increased $649 million (13%) principally reflecting (i) $306 million of additional vehicle related operating expenses primarily associated with increased car rental volume and fleet size, including vehicle maintenance and damage costs, commissions and shuttling costs and (ii) $250 million of additional vehicle depreciation and lease charges, as well as $65 million of additional vehicle interest expense, both primarily

resulting from an increase of 15% in the average size of our domestic and international car rental fleets and, in the case of vehicle depreciation, reductions to manufacturer incentives received on our domestic car rental fleet. As a result of these items, as well as a $13 million decrease in our benefit from income taxes, our income from continuing operations decreased $82 million. The benefit from income taxes for 2005 and 2004 reflects the favorable resolution of prior years' examination matters.

Income from discontinued operations decreased $734 million, which primarily reflects (i) a decrease of $291 million in net income generated by Travelport which reflects a $425 million impairment charge recorded during 2005 partially offset by increased revenue, (ii) a decrease of $259 million in net income generated by our Marketing Services division, which principally reflects the reversal of a tax valuation allowance of $121 million in January 2004, and (iii) a decrease of $131 million in net income generated by PHH (this business was included in our 2005 results through January 31, 2005, the date of disposition, but was included in our results for all of 2004).

The net gain we recognized on the disposal of discontinued operations increased $351 million year-over-year, which includes a $581 million gain recognized in connection with the sale of our former Marketing Services division during 2005 and a $253 million gain recognized during 2005 in connection with the initial public offering of Wright Express, partially offset by (i) a $281 million non-cash impairment charge and $4 million of transaction costs relating to the PHH spin-off and (ii) the absence of a $198 million gain recognized in connection with the June 2004 sale of Jackson Hewitt. In 2005, we also recorded a $14 million ($8 million, after tax) non-cash charge to reflect the cumulative effect of accounting change as a result of our adoption of FASB Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations" in fourth quarter 2005.

As a result of the above-mentioned items, net income decreased $473 million.

Following is a more detailed discussion of the results of each of our reportable segments:

	Revenues			EBITDA		
	2005	2004	% Change	2005	2004	% Change
Domestic Car Rental	$4,109	$3,658	12%	$ 225	$265	(15)%
International Car Rental	661	534	24	111	97	14
Truck Rental	546	517	6	103	105	(2)
Total Reportable Segments	5,316	4,709	13	439	467	(6)
Corporate and Other [a]	84	111	(24)	(213)	(76)	
Total Company	$5,400	$4,820	12	226	391	
Less: Non-vehicle related depreciation and amortization				116	115	
Interest expense related to corporate debt, net [b]				172	269	
Income (loss) before income taxes				$ (62)	$ 7	

(a) Includes unallocated corporate overhead, the elimination of transactions between segments and the results of operations of certain non-strategic businesses.
(b) The 2005 amount includes a credit resulting from the reversal of $73 million of accrued interest associated with the resolution of amounts due under a litigation settlement reached in 1999.

Domestic Car Rental

Revenues increased $451 million (12%) while EBITDA decreased $40 million (15%) in 2005 compared with 2004, primarily reflecting growth in rental day volume offset by both reduced T&M revenue per rental day and higher fleet costs.

The revenue increase of $451 million was comprised of a $339 million (11%) increase in T&M revenue and a $112 million (18%) increase in ancillary revenues. The increase in T&M revenues was principally driven by a 14% increase in rental days, partially offset by a 3% decrease in T&M revenue per day. The increase in rental days reflects, in part, our strategic decision to implement more competitive pricing in the second half of 2004. This program was continued into the first half of 2005 when we instituted a price increase in response to rising fleet costs. Accordingly, T&M revenue per day decreased 3% during 2005 when compared with 2004 as a whole, but year-over-year price comparisons strengthened over the course of 2005. Fleet depreciation, interest and lease charges increased $226 million (21%) in 2005 primarily due to (i) an increase of 14% in the average size of our domestic rental fleet and (ii) reductions to manufacturer incentives received on our 2005 model year rental car fleet (which was utilized during 2005) as compared with those received on our 2004 model year rental car fleet (which was utilized during 2004). We also incurred $181 million of additional expenses primarily associated with increased car rental volume and fleet size, including vehicle maintenance and damage costs, commissions and shuttling costs.

The $112 million increase in ancillary revenues was due primarily to (i) a $48 million increase in airport concession and vehicle licensing revenues, which was more than offset in EBITDA by $51 million of higher airport concession and vehicle licensing expenses remitted to airport and other regulatory authorities, (ii) a $35 million increase in counter sales of insurance and other items, and (iii) a $29 million increase in gasoline revenues, which was more than offset in EBITDA by $39 million of higher gasoline costs.

EBITDA from our domestic car rental operations also reflects $28 million of incremental interest income earned on intercompany balances with our corporate parent, which was forgiven in connection with the separation, partially offset by (i) $12 million of incremental expenses relating to the estimated damages caused by the hurricanes experienced in the Gulf Coast in 2005 and (ii) $10 million of additional litigation expense resulting from the settlement of a dispute.

International Car Rental

Revenues and EBITDA increased $127 million (24%) and $14 million (14%), respectively, in 2005 compared with 2004, primarily reflecting growth in rental day volume.

The revenue increase of $127 million was comprised of an $86 million (22%) increase in T&M revenue and a $41 million (29%) increase in ancillary revenues. The increase in T&M revenues was principally driven by a 17% increase in rental days and a 4% increase in T&M revenue per day. The favorable effect of incremental T&M revenues was partially offset in EBITDA by $49 million (45%) of increased fleet depreciation, interest and lease charges principally resulting from an increase of 21% in the average size of our international rental fleet to support increased demand. We also incurred $48 million of additional expenses primarily associated with increased car rental volume and fleet size, including vehicle maintenance and damage costs, commissions and shuttling costs.

The $41 million increase in ancillary revenues was due primarily to (i) a $24 million increase in counter sales of insurance and other items, (ii) a $12 million increase in airport concession and vehicle licensing revenues, substantially all of which are remitted to airport and other regulatory authorities thereby having a minimal impact on EBITDA, and (iii) a $5 million increase in gasoline revenues, which was more than offset in EBITDA by $6 million of higher gasoline costs.

The increases discussed above include $46 million of revenue and $1 million of EBITDA losses resulting from our acquisitions of international franchisees during 2005, as well as the effect of favorable foreign currency exchange rate fluctuations of $28 million, which was largely offset in EBITDA by the opposite impact of foreign currency exchange rate fluctuations on expenses.

Truck Rental

Revenues increased $29 million (6%), while EBITDA decreased $2 million (2%) in 2005 compared with 2004.

The revenue increase of $29 million was comprised of an $18 million (4%) increase in T&M revenue and an $11 million (16%) increase in counter sales of insurance and other items. The increase in T&M revenues was principally driven by a 3% increase in T&M revenue per day and a modest increase in rental days. The favorable effect of incremental T&M revenues was more than offset in EBITDA by $39 million of increased fleet depreciation, interest and lease charges principally resulting from an increase of 10% in the average size of our truck rental fleet and higher per unit fleet costs.

EBITDA from our truck rental operations also reflects (i) $6 million of additional dealer commission expense associated with increased T&M revenue, as discussed above and (ii) $5 million of restructuring costs, representing facility, employee relocation and severance costs incurred in connection with the closure of a reservation center and unprofitable Budget truck rental locations. These increases were partially offset by (i) a $13 million credit relating to a refinement made during 2005 in how we estimate repair and refurbishment costs of our truck fleet and (ii) a $7 million decrease in our self-insurance reserve for public liability and property damage costs as a result of more favorable claims experience.

Corporate and Other

Revenues decreased $27 million and the EBITDA loss increased from $76 million in 2004 to $213 million in 2005.

Revenues and EBITDA were unfavorably impacted in 2005 by a $22 million reduction to realized gains on the sale of Homestore stock during 2005 compared with 2004 and a $13 million reduction in earnings on a credit card marketing program under which we earned fees based on a percentage of credit card spending. Such amounts were partially offset by a $5 million increase in revenues earned in 2005 under agreements where we provided certain transitional administrative services to businesses we recently sold or distributed (including Jackson Hewitt, PHH and our former Marketing Services division).

EBITDA was further unfavorably impacted year-over-year by (i) the absence of a $55 million credit recorded in 2004 in connection with previously established liabilities for severance and other termination benefits for which we no longer believed we were liable, (ii) $15 million in expenses recorded during 2005 in connection with our separation plan and (iii) a credit of $12 million in 2004 relating to the termination of a lease on more favorable terms than originally estimated.

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 are generally funded through the issuance of debt that is collateralized by such assets. Assets under vehicle programs are funded through borrowings under asset-backed funding or other similar arrangements. 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

	2006	2005	Change
Total assets exclusive of assets under vehicle programs	$5,571	$25,993	$(20,422)
Total liabilities exclusive of liabilities under vehicle programs	4,149	13,889	(9,740)
Assets under vehicle programs	7,700	8,500	(800)
Liabilities under vehicle programs	6,679	9,262	(2,583)
Stockholders' equity	2,443	11,342	(8,899)

Total assets exclusive of assets under vehicle programs decreased approximately $20.4 billion, principally due to (i) a $20.5 billion decrease in assets of discontinued operations due to our completion of the spin-offs of Realogy and Wyndham on July 31, 2006 and the sale of Travelport on August 23, 2006 (see Note 1 to our Consolidated Financial Statements), (ii) a $402 million decrease in deferred income taxes primarily due to utilization of our net operating loss carryforwards and a decrease in certain tax items as a result of the separation during 2006, and (iii) a decrease of $374 million in cash and cash equivalents (see "Liquidity and Capital Resources Cash Flows" for a detailed discussion). These decreases were partially offset by an $868 million increase in other current and other non-current assets primarily attributable to receivables recorded in third quarter 2006 related to certain contingent and other corporate liabilities assumed by Realogy and Wyndham in connection with the separation.

Total liabilities exclusive of liabilities under vehicle programs decreased approximately $9.7 billion, principally due to (i) a $7.3 billion decrease in liabilities of discontinued operations due to the spin-offs of Realogy and Wyndham and the sale of Travelport, discussed above, (ii) the retirement of approximately $3.5 billion of corporate debt during third quarter 2006, in connection with the execution of our separation plan, (iii) a $256 million decrease in income taxes payable, and (iv) a $242 million decrease in litigation-related accruals primarily resulting from the settlement of a litigation matter related to claims made by the purchaser of a business sold by Avis prior to our acquisition of that company in 2001 and the settlement of a matter related to our former Marketing Services division. These decreases were partially offset by the issuance of $1,000 million of fixed and floating rate notes and completion of an $875 million term loan by Avis Budget Car Rental in April 2006 (see "Liquidity and Capital Resources — Debt and Financing Arrangements" for a detailed account of the change in our long-term debt).

Assets under vehicle programs decreased $800 million primarily due to (i) a $460 million decrease in vehicles principally within our Domestic Car Rental operation and (ii) a $326 million decrease in amounts due from vehicle manufacturers primarily associated with a reduction in the size of our rental fleet and growth in the portion of our rental fleet that is not subject to manufacturer repurchase and guaranteed depreciation agreements. During 2006, we also instituted a change in the manner in which we return certain vehicles to manufacturers under repurchase and guaranteed depreciation agreements, which reduced the duration between the sale of a vehicle and the receipt of related cash.

Liabilities under vehicle programs decreased approximately $2.6 billion, reflecting (i) the repayment of vehicle-backed debt with substantially all of the net proceeds from the issuance of fixed and floating rate notes and term loan borrowings, discussed above, and (ii) a decrease in outstanding borrowings within our Domestic Car Rental segment, reflecting a decrease in our rental fleet at December 31, 2006 compared to December 31, 2005, as discussed above.

Stockholders' equity decreased approximately $8.9 billion primarily due to (i) the $7.0 billion dividend of the aggregate equity of Realogy and Wyndham to our stockholders and (ii) a net loss of approximately $2.0 billion (including charges of approximately $1.8 billion related to the sale of Travelport and separation costs) in 2006. We also repurchased $243 million of common stock and paid cash dividends of $107 million during 2006. These decreases were partially offset by a $163 million increase to stockholders' equity primarily related to the accelerated vesting of restricted stock units during 2006 in connection with the separation.

LIQUIDITY AND CAPITAL RESOURCES

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

CASH FLOWS

At December 31, 2006, we had $172 million of cash on hand, a decrease of $374 million from $546 million at December 31, 2005. The following table summarizes such decrease:

	Year Ended December 31,		
	2006	2005	Change
Cash provided by (used in):			
Operating activities	$ 252	$ 1,000	$ (748)
Investing activities	3,293	27	3,266
Financing activities	(4,704)	(1,001)	(3,703)
Effects of exchange rate changes	2	-	2
Cash provided by discontinued operations	783	357	426
Net change in cash and cash equivalents	$ (374)	$ 383	$ (757)

During 2006, we generated $748 million less cash from operating activities in comparison to 2005. This change principally reflects (i) a decrease in operating results in 2006, primarily due to our separation, (ii) a $262 million decrease related to income taxes and (iii) greater working capital requirements.

We generated approximately $3.3 billion more cash from investing activities during 2006 compared with 2005. This change is primarily due to (i) an increase of approximately $1.9 billion related to payments received on vehicles repurchased by manufacturers partially offset by a $134 million increase in vehicles purchased and (ii) a $1.4 billion increase in cash proceeds from dispositions of businesses, net of transaction-related payments, which reflects net proceeds of approximately $4.1 billion we received in connection with the sale of Travelport in 2006, partially offset by $1.7 billion and $964 million in proceeds related to the disposition of our former Marketing Services division and the initial public offering of Wright Express in 2005, respectively. These increases were partially offset by a $95 million payment made during 2006 associated with a litigation matter. During 2007, we expect to utilize at least $4.7 billion of cash to purchase rental vehicles, which will primarily be funded with proceeds received on the sale of rental vehicles to manufacturers under our repurchase or guaranteed depreciation agreements, as well as borrowings under our vehicle-backed debt programs. We anticipate aggregate capital expenditure investments for 2007 to approximate $75 million to $85 million.

We used approximately $3.7 billion more cash in financing activities in 2006 compared to 2005. Such change principally reflects (i) a $3.8 billion decrease in net borrowings to fund the acquisition of vehicles, consistent with the reduction in net vehicle purchases discussed above and (ii) the utilization of $3.6 billion to repay corporate debt previously issued by Cendant, partially offset by proceeds received in connection with the issuance of $1,875 million of fixed and floating rate notes in April 2006. These incremental cash outflows were partially offset by (i) a reduction in cash utilized for net repurchases of common stock and dividend payments of $863 million and $310 million, respectively, and (ii) the absence of $650 million of cash used to repay short-term borrowings during 2005.

DEBT AND FINANCING ARRANGEMENTS

At December 31, 2006, we had approximately $7.1 billion of indebtedness (including corporate indebtedness of approximately $1.8 billion and debt under vehicle programs of approximately $5.3 billion).

Corporate indebtedness consisted of:

	Maturity Date	As of December 31, 2006	2005	Change
Corporate debt:				
6 7/8% notes [a]	-	$ -	$ 850	$ (850)
4.89% notes [a]	-	-	100	(100)
6 1/4% notes [a]	-	-	798	(798)
6 1/4% notes [a]	-	-	349	(349)
7 3/8% notes [a]	-	-	1,192	(1,192)
7 1/8% notes [a]	-	-	250	(250)
Revolver borrowings [b]		-	7	(7)
Net hedging losses [c]		-	(47)	47
		-	3,499	(3,499)
Avis Budget Car Rental corporate debt:				
Floating rate term loan [d]	April 2012	838	-	838
Floating rate notes [d]	May 2014	250	-	250
7 5/8% notes [d]	May 2014	375	-	375
7 3/4% notes [d]	May 2016	375	-	375
		1,838	-	1,838
Other		4	9	(5)
		$ 1,842	$ 3,508	$ (1,666)

[a] During third quarter 2006, we repaid an aggregate principal amount of $950 million due in August 2006 under the 6 7/8% and 4.89% notes. In connection with the execution of our separation plan, during July 2006, we completed a tender offer for $2.6 billion of our corporate debt by redeeming approximately $2.5 billion aggregate principal amount of our 6 1/4% notes due in January 2008 and March 2010, 7 3/8% notes due in January 2013 and 7 1/8% notes due in March 2015 for cash of approximately $2.9 billion, including accrued interest. We redeemed the remaining portion of such corporate debt in third quarter 2006. In connection with such debt extinguishment, we recorded a pretax charge of $313 million during third quarter 2006.

[b] Outstanding borrowings at December 31, 2005 do not include $350 million of borrowings for which our former Travelport subsidiary was the primary obligor. This amount is included within liabilities of discontinued operations on our Consolidated Balance Sheet at December 31, 2005.

[c] As of December 31, 2005, the balance represents $153 million of net mark-to-market adjustments on current interest rate hedges, partially offset by $106 million of net gains resulting from the termination of interest rate hedges. As discussed above, we repaid all of the outstanding debt associated with these derivatives and retired all such derivatives during third quarter 2006.

[d] In connection with the execution of our separation plan, Avis Budget Car Rental borrowed $1,875 million in April 2006, which consisted of (i) $1 billion of unsecured fixed and floating rate notes and (ii) an $875 million secured floating rate term loan under a credit facility. The floating rate term loan and floating rate notes bear interest at three month LIBOR plus 125 basis points and three month LIBOR plus 250 basis points, respectively. We swapped a substantial portion of this floating rate indebtedness to fixed rate exposure in 2006 through the use of interest rate derivatives.

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):

	As of December 31,		
	2006	2005	Change
Avis Budget Rental Car Funding [a]	$ 4,511	$ 6,957	$ (2,446)
Budget Truck financing:			
HFS Truck Funding program [b]	-	149	(149)
Budget Truck Funding program [b]	135	-	135
Capital leases [c]	257	370	(113)
Other [d]	367	433	(66)
	$ 5,270	$ 7,909	$ (2,639)

(a) The change in the balance at December 31, 2006 principally reflects the payment of vehicle backed notes with a portion of the proceeds from the $1,875 million of fixed and floating rate financings completed by Avis Budget Car Rental in April 2006 and a decrease in required financing, due to a decrease in the size of our domestic fleet.

(b) We terminated the HFS Truck Funding program in November 2006, at which time remaining obligations thereunder were repaid. The Budget Truck Funding program was established to finance the acquisition of a portion of our truck rental fleet.

(c) The change in the balance at December 31, 2006 reflects a decrease in the utilization of capital lease arrangements to finance the acquisition of our truck rental fleet.

(d) The change in the balance at December 31, 2006 primarily reflects decreased borrowings under our bank loan and commercial paper conduit facilities supporting the fleet of our international operations.

The following table provides the contractual maturities for our corporate debt and our debt under vehicle programs (including related party debt due to Avis Budget Rental Car Funding) at December 31, 2006:

	Corporate Debt	Debt Under Vehicle Programs
Due in 2007	$ 29	$ 891
Due in 2008	9	1,850
Due in 2009	9	590
Due in 2010	9	1,036
Due in 2011	9	600
Thereafter	1,777	303
	$ 1,842	$ 5,270

At December 31, 2006, we had approximately $3.8 billion of available funding under our various financing arrangements (comprised of approximately $1.2 billion of availability at the corporate level and approximately $2.6 billion available for use in our vehicle programs). As of December 31, 2006, the committed credit facilities available to us and/or our subsidiaries at the corporate or Avis Budget Car Rental level included:

	Total Capacity	Outstanding Borrowings	Letters of Credit Issued	Available Capacity
$1.5 billion revolving credit facility [a]	$ 1,500	$ -	$ 284	$ 1,216
Letter of credit facility [b]	303	-	295	8

(a) This secured revolving credit facility was entered into by Avis Budget Car Rental in April 2006, has a five year term and currently bears interest at one month LIBOR plus 125 basis points.

(b) Final maturity date is July 2010.

The following table presents available funding under our debt arrangements related to our vehicle programs at December 31, 2006.

	Total Capacity [a]	Outstanding Borrowings	Available Capacity
Debt due to Avis Budget Rental Car Funding [b]	$ 6,286	$ 4,511	$ 1,775
Budget Truck Financing:			
Budget Truck Funding program [c]	200	135	65
Capital leases [d]	257	257	-
Other [e]	1,104	367	737
	$ 7,847	$ 5,270	$ 2,577

(a) Capacity is subject to maintaining sufficient assets to collateralize debt.
(b) The outstanding debt is collateralized by approximately $6.6 billion of underlying vehicles (the majority of which are subject to manufacturer repurchase or guaranteed depreciation agreements) and related assets.
(c) The outstanding debt is collateralized by approximately $136 million of underlying vehicles and related assets.
(d) In connection with these capital leases, there are corresponding unamortized assets of $247 million classified within vehicles, net on our Consolidated Balance Sheet as of December 31, 2006.
(e) The outstanding debt is collateralized by $726 million of vehicles and related assets.

The significant terms for our outstanding debt instruments, credit facilities and available funding arrangements as of December 31, 2006 can be found in Notes 14 and 15 to our Consolidated Financial Statements.

LIQUIDITY RISK

We believe that access to our existing financing arrangements is sufficient to meet liquidity requirements for the foreseeable future.

Our liquidity position may be negatively affected by unfavorable conditions in the vehicle rental industry. Additionally, our liquidity as it relates to vehicle programs could be adversely affected by (i) the deterioration in the performance of the underlying assets of such programs or (ii) increased costs associated with the principal financing program for our vehicle rental subsidiaries if General Motors Corporation or Ford Motor Company is not able to honor its obligations to repurchase or guarantee the depreciation on the related vehicles. Access to our credit facilities may be limited if we were to fail to meet certain financial ratios or other requirements.

Additionally, we monitor the maintenance of required financial ratios and, as of December 31, 2006, we were in compliance with all financial covenants under our credit facilities.

CONTRACTUAL OBLIGATIONS

The following table summarizes our future contractual obligations as of December 31, 2006:

	2007	2008	2009	2010	2011	Thereafter	Total
Long-term debt, including current portion [a]	$ 29	$ 9	$ 9	$ 9	$ 9	$ 1,777	$ 1,842
Asset-backed debt under programs [b]	891	1,850	590	1,036	600	303	5,270
Operating leases	393	302	208	147	102	635	1,787
Commitments to purchase vehicles [c]	4,736	3,244	-	-	-	-	7,980
Other purchase commitments [d]	31	-	-	-	-	-	31
	$ 6,080	$ 5,405	$ 807	$ 1,192	$ 711	$ 2,715	$ 16,910

(a) Consists primarily of borrowings of Avis Budget Car Rental including $1,000 million of fixed and floating rate senior notes and $838 million outstanding under a secured floating rate term loan.

(b) Represents debt under vehicle programs (including related party debt due to Avis Budget Rental Car Funding), which was issued to support the purchase of vehicles.
(c) Primarily represents commitments to purchase vehicles from either General Motors Corporation or Ford Motor Company. 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 through the issuance of debt under vehicle programs in addition to cash received upon the sale of vehicles primarily under repurchase and guaranteed depreciation agreements (see Note 15 to our Consolidated Financial Statements).
(d) Primarily represents commitments under service contracts for information technology and telecommunications.

The above table does not include future cash payments related to interest expense or any potential amount of future payments that we may be required to make under standard guarantees and indemnifications that we have entered into in the ordinary course of business. For more information regarding guarantees and indemnifications, see Note 16 to our Consolidated Financial Statements.

ACCOUNTING POLICIES

Critical Accounting Policies

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 we are required to make relate to matters that are inherently uncertain as they pertain to future events and/or events that are outside of our control. If there is a significant unfavorable change to current conditions, it could result in a material adverse impact to our consolidated results of operations, financial position and liquidity. We believe that the estimates and assumptions we used when preparing our financial statements were the most appropriate at that time. Presented below are those accounting policies that we believe require subjective and complex judgments that could potentially affect reported results. However, our businesses operate in environments where we are paid a fee for a service performed, and therefore 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.

Goodwill and Other Indefinite-lived Intangible Assets. We have reviewed the carrying value of our goodwill and other indefinite-lived intangible assets as required by Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets." In performing this review, we are required to make an assessment of fair value for our goodwill and other indefinite-lived intangible assets. When determining fair value, we utilize various assumptions, including projections of future cash flows. A change in these underlying assumptions will cause a change in the results of the tests and, as such, could cause the fair value to be less than the respective carrying amount. In such event, we would then be required to record a charge, which would impact earnings. We review the carrying value of goodwill and other indefinite-lived intangible assets for impairment annually, or more frequently if circumstances indicate impairment may have occurred.

The aggregate carrying value of our goodwill and other indefinite-lived intangible assets was approximately $2.2 billion and $666 million, respectively, at December 31, 2006.

Our goodwill and other indefinite-lived intangible assets are allocated among three reporting units. Accordingly, it is difficult to quantify the impact of an adverse change in financial results and related cash flows, as such change may be isolated to one of our reporting units or spread across our entire organization. In either case, the magnitude of any impairment to goodwill or other indefinite-lived intangible assets resulting from adverse changes cannot be estimated. However, our businesses are concentrated in one industry and, as a result, an adverse change in the vehicle rental industry will impact our consolidated results and may result in impairment of our goodwill or other indefinite-lived intangible assets.

Income Taxes. We recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax bases of assets and liabilities. We regularly review our deferred tax assets

to assess their potential realization and establish a valuation allowance for portions of such assets that we believe will not be ultimately realized. In performing this review, we make estimates and assumptions regarding projected future taxable income, the expected timing of the reversals of existing temporary differences and the implementation of tax planning strategies. A change in these assumptions could cause an increase or decrease to our valuation allowance resulting in an increase or decrease in our effective tax rate, which could materially impact our results of operations. Additionally, our income tax returns are periodically examined by various tax authorities. We establish reserves for tax treatments when, despite our belief that the treatments are fully supportable, certain treatments are likely to be challenged and where we may not succeed in defending our position. We adjust our reserves upon the closing of a tax audit, which in some cases can occur several years following the related transaction or the filing of the tax return under examination, or upon the occurrence of other changes in facts and circumstances that indicate an adjustment may be necessary (including subsequent rulings and interpretations by tax authorities or court decisions on similar matters). Changes to the reserves related to matters for which we are not indemnified by Realogy and Wyndham could materially impact our results of operations.

See Notes 2 and 10 to our Consolidated Financial Statements for more information regarding income taxes.

Financial Instruments. We estimate fair values for each of our financial instruments, including derivative instruments. Most of these financial instruments are not publicly traded on an organized exchange. In the absence of quoted market prices, we must develop an estimate of fair value using dealer quotes, present value cash flow models, option pricing models or other conventional valuation methods, as appropriate. The use of these fair value techniques involves significant judgments and assumptions, including estimates of future interest rate levels based on interest rate yield curves, volatility factors, and an estimation of the timing of future cash flows. The use of different assumptions may have a material effect on the estimated fair value amounts recorded in the financial statements, which are disclosed in Note 20 to our Consolidated Financial Statements. In addition, hedge accounting requires that at the beginning of each hedge period, we justify an expectation that the relationship between the changes in fair value of derivatives designated as hedges compared to changes in the fair value of the underlying hedged items will be highly effective. This effectiveness assessment, which is performed at least quarterly, involves an estimation of changes in fair value resulting from changes in interest rates, as well as the probability of the occurrence of transactions for cash flow hedges. The use of different assumptions and changing market conditions may impact the results of the effectiveness assessment and ultimately the timing of when changes in derivative fair values and the underlying hedged items are recorded in earnings. See Item 7a. “Quantitative and Qualitative Disclosures about Market Risk” for a discussion of the effect of hypothetical changes to these assumptions.

Public Liability, Property Damage and Other Insurance Liabilities, Net. Insurance liabilities on our Consolidated Balance Sheets include additional liability insurance, personal effects protection insurance, public liability, property damage and personal accident insurance claims for which we are self insured. We estimate the required liability of such claims on an undiscounted basis utilizing an actuarial method that is based upon various assumptions which include, but are not limited to, our historical loss experience and projected loss development factors. The required liability is also subject to adjustment in the future based upon changes in claims experience, including changes in the number of incidents (frequency) and changes in the ultimate cost per incident (severity).

Changes in Accounting Policies

During 2006, we adopted the following standards as a result of the issuance of new accounting pronouncements:

- SAB No. 108, “Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements”
- SFAS No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans”

- SFAS No. 152, “Accounting for Real Estate Time-Sharing Transactions” and Statement of Position No. 04-2, “Accounting for Real Estate Time-Sharing Transactions”
- SFAS No. 123R, “Share-Based Payment”

We will adopt the following recently issued standards as required:

- SFAS No. 157, “Fair Value Measurements”
- FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes”

For detailed information regarding any of these pronouncements and the impact thereof on our business, see Note 2 to our Consolidated Financial Statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We use various financial instruments, particularly swap contracts, futures and options contracts to manage and reduce the interest rate risk related specifically to our debt. Foreign currency forwards are also used to manage and reduce the foreign currency exchange rate risk associated with our foreign currency denominated receivables and forecasted royalties, forecasted earnings of foreign subsidiaries and other transactions. We also use derivative commodity instruments to manage and reduce the risk of changing unleaded gasoline prices.

We are exclusively an end user of these instruments, which are commonly referred to as derivatives. We do not engage in trading, market-making or other speculative activities in the derivatives markets. More detailed information about these financial instruments is provided in Note 20—Financial Instruments to our Consolidated Financial Statements.

Our principal market exposures are interest, foreign currency rate and commodity risks.

- Our primary interest rate exposure at December 31, 2006 was to interest rate fluctuations in the United States, specifically LIBOR and commercial paper interest rates due to their impact on variable rate borrowings and other interest rate sensitive liabilities. We anticipate that LIBOR and commercial paper rates will remain a primary market risk exposure for the foreseeable future.
- We have foreign currency rate exposure to exchange rate fluctuations worldwide and particularly with respect to the British pound, Canadian dollar, Australian dollar and the New Zealand dollar. We anticipate that such foreign currency exchange rate risk will remain a market risk exposure for the foreseeable future.
- We have commodity price exposure related to fluctuations in the price of unleaded gasoline. We anticipate that such commodity risk will remain a market risk exposure for the foreseeable future.

We assess our market risk based on changes in interest and foreign currency exchange rates utilizing a sensitivity analysis. The sensitivity analysis measures the potential impact in earnings, fair values and cash flows based on a hypothetical 10% change (increase and decrease) in interest and currency rates.

We use a duration-based model in determining the impact of interest rate shifts on our debt portfolio and interest rate derivative portfolios. The primary assumption used in this model is that a 10% increase or decrease in the benchmark interest rate produces a parallel shift in the yield curve across all maturities.

Our total market risk is influenced by a wide variety of factors including the volatility present within the markets and the liquidity of the markets. There are certain limitations inherent in the sensitivity analyses presented. While probably the most meaningful analysis, these “shock tests” are constrained by several factors, including the necessity to conduct the analysis based on a single point in time and the inability to include the complex market reactions that normally would arise from the market shifts modeled.

We used December 31, 2006, 2005 and 2004 market rates on outstanding financial instruments to perform the sensitivity analyses separately for each of our market risk exposures. The estimates are based on the market risk sensitive portfolios described in the preceding paragraphs and assume instantaneous, parallel shifts in interest rate yield curves and exchange rates.

We have determined that the impact of a 10% change in interest and foreign currency exchange rates and prices on our earnings, fair values and cash flows would not be material. While these results may be used as benchmarks, they should not be viewed as forecasts.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See Financial Statements and Financial Statement Index commencing on Page F-1 hereof.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. 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) *Management's Annual Report on Internal Control over Financial Reporting.* Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2006. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework.* Based on this assessment, our management believes that, as of December 31, 2006, our internal control over financial reporting is effective. Our independent registered public accounting firm has issued an attestation report on our management's assessment of the company's internal control over financial reporting, which is included below.

(c) *Changes in Internal Control Over Financial Reporting.* There have not been any changes in the Company's 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 Company's fiscal fourth quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Avis Budget Group, Inc.

We have audited management's assessment, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting, that Avis Budget Group, Inc. and subsidiaries (the "Company") (formerly Cendant Corporation) maintained effective internal control over financial reporting as of December 31, 2006, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2006, is fairly stated, in all material respects, based on the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's consolidated balance sheet as of December 31, 2006 and the related consolidated statements of operations, stockholders' equity, and cash flow for the year ended December 31, 2006, and our report dated March 1, 2007 expressed an unqualified opinion on those financial statements and included an explanatory paragraph relating to the Company's classification of certain subsidiaries as discontinued operations and the adoption of the Company's new segment reporting structure.

DELOITTE & TOUCHE LLP
New York, New York
March 1, 2007

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information contained in the Company's Annual Proxy Statement under the sections titled "Board of Directors," "Executive Officers," "Corporate Governance" and "Section 16(a) Beneficial Ownership Reporting Compliance" is incorporated herein by reference in response to this item.

ITEM 11. EXECUTIVE COMPENSATION

The information contained in the Company's Annual Proxy Statement under the section titled "Executive Compensation" is incorporated herein by reference in response to this item.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information contained in the Company's Annual Proxy Statement under the section titled "Security Ownership of Certain Beneficial Owners and Management" and "Executive Compensation—Equity Compensation Plan Information" is incorporated herein by reference in response to this item.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information contained in the Company's Annual Proxy Statement under the section titled "Certain Relationships and Related Transactions" and "Board of Directors" is incorporated herein by reference in response to this item.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information contained in the Company's Annual Proxy Statement under the section titled "Ratification of Appointment of Auditors" is incorporated herein by reference in response to this item.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

ITEM 15(A)(1) FINANCIAL STATEMENTS

See Financial Statements and Financial Statements Index commencing on page F-1 hereof.

ITEM 15(A)(3) EXHIBITS

See Exhibit Index commencing on page G-1 hereof.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

By: /s/ JOHN T. MCCLAIN
John T. McClain
Senior Vice President and Chief Accounting Officer
Date: March 1, 2007

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ RONALD L. NELSON (Ronald L. Nelson)	Chairman of the Board, Chief Executive Officer and Director	March 1, 2007
/s/ F. ROBERT SALERNO (F. Robert Salerno)	President and Chief Operating Officer and Director	March 1, 2007
/s/ DAVID B. WYSHNER (David B. Wyshner)	Executive Vice President, Chief Financial Officer and Treasurer	March 1, 2007
/s/ LEONARD S. COLEMAN, JR. (Leonard S. Coleman)	Director	March 1, 2007
/s/ MARTIN L. EDELMAN (Martin L. Edelman)	Director	March 1, 2007
/s/ LYNN KROMINGA (Lynn Krominga)	Director	March 1, 2007
/s/ SHELI Z. ROSENBERG (Sheli Z. Rosenberg)	Director	March 1, 2007
/s/ STENDER E. SWEENEY (Stender E. Sweeney)	Director	March 1, 2007

Table of Contents

INDEX TO FINANCIAL STATEMENTS

	Page
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Statements of Operations for the years ended December 31, 2006, 2005 and 2004	F-3
Consolidated Balance Sheets as of December 31, 2006 and 2005	F-4
Consolidated Statements of Cash Flows for the years ended December 31, 2006, 2005 and 2004	F-5
Consolidated Statements of Stockholders' Equity for the years ended December 31, 2006, 2005 and 2004	F-7
Notes to Consolidated Financial Statements	F-9

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Avis Budget Group, Inc.

We have audited the accompanying consolidated balance sheets of Avis Budget Group, Inc. and subsidiaries (the "Company") (formerly Cendant Corporation) as of December 31, 2006 and 2005, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2006 and 2005, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the consolidated financial statements, in connection with the Company's classification of certain subsidiaries as discontinued operations during the third quarter of 2006, the account balances and activities of these subsidiaries have been segregated and reported as discontinued operations for all periods presented. Also discussed in Note 1, the Company has adopted a new segment reporting structure.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 31, 2006, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 1, 2007 expressed an unqualified opinion on management's assessment of the effectiveness of the Company's internal control over financial reporting and an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP
New York, New York
March 1, 2007

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

	Year Ended December 31,		
	2006	**2005**	**2004**
Revenues			
Vehicle rental	$ 4,519	$4,302	$3,860
Other	1,170	1,098	960
Net revenues	5,689	5,400	4,820
Expenses			
Operating	2,887	2,729	2,413
Vehicle depreciation and lease charges, net	1,416	1,238	988
Selling, general and administrative	818	857	784
Vehicle interest, net	320	309	244
Non-vehicle related depreciation and amortization	105	116	115
Interest expense related to corporate debt, net:			
Interest expense	236	172	251
Early extinguishment of debt	313	-	18
Separation costs	261	15	-
Restructuring charges	10	26	-
Total expenses	6,366	5,462	4,813
Income (loss) before income taxes	(677)	(62)	7
Benefit from income taxes	(226)	(51)	(64)
Income (loss) from continuing operations	(451)	(11)	71
Income from discontinued operations, net of tax	478	1,088	1,822
Gain (loss) on disposal of discontinued operations, net of tax	(1,957)	549	198
Income (loss) before cumulative effect of accounting changes	(1,930)	1,626	2,091
Cumulative effect of accounting changes, net of tax	(64)	(8)	-
Net income (loss)	$(1,994)	$1,618	$2,091
Earnings (loss) per share			
Basic			
Income (loss) from continuing operations	$ (4.48)	$ (0.10)	$ 0.69
Net income (loss)	(19.82)	15.56	20.29
Diluted			
Income (loss) from continuing operations	$ (4.48)	$ (0.10)	$ 0.67
Net income (loss)	(19.82)	15.56	19.66

See Notes to Consolidated Financial Statements.

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

	December 31, 2006	December 31, 2005
Assets		
Current assets:		
Cash and cash equivalents	$ 172	$ 546
Receivables (net of allowance for doubtful accounts of $20 and $20)	363	348
Deferred income taxes	7	375
Other current assets	1,264	234
Assets of discontinued operations	-	20,512
Total current assets	1,806	22,015
Property and equipment, net	486	516
Deferred income taxes	226	260
Goodwill	2,193	2,188
Other intangibles, net	739	731
Other non-current assets	121	283
Total assets exclusive of assets under vehicle programs	5,571	25,993
Assets under vehicle programs:		
Program cash	14	15
Vehicles, net	7,049	7,509
Receivables from vehicle manufacturers and other	276	602
Investment in Avis Budget Rental Car Funding (AESOP) LLC – related party	361	374
	7,700	8,500
Total assets	$13,271	$34,493
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and other current liabilities	$ 1,855	$ 2,287
Current portion of long-term debt	29	975
Liabilities of discontinued operations	-	7,263
Total current liabilities	1,884	10,525
Long-term debt	1,813	2,533
Other non-current liabilities	452	831
Total liabilities exclusive of liabilities under vehicle programs	4,149	13,889
Liabilities under vehicle programs:		
Debt	759	952
Debt due to Avis Budget Rental Car Funding (AESOP) LLC—related party	4,511	6,957
Deferred income taxes	1,206	1,139
Other	203	214
	6,679	9,262
Commitments and contingencies (Note 16)		
Stockholders' equity:		
Preferred stock, $.01 par value—authorized 1 million shares; none issued and outstanding	-	-
Common stock, $.01 par value—authorized 250 million shares; issued 135,498,121 and 135,085,222 shares	1	1
Additional paid-in capital	9,664	12,022
Retained earnings	(586)	5,997
Accumulated other comprehensive income	68	40
Treasury stock, at cost—34,306,694 and 33,924,621 shares	(6,704)	(6,718)
Total stockholders' equity	2,443	11,342
Total liabilities and stockholders' equity	$13,271	$34,493

See Notes to Consolidated Financial Statements.

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

	Year Ended December 31,		
	2006	**2005**	**2004**
Operating Activities			
Net income (loss)	$ (1,994)	$ 1,618	$ 2,091
Adjustments to arrive at income (loss) from continuing operations	1,543	(1,629)	(2,020)
Income (loss) from continuing operations	(451)	(11)	71
Adjustments to reconcile income (loss) from continuing operations to net cash used in operating activities exclusive of vehicle programs:			
Non-vehicle related depreciation and amortization	105	116	115
Deferred income taxes	(200)	(170)	(224)
Net change in assets and liabilities, excluding the impact of acquisitions and dispositions:			
Receivables	(33)	(14)	(2)
Income taxes	(301)	(69)	78
Accounts payable and other current liabilities	(87)	(4)	(106)
Other, net	(143)	(39)	(86)
Net cash used in operating activities exclusive of vehicle programs	(1,110)	(191)	(154)
Vehicle programs:			
Vehicle depreciation	1,362	1,191	941
	1,362	1,191	941
Net cash provided by operating activities	252	1,000	787
Investing activities			
Property and equipment additions	(95)	(146)	(121)
Net assets acquired (net of cash acquired) and acquisition-related payments	(118)	(211)	(86)
Proceeds received on asset sales	25	46	32
Proceeds from sales of available-for-sale securities	-	18	40
Proceeds from dispositions of businesses, net of transaction-related payments	4,046	2,636	778
Other, net	4	66	16
Net cash provided by investing activities exclusive of vehicle programs	3,862	2,409	659
Vehicle programs:			
Decrease (increase) in program cash	1	(15)	31
Investment in vehicles	(11,348)	(11,214)	(10,373)
Payments received on investment in vehicles	10,790	8,869	8,882
Other, net	(12)	(22)	(9)
	(569)	(2,382)	(1,469)
Net cash provided by (used in) investing activities	3,293	27	(810)

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

	Year Ended December 31,		
	2006	**2005**	**2004**
Financing activities			
Proceeds from borrowings	1,875	-	27
Principal payments on borrowings	(3,603)	(38)	(1,906)
Net short-term borrowing (repayments) under revolving credit agreement	-	(650)	650
Issuances of common stock	46	289	1,430
Repurchases of common stock	(243)	(1,349)	(1,323)
Payment of dividends	(113)	(423)	(333)
Other, net	(38)	7	(28)
Net cash used in financing activities exclusive of vehicle programs	(2,076)	(2,164)	(1,483)
Vehicle programs:			
Proceeds from borrowings	10,979	10,246	9,568
Principal payments on borrowings	(13,310)	(9,149)	(9,185)
Net change in short-term borrowings	(282)	81	81
Other, net	(15)	(15)	(11)
	(2,628)	1,163	453
Net cash used in financing activities	(4,704)	(1,001)	(1,030)
Effect of changes in exchange rates on cash and cash equivalents	2	-	4
Cash provided by (used in) discontinued operations			
Operating activities	463	2,513	4,604
Investing activities	(742)	(2,746)	(3,699)
Financing activities	1,050	641	(280)
Effect of exchange rate changes	12	(51)	14
Cash provided by discontinued operations	783	357	639
Net increase (decrease) in cash and cash equivalents	(374)	383	(410)
Cash and cash equivalents, beginning of period	546	163	573
Cash and cash equivalents, end of period	$ 172	$ 546	$ 163
Supplemental Disclosure of Cash Flow Information			
Interest payments	$ 996	$ 576	$ 584
Income tax payments, net	$ 275	$ 188	$ 82

See Notes to Consolidated Financial Statements.

Avis Budget Group, Inc.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In millions)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock		Total Stockholders' Equity
	Shares	Amount				Shares	Amount	
Balance at January 1, 2004	126.0	$ 1	$ 10,296	$ 4,190	$ 209	(25.2)	$ (4,750)	$ 9,946
Comprehensive income:								
Net income	-	-	-	2,091	-	-	-	
Currency translation adjustment		-	-	-	84	-	-	
Unrealized gains on cash flow hedges, net of tax of $16	-	-	-	-	31	-	-	
Reclassification for gains on cash flow hedges, net of tax of $(4)	-	-	-	-	(8)	-	-	
Unrealized losses on available-for- sale, securities, net of tax of $(2)	-	-	-	-	(3)	-	-	
Reclassification for realized holding gains on available-for- sale securities, net of tax of $(18)	-	-	-	-	(27)	-	-	
Minimum pension liability adjustment, net of tax of $(6)	-	-	-	-	(12)	-	-	
Total comprehensive income								2,156
Conversion of zero coupon senior convertible contingent notes	2.2	-	430	-	-	-	-	430
Settlement of forward purchase contracts—Upper DECS securities	3.8	-	863	-	-	-	-	863
Net activity related to restricted stock units	-	-	15	-	-	0.2	29	44
Exercise of stock options	1.3	-	71	-	-	2.5	482	553
Tax benefit from exercise of stock options	-	-	116	-	-	-	-	116
Repurchases of common stock	-	-	-	-	-	(5.8)	(1,323)	(1,323)
Payment of dividends	-	-	-	(333)	-	-	-	(333)
Other	-	-	11	-	-	0.1	1	12
Balance at December 31, 2004	133.3	$ 1	$ 11,802	$ 5,948	$ 274	(28.2)	$ (5,561)	$ 12,464

Avis Budget Group, Inc.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Continued)
(In millions)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock		Total Stockholders' Equity
	Shares	Amount				Shares	Amount	
Balance at January 1, 2005	133.3	$ 1	$ 11,802	$ 5,948	$ 274	(28.2)	$ (5,561)	$ 12,464
Comprehensive income:								
Net income	-	-	-	1,618	-	-	-	
Currency translation adjustment, net of tax of $(20)	-	-	-	-	(219)	-	-	
Unrealized gains on cash flow hedges, net of tax of $26	-	-	-	-	39	-	-	
Reclassification for gains on cash flow hedges, net of tax of $(8)	-	-	-	-	(11)	-	-	
Unrealized loss on available-for- sale securities, net of tax of $1	-	-	-	-	(2)	-	-	
Reclassification for realized holding gains on available-for- sale securities, net of tax of $(10)	-	-	-	-	(13)	-	-	
Minimum pension liability adjustment, net of tax of $(12)	-	-	-	-	(17)	-	-	
Total comprehensive income								1,395
Net activity related to restricted stock units	-	-	14	-	-	0.3	63	77
Exercise of stock options	1.7	-	135	-	-	0.8	133	268
Tax benefit from exercise of stock options	-	-	79	-	-	-	-	79
Repurchases of common stock	-	-	-	-	-	(6.8)	(1,349)	(1,349)
Payment of dividends	-	-	-	(423)	-	-	-	(423)
Dividend of PHH Corporation	-	-	-	(1,427)	(11)	-	-	(1,438)
Adjustment to offset PHH valuation charge included in net income	-	-	-	281	-	-	-	281
Other	0.1	-	(8)	-	-	-	(4)	(12)
Balance at December 31, 2005	135.1	$ 1	$ 12,022	$ 5,997	$ 40	(33.9)	$ (6,718)	$ 11,342
Comprehensive loss:								
Net loss	-	-	-	(1,994)	-	-	-	
Currency translation adjustment, net of tax of $16	-	-	-	-	213	-	-	
Unrealized losses on cash flow hedges, net of tax of $(6)	-	-	-	-	(12)	-	-	
Reclassification for gains on cash flow hedges, net of tax of $(1)	-	-	-	-	(1)	-	-	
Minimum pension liability adjustment, net of tax of $5	-	-	-	-	9	-	-	
Total comprehensive loss								(1,785)
Net activity related to restricted stock units	-	-	(48)	-	-	0.7	211	163
Exercise of stock options	0.4	-	39	-	-	0.2	44	83
Tax benefit from exercise of stock options	-	-	12	-	-	-	-	12
Repurchases of common stock	-	-	-	-	-	(1.4)	(243)	(243)
Payment of dividends	-	-	-	(107)	-	-	-	(107)
Dividend of Realogy Corporation and Wyndham Worldwide Corporation	-	-	(2,361)	(4,482)	(167)	-	-	(7,010)
Cumulative effect of adoption of SFAS No. 158, net of tax of $(2)	-	-	-	-	(4)	-	-	(4)
Other	-	-	-	-	(10)	0.1	2	(8)
Balance at December 31, 2006	135.5	$ 1	$ 9,664	$ (586)	$ 68	(34.3)	$ (6,704)	$ 2,443

See Notes to Consolidated Financial Statements.

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

1. Basis of Presentation

Avis Budget Group, Inc. (formerly Cendant Corporation) provides car and truck rentals and ancillary services to businesses and consumers in the United States and internationally. The accompanying Consolidated 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").

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 car rentals and ancillary products and services primarily in Canada, Argentina, Australia, 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.

The Company adopted the above segment reporting structure as a result of a reevaluation performed subsequent to the completion of the spin-offs of Realogy Corporation ("Realogy") and Wyndham Worldwide Corporation ("Wyndham") and the sale of Travelport, Inc. ("Travelport"), in third quarter 2006, each of which is discussed below. Also, following the spin-offs of Realogy and Wyndham and the sale of Travelport, the Company's stockholders approved a change in the Company's name from Cendant Corporation to Avis Budget, Group Inc.

In presenting the Consolidated Financial Statements, management makes estimates and assumptions that affect the amounts reported and related disclosures. Estimates, by their nature, are based on judgment and available information. Accordingly, actual results could differ from those estimates. Certain reclassifications have been made to prior year amounts to conform to the current year presentation. During fourth quarter 2006, the Company recorded a reclassification related to the previously disclosed dividend of Realogy and Wyndham, in connection with the restatement of the Travelport impairment charge, discussed in Note 22—Selected Quarterly Financial Data. This reclassification increased retained earnings by $300 million, with a corresponding decrease to additional paid in capital and had no impact on total stockholders' equity.

Selling, general and administrative expenses on the accompanying Consolidated Statements of Operations include unallocated corporate expenses related to the Company's discontinued operations. Accordingly, the expenses recorded by the Company in the Consolidated Statements of Operations may not be indicative of the actual expenses the Company will incur as a separate company.

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 are generally funded through the issuance of debt that is collateralized by such assets. Assets under vehicle programs are funded through borrowings under asset-backed funding or other similar arrangements. 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.

Reverse Stock Split. In connection with a 1-for-10 reverse stock split of the Company's common stock, which became effective on September 5, 2006, references to common share data in the accompanying Consolidated Financial Statements and notes have been revised to reflect the reverse stock split, unless otherwise noted.

Discontinued Operations. In June 2004, the Company completed an initial public offering of Jackson Hewitt Tax Service Inc. ("Jackson Hewitt"), an operator and franchisor of tax preparation systems and services. On January 31, 2005, the Company completed the spin-off of its former mortgage, fleet leasing and appraisal businesses in a tax-free distribution to the Company's stockholders of one share of PHH Corporation ("PHH") common stock per every twenty shares of Cendant common stock held on January 19, 2005. In February 2005, the Company completed an initial public offering of Wright Express Corporation ("Wright Express"), its former fuel card subsidiary, and in October 2005, the Company sold its former Marketing Services division, which was comprised of its individual membership and loyalty/insurance marketing businesses. Also, on July 31, 2006, the Company completed the spin-offs of Realogy and Wyndham, and on August 23, 2006, the Company completed the sale of Travelport (see Separation Plan, below). Upon completion of the spin-off of PHH, the Company's former mortgage business was not classified as a discontinued operation due to Realogy's participation in a mortgage origination venture that was established with PHH in connection with the spin-off. However, due to the spin-off of Realogy on July 31, 2006, the Company no longer participates in the venture. Pursuant to Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS No. 144"), the account balances and activities of Jackson Hewitt, PHH, Wright Express, the former Marketing Services division, Realogy, Wyndham and Travelport have been segregated and reported as discontinued operations for all periods presented. Summarized financial data for the aforementioned businesses are provided in Note 3—Discontinued Operations.

Separation Plan. From October 2005 to July 2006, the Company's Board of Directors approved a plan to separate Cendant into four independent companies:

- **Realogy Corporation –** encompasses the Company's former Realogy segment, which is now presented as a discontinued operation.
- **Wyndham Worldwide Corporation –** encompasses the Company's former Hospitality Services and Timeshare Resorts segments, which are now presented as discontinued operations.
- **Travelport, Inc. –** encompasses the Company's former Travel Distribution Services segment, which is now presented as a discontinued operation.
- **Avis Budget Group, Inc. –** encompasses the Company's vehicle rental operations.

On July 31, 2006, the Company completed the spin-offs of Realogy and Wyndham in tax-free distributions of one share each of Realogy and Wyndham common stock for every four and five shares, respectively, of then outstanding Cendant common stock held on July 21, 2006. On August 1, 2006, Realogy and Wyndham stock began regular-way trading on the New York Stock Exchange under the symbols "H" and "WYN," respectively. Prior to the completion of the spin-offs, Avis Budget received special cash dividends of $2,225 million and $1,360 million from Realogy and Wyndham, respectively, and utilized such proceeds to fund a portion of the repayment of its outstanding debt, as discussed below. On August 23, 2006, the Company completed the sale of Travelport for proceeds of approximately $4.1 billion, net of closing adjustments of which approximately $1.8 billion was used to repay indebtedness of Travelport. Pursuant to the Separation and Distribution Agreement among the separating companies, during third quarter 2006, the Company distributed $1,423 million and $760 million of such proceeds to Realogy and Wyndham, respectively.

During 2006 and 2005, the Company incurred costs of $574 and $15 million, respectively, in connection with executing the separation plan. The 2006 costs are as follows:

Early extinguishment of corporate debt	$313
Other separation costs:	
Stock-based compensation	79
Severance and retention	70
Legal, accounting and other professional fees	38
Reversal of receivables from Realogy and Wyndham (*)	28
Asset write-offs	19
Insurance	14
Other	13
	261
	$574

(*) Represents the reversal of receivables from Realogy and Wyndham due to the favorable resolution of certain tax related contingencies, for which the Company is indemnified by Realogy and Wyndham. The benefit for income taxes includes a corresponding credit resulting from the favorable resolution of such matters.

During 2006, the Company also incurred costs within discontinued operations of $239 million in connection with executing the separation plan. Such costs are primarily related to the accelerated vesting of stock-based compensation awards, severance and retention and professional and consulting fees.

In addition, pursuant to the Separation Agreement, Realogy, Wyndham and Travelport have agreed to assume and retain all of the liabilities primarily related to each of their respective businesses and operations, including litigation primarily related to each of their businesses where the Company is a named party. Realogy and Wyndham have also agreed to assume certain contingent and other corporate liabilities of the Company or its subsidiaries, incurred prior to the disposition of Travelport (see Note 16—Commitments and Contingencies).

Prior to the spin-offs of Realogy and Wyndham, the Company entered into a Transition Services Agreement with Realogy, Wyndham and Travelport to provide for an orderly transition following the sale of Travelport and the spin-offs of Realogy and Wyndham. Under the Transition Services Agreement, the Company provides Realogy, Wyndham and Travelport with various services, including services relating to payroll, accounts payable, telecommunications services and information technology services in exchange for fees based on the estimated cost of the services provided.

Also, in connection with its execution of the separation plan, the Company repaid certain corporate and other debt and entered into new financing arrangements (see Note 14—Long-term Debt and Borrowing Arrangements).

2. Summary of Significant Accounting Policies

CONSOLIDATION POLICY

In addition to consolidating entities in which the Company has a direct or indirect controlling financial interest, the Company evaluates the consolidation of entities to which common conditions of consolidation, such as voting interests and board representation, do not apply. The Company performs this evaluation pursuant to FASB Interpretation No. 46R, “Consolidation of Variable Interest Entities” (“FIN 46R”). FIN 46R provides that, in the absence of clear control through voting interests, board representation or similar rights, a company’s exposure, or variable interest, to the economic risks and potential rewards associated with its interest in the entity is the best evidence of control.

In connection with FIN 46R, when evaluating an entity for consolidation, the Company first determines whether an entity is within the scope of FIN 46R and if it is deemed to be a variable interest entity ("VIE"). If the entity is considered to be a VIE, the Company determines whether it would be considered the entity's primary beneficiary. The Company consolidates those VIEs for which it has determined that it is the primary beneficiary. Generally, the Company will consolidate an entity not deemed either a VIE or qualifying special purpose entity ("QSPE") upon a determination that its ownership, direct or indirect, exceeds fifty percent of the outstanding voting shares of an entity and/or that it has the ability to control the financial or operating policies through its voting rights, board representation or other similar rights. For entities where the Company does not have a controlling interest (financial or operating), the investments in such entities are classified as available-for-sale securities or accounted for using the equity or cost method, as appropriate. The Company applies the equity method of accounting when it has the ability to exercise significant influence over operating and financial policies of an investee in accordance with APB Opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock."

REVENUE RECOGNITION

The Company operates and franchises the Avis and Budget rental systems, providing vehicle rentals to business and leisure travelers and others. Revenue from vehicle rentals is recognized over the period the vehicle is rented. Franchise revenue principally consists of royalties received from the Company's franchisees in conjunction with vehicle rental transactions. Royalties are accrued as the underlying franchisee revenue is earned (generally over the rental period of a vehicle). Revenue from the sale of gasoline is recognized over the period the vehicle is rented and is based on the volume of gasoline consumed during the rental period or a contracted fee paid by the customer at the time the vehicle rental agreement is executed. The Company is reimbursed by its customers for certain operating expenses it incurs, including gasoline and vehicle licensing fees, as well as airport concession fees, which the Company pays in exchange for the right to operate at airports and other locations. Revenues and expenses associated with gasoline, vehicle licensing and airport concessions are recorded on a gross basis within revenue and operating expenses, respectively, on the accompanying Consolidated Statements of Operations.

VEHICLE DEPRECIATION AND LEASE CHARGES, NET

Vehicles are stated at cost, net of accumulated depreciation. The initial cost of the vehicles is net of incentives and allowances from vehicle manufacturers. The Company acquires the majority of its rental vehicles pursuant to repurchase and guaranteed depreciation programs established by automobile manufacturers. Under these programs, the manufacturers agree to repurchase vehicles at a specified price and date, or guarantee the depreciation rate for a specified period of time, subject to certain eligibility criteria (such as car condition and mileage requirements). The Company depreciates vehicles such that the net book value of the vehicles on the date of return to the manufacturers is intended to equal the contractual guaranteed residual values, thereby minimizing any gain or loss on the sale of the vehicles. The Company records depreciation expense for any expected deficiency in the contractual guaranteed residual values due to excessive wear or damages. At December 31, 2006, the Company estimates that the difference between the contracted guaranteed residual value and the carrying value of these vehicles was $67 million, which has already been reflected in the Company's Consolidated Statement of Operations.

The Company also acquires a portion of its rental vehicles outside of manufacturer repurchase and guaranteed depreciation programs. These vehicles are depreciated based upon their estimated residual values at their expected dates of disposition, after giving effect to anticipated conditions in the used car market. All rental vehicles are depreciated on a straight-line basis. Depreciation for vehicles acquired under repurchase and guaranteed depreciation programs includes consideration of the contractual guaranteed residual values and the number of months between the original purchase date of the vehicle and the expected sale date of the vehicle back to the manufacturers. For 2006, 2005 and 2004, rental vehicles were depreciated at rates ranging from 7% to 34% per annum. As market conditions change, the Company adjusts its depreciation. Upon

disposal of the vehicles, depreciation expense is also adjusted for any difference between the net proceeds from the sale and the remaining book value. Vehicle-related interest amounts are net of interest income of $6 million, $4 million and $4 million for 2006, 2005 and 2004, respectively.

ADVERTISING EXPENSES

Advertising costs are expensed in the period incurred. Advertising expenses, recorded within selling, general and administrative expense on the Company's Consolidated Statements of Operations, were approximately $107 million, $100 million and $97 million in 2006, 2005 and 2004, respectively.

INCOME TAXES

The Company's provision for income taxes is determined using the asset and liability method, under which deferred tax assets and liabilities are calculated based upon the temporary differences between the financial statement and income tax bases of assets and liabilities using currently enacted tax rates. The Company's deferred tax assets are recorded net of a valuation allowance when, based on the weight of available evidence, it is more likely than not that some portion or all of the recorded deferred tax assets will not be realized in future periods. Decreases to the valuation allowance are recorded as reductions to the Company's provision for income taxes while increases to the valuation allowance result in additional provision. However, if the valuation allowance is adjusted in connection with an acquisition, such adjustment is recorded through goodwill rather than the provision for income taxes. The realization of the Company's deferred tax assets, net of the valuation allowance, is primarily dependent on estimated future taxable income. A change in the Company's estimate of future taxable income may require an addition or reduction to the valuation allowance.

CASH AND CASH EQUIVALENTS

The Company considers highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

DERIVATIVE INSTRUMENTS

The Company uses derivative instruments as part of its overall strategy to manage its exposure to market risks associated with fluctuations in foreign currency exchange rates, interest rates and gasoline costs. As a matter of policy, the Company does not use derivatives for trading or speculative purposes.

All derivatives are recorded at fair value either as assets or liabilities. Changes in fair value of derivatives not designated as hedging instruments are recognized currently in earnings in the Consolidated Statements of Operations within the same line item as the hedged item (principally vehicle interest, net). The effective portion of changes in fair value of derivatives designated as cash flow hedging instruments is recorded as a component of other comprehensive income. The ineffective portion is recognized currently in earnings within the same line item as the hedged item, including vehicle interest, net or interest related to corporate debt, net, based upon the nature of the hedged item. Amounts included in other comprehensive income are reclassified into earnings in the same period during which the hedged item affects earnings.

During 2006, the Company utilized certain derivatives designated as fair value hedges. Changes in the fair value of such instruments were recognized in earnings in the Consolidated Statements of Operations as a component of interest related to corporate debt, net. Changes in the fair value of the hedged item in fair value hedges were recorded as an adjustment to the carrying amount of the hedged item and recognized in earnings in the Consolidated Statements of Operations as a component of interest related to corporate debt, net.

INVESTMENTS

The Company determines the appropriate classification of its investments in debt and equity securities at the time of purchase and reevaluates such determination at each balance sheet date. The Company's non-marketable preferred stock investments are accounted for at cost plus accretion. Common stock investments in affiliates over which the Company has the ability to exercise significant influence but not a controlling interest are carried on the equity method of accounting. Available-for-sale securities are carried at current fair value with unrealized gains or losses reported net of taxes as a separate component of stockholders' equity. Trading securities are recorded at fair value with realized and unrealized gains and losses reported currently in earnings.

Aggregate realized gains and losses on investments and preferred dividend income, which amounted to $11 million, $21 million and $40 million in 2006, 2005 and 2004, respectively, are recorded within other revenues on the Consolidated Statements of Operations. Gains and losses on securities sold are based on the specific identification method.

Affinion Group Holdings, Inc. The Company's investment in Affinion Group Holdings, Inc. ("Affinion") was received in connection with the October 2005 sale of its former Marketing Services division, along with cash proceeds approximating $1.7 billion. This investment represents preferred stock with a carrying value of $95 million, including accrued dividends (face value of $125 million) maturing in October 2017, and warrants with a carrying value of $3 million that are exercisable into 7.5% of the common equity of Affinion upon the earlier of four years or the achievement of specified investment hurdles.

Pursuant to the Separation Agreement, the Company is obligated to distribute all proceeds received on the sale of its investments in Affinion to Realogy and Wyndham. Accordingly, following the spin-offs of Realogy and Wyndham on July 31, 2006, the Company began to recognize a charge on its Consolidated Statement of Operations equal to the dividend and accretion income on the preferred stock of Affinion. From January 1, 2006 to July 31, 2006, the Company recorded $6 million of dividend and accretion income related to its preferred stock investment in Affinion. During 2007, the Company sold a portion of its preferred stock investment in Affinion (see Note 24 – Subsequent Event).

Homestore, Inc. The Company's investment in Homestore, Inc. ("Homestore") was received in connection with the February 2001 sale of its former move.com and ancillary businesses. During 2005 and 2004, the Company sold 7.3 million and 9.8 million, respectively, shares of Homestore and recognized gains of $18 million and $40 million, respectively, within net revenues on its Consolidated Statements of Operations. As of December 31, 2005, the Company had sold all of its shares of Homestore stock.

PROPERTY AND EQUIPMENT

Property and equipment (including leasehold improvements) are recorded at cost, net of accumulated depreciation and amortization. Depreciation, recorded as a component of non-vehicle related depreciation and amortization in the Consolidated Statements of Operations, is computed utilizing the straight-line method over the estimated useful lives of the related assets. Amortization of leasehold improvements, also recorded as a component of non-vehicle related depreciation and amortization, is computed utilizing the straight-line method over the estimated benefit period of the related assets, which may not exceed 20 years, or the lease term, if shorter. Useful lives are generally 30 years for buildings, three to seven years for capitalized software, three to seven years for furniture, fixtures and equipment and four to 15 years for buses and support vehicles.

The Company capitalizes the costs of software developed for internal use in accordance with Statement of Position No. 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." Capitalization of software developed for internal use commences during the development phase of the

project. The Company amortizes software developed or obtained for internal use on a straight-line basis, from three to seven years, when such software is substantially ready for use. The net carrying value of software developed or obtained for internal use was $50 million and $95 million as of December 31, 2006 and 2005, respectively.

On March 30, 2005, the Financial Accounts Standards Board ("FASB") issued FASB Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations" ("FIN 47"), which clarifies that conditional asset retirement obligations are within the scope of SFAS No. 143, "Accounting for Asset Retirement Obligations." FIN 47 requires the Company to recognize a liability for the fair value of conditional asset retirement obligations if the fair value of the liability can be reasonably estimated. The Company adopted the provisions of FIN 47 in fourth quarter 2005, as required. Accordingly, the Company recorded a $14 million ($8 million after tax, or $0.08 per diluted share) non-cash charge to reflect the cumulative effect of accounting change during 2005 relating to the Company's obligation to remove assets at certain leased properties.

IMPAIRMENT OF LONG-LIVED ASSETS

In connection with SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142"), the Company is required to assess goodwill and other indefinite-lived intangible assets for impairment annually, or more frequently if circumstances indicate impairment may have occurred. The Company assesses goodwill for such impairment by comparing the carrying value of its reporting units to their fair values. Each of the Company's reportable segments represents a reporting unit. The Company determines the fair value of its reporting units utilizing discounted cash flows and incorporates assumptions that it believes marketplace participants would utilize. When available and as appropriate, the Company uses comparative market multiples and other factors to corroborate the discounted cash flow results. Other indefinite-lived intangible assets are tested for impairment and written down to fair value, as required by SFAS No. 142.

The Company evaluates the recoverability of its other long-lived assets, including amortizing intangible assets, if circumstances indicate an impairment may have occurred, pursuant to SFAS No. 144. This analysis is performed by comparing the respective carrying values of the assets to the current and expected future cash flows, on an undiscounted basis, to be generated from such assets. Property and equipment is evaluated separately within each segment. If such analysis indicates that the carrying value of these assets is not recoverable, the carrying value of such assets is reduced to fair value through a charge to the Company's Consolidated Statements of Operations.

The Company performs its annual impairment testing for goodwill and other indefinite lived intangible assets in the fourth quarter of each year subsequent to completing its annual forecasting process. In performing this test, the Company determines fair value using the present value of expected future cash flows. Within the Company's continuing operations, there was no impairment of intangible assets in 2006, 2005 or 2004. Impairment charges recorded for other long-lived assets were not material during 2006, 2005 or 2004. However, during 2006 the Company recorded a non-cash impairment charge of approximately $1.3 billion within discontinued operations to reflect the difference between Travelport's carrying value and its estimated fair value, less costs to dispose. In addition, as a result of the analysis performed in 2005, the Company determined that the carrying values of goodwill and certain other indefinite-lived intangible assets assigned to Travelport's consumer travel businesses within discontinued operations exceeded their estimated fair values. Consequently, the Company also tested its other long-lived assets within Travelport's consumer travel business for impairment. In connection with the impairment assessments performed, the Company recorded a pretax charge of $425 million within discontinued operations, of which $254 million reduced the value of goodwill and $171 million reduced the value of other intangible assets (including $120 million related to trademarks). This impairment resulted from a decline in future anticipated cash flows primarily generated by Travelport's consumer travel businesses.

PROGRAM CASH

Program cash primarily represents amounts specifically designated to purchase assets under vehicle programs and/or to repay the related debt.

SELF-INSURANCE RESERVES

The Consolidated Balance Sheets include approximately $376 million and $422 million of liabilities with respect to self-insured public liability and property damage as of December 31, 2006 and 2005, respectively. Such liabilities relate to additional liability insurance, personal effects protection insurance, public liability, property damage and personal accident insurance claims for which the Company is self insured. The current portion of such amounts is included within accounts payable and other current liabilities and the non-current portion is included in other non-current liabilities. The Company estimates the required liability for such claims on an undiscounted basis utilizing an actuarial method that is based upon various assumptions which include, but are not limited to, the Company's historical loss experience and projected loss development factors. The required liability is also subject to adjustment in the future based upon the changes in claims experience, including changes in the number of incidents (frequency) and change in the ultimate cost per incident (severity).

In addition, at December 31, 2006 and 2005, the Consolidated Balance Sheets include liabilities of approximately $105 million and $140 million, respectively, relating to health and welfare, workers' compensation and other benefits the Company provides to its employees. The Company estimates the liability required for such benefits based on actual claims outstanding and the estimated cost of claims incurred as of the balance sheet date. These amounts are included within accounts payable and other current liabilities on the Company's Consolidated Balance Sheets.

CHANGES IN ACCOUNTING POLICIES DURING 2006

Misstatements. In September 2006, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" ("SAB No. 108"), which provides guidance on the consideration of the effects of prior year misstatements in quantifying current year misstatements for the purpose of a materiality assessment. The Company adopted the guidance of SAB No. 108 for the year ended December 31, 2006, which had no impact on the Company's financial statements.

Pension Plans. In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" ("SFAS No. 158"). SFAS No. 158 requires an employer to recognize the over-funded or under-funded status of a defined benefit postretirement plan (other than a multi-employer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. SFAS No. 158 also requires an employer to measure the funded status of a plan as of the date of its year-end statement of financial position, with limited exceptions. The adoption of the provisions of SFAS No. 158 in fourth quarter 2006 resulted in a pre-tax charge of $6 million ($4 million, after tax) recorded within stockholders' equity.

Timeshare Transactions. In December 2004, the FASB issued SFAS No. 152, "Accounting for Real Estate Time-Sharing Transactions," in connection with the previous issuance of the American Institute of Certified Public Accountants' Statement of Position No. 04-2, "Accounting for Real Estate Time-Sharing Transactions" ("SOP 04-2"). SFAS No. 152 provides guidance on revenue recognition for timeshare transactions, accounting and presentation for the uncollectibility of timeshare contract receivables, accounting for costs of sales of vacation ownership interests and related costs, accounting for operations during holding periods, and other transactions associated with timeshare operations.

The Company adopted the provisions of SFAS No. 152 effective January 1, 2006, as required, and recorded an after tax charge of $65 million ($0.64 per diluted share) during 2006 as a cumulative effect of an accounting change, which consists of a pre-tax charge of $105 million representing the deferral of revenue and costs associated with sales of vacation ownership interests that were recognized prior to January 1, 2006, the recognition of certain expenses that were previously deferred and an associated tax benefit of $40 million. There is no continuing impact associated with SFAS No. 152 due to the disposition of the Company's former timeshare business in connection with the spin-off of Wyndham.

Stock-Based Compensation. On January 1, 2003, the Company adopted the fair value method of accounting for stock-based compensation of SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123") and the prospective transition method of SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure." Accordingly, the Company has recorded stock-based compensation expense for all employee stock awards that were granted or modified subsequent to December 31, 2002.

In December 2004, the FASB issued SFAS No. 123R, "Share-Based Payment" ("SFAS No. 123R"), which eliminates the alternative to measure stock-based compensation awards using the intrinsic value approach permitted by APB Opinion No. 25 and by SFAS No. 123. The Company adopted SFAS No. 123R on January 1, 2006, as required, under the modified prospective application method. Because the Company recorded stock-based compensation expense for all outstanding employee stock awards prior to the adoption of SFAS No. 123R, the adoption of such standard did not have a significant impact on the Company's results of operations. However, the Company recorded an after tax credit of $1 million during 2006 as a cumulative effect of an accounting change, which represents the Company's estimate of total future forfeitures of stock-based awards outstanding as of January 1, 2006 (see Note 18—Stock-Based Compensation for further information).

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Fair Value Measurements. In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157") which defines fair value, establishes a framework for measuring fair value and expands disclosure about fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. The Company will adopt SFAS No. 157 on January 1, 2008, as required, and is currently evaluating the impact of such adoption on its financial statements.

Accounting for Uncertainty in Income Taxes. In June 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"), which is an interpretation of SFAS No. 109, "Accounting for Income Taxes." FIN 48 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. The Company will adopt the provisions of FIN 48 effective January 1, 2007, as required, and anticipates recording an after tax charge to stockholders' equity in the range of $30 million to $60 million. However, the Company has been indemnified by Realogy and Wyndham for substantially all of these tax related matters.

3. Discontinued Operations

Travelport. On August 23, 2006, the Company completed the sale of Travelport, which comprises the Company's former travel distribution services businesses for proceeds of approximately $4.1 billion, net of closing adjustments. The loss incurred on disposal of Travelport includes a $1.3 billion impairment charge reflecting the difference between Travelport's carrying value and its estimated fair value and a tax charge

related to asset basis differences resulting from the 2001 acquisition of a Travelport subsidiary. The loss is subject to revision related to customary post-closing purchase price adjustments.

Realogy and Wyndham. On July 31, 2006, the Company completed the spin-offs of Realogy and Wyndham in tax-free distributions of one share each of Realogy and Wyndham common stock for every four and five shares, respectively, of Cendant Corporation common stock held on July 21, 2006. Costs incurred in connection with the spin-offs of Realogy and Wyndham are included within gain (loss) on disposal of discontinued operations, net of tax on the accompanying Consolidated Statement of Operations.

Marketing Services Division. On October 17, 2005, the Company completed the sale of its Marketing Services division for approximately $1.8 billion. The purchase price consisted of approximately $1.7 billion of cash, net of closing adjustments, plus $125 million face value of newly issued preferred stock of Affinion and warrants to purchase up to 7.5% of the common equity of Affinion (see Note 2—Summary of Significant Accounting Policies for more detailed information on the preferred stock and warrants). The Company is obligated to distribute any proceeds from the sale of Affinion preferred stock and warrants to Realogy and Wyndham. During 2007, a portion of the Company's preferred stock investment in Affinion was redeemed (see Note 24 – Subsequent Event).

Wright Express. On February 22, 2005, the Company completed the initial public offering of Wright Express for $964 million of cash. Additionally, the Company entered into a tax receivable agreement with Wright Express pursuant to which Wright Express is obligated to make payments to the Company over a 15 year term. The Company is obligated to distribute all such payments received from Wright Express to Realogy and Wyndham following the separation. Excluding amounts remitted to Realogy and Wyndham, the Company received $9 million in connection with this tax receivable agreement during 2006 and $15 million during 2005. Such amounts are recorded within gain (loss) on disposal of discontinued operations, net of tax on the accompanying Consolidated Statements of Operations.

PHH. On January 31, 2005, the Company completed the spin-off of PHH, which includes its former mortgage, fleet leasing and appraisal businesses. In connection with the spin-off, the Company recorded a non-cash impairment charge of $281 million and transaction costs of $4 million during first quarter 2005. There were no tax benefits recorded in connection with these charges, as such charges are not tax deductible.

Jackson Hewitt. On June 25, 2004, the Company completed the initial public offering of Jackson Hewitt. In connection with the initial public offering, the Company received $772 million in cash.

Summarized statement of operations data for discontinued operations are as follows:

Year Ended December 31, 2006

	Wright Express [a]	Marketing Services Division [b]	Realogy [c]
Net revenues	$ -	$ -	$ 3,856
Income before income taxes	$ -	$ -	$ 445
Provision for income taxes	-	-	172
Income from discontinued operations, net of tax	$ -	$ -	$ 273
Gain (loss) on disposal of discontinued operations	$ 9	$ (15)	$ (76)
Provision (benefit) for income taxes	3	27	(22)
Gain (loss) on disposal of discontinued operations, net of tax	$ 6	$ (42)	$ (54)

	Wyndham [c][d]	Travelport [c]	Total
Net revenues	$ 2,052	$ 1,859	$ 7,767
Income before income taxes	$ 377	$ 170	$ 992
Provision for income taxes	288	54	514
Income from discontinued operations, net of tax	$ 89	$ 116	$ 478
Gain (loss) on disposal of discontinued operations	$ (83)	$ (1,464)	$ (1,629)
Provision (benefit) for income taxes	(25)	345	328
Gain (loss) on disposal of discontinued operations, net of tax	$ (58)	$ (1,809)	$ (1,957)

(a) Gain on disposal includes payments received from Wright Express in connection with the tax receivable agreement discussed above.
(b) Represents payments in connection with a guarantee obligation made to the Company's former Marketing Services division and a tax charge primarily related to state taxes prior to the date of disposition.
(c) Results are through the date of disposition.
(d) The provision for income taxes reflects a $158 million charge associated with separating the vacation ownership business from the Company in connection with the spin-off of Wyndham.

Year Ended December 31, 2005

	Wright Express [a][b]	PHH [a][c]	Marketing Services Division [a]	Realogy
Net revenues	$ 29	$ 179	$ 1,066	$ 7,139
Income (loss) before income taxes	$ (7)	$ 1	$ 90	$ 1,065
Provision (benefit) for income taxes	(3)	25	37	414
Income (loss) from discontinued operations, net of tax	$ (4)	$ (24)	$ 53	$ 651
Gain (loss) on disposal of discontinued operations	$ 585	$ (285)	$ 1,146	$ -
Provision for income taxes	332	-	565	-
Gain (loss) on disposal of discontinued operations, net of tax	$ 253	$ (285)	$ 581	$ -

	Wyndham	Travelport [d]	Total
Net revenues	$ 3,252	$ 2,400	$ 14,065
Income (loss) before income taxes	$ 643	$ (118)	$ 1,674
Provision (benefit) for income taxes	187	(74)	586
Income (loss) from discontinued operations, net of tax	$ 456	$ (44)	$ 1,088
Gain (loss) on disposal of discontinued operations	$ -	$ -	$ 1,446
Provision for income taxes	-	-	897
Gain (loss) on disposal of discontinued operations, net of tax	$ -	$ -	$ 549

(a) Results are through the date of disposition.
(b) Gain on disposal includes payments received from Wright Express in connection with the tax receivable agreement discussed above.
(c) The provision for income taxes reflects a $24 million charge associated with separating the appraisal business from the Company in connection with the PHH spin-off.
(d) Results include a pretax impairment charge of $425 million. (See Note 2 – Summary of Significant Accounting Policies for further information.)

Year Ended December 31, 2004

	Wright Express	PHH	Marketing Services Division [a]	Realogy
Net revenues	$ 188	$ 2,403	$ 1,484	$ 6,549
Income before income taxes	$ 82	$ 190	$ 317	$ 1,032
Provision for income taxes	32	83	5	379
Income from discontinued operations, net of tax	$ 50	$ 107	$ 312	$ 653

	Wyndham	Travelport	Jackson Hewitt [b]	Total
Net revenues	$ 2,872	$ 1,748	$ 194	$ 15,438
Income before income taxes	$ 606	$ 330	$ 106	$ 2,663
Provision for income taxes	217	83	42	841
Income from discontinued operations, net of tax	$ 389	$ 247	$ 64	$ 1,822
Gain on disposal of discontinued operations	$ -	$ -	$ 251	$ 251
Provision for income taxes	-	-	53	53
Gain on disposal of discontinued operations, net of tax	$ -	$ -	$ 198	$ 198

(a) The provision for income taxes reflects the reversal of a valuation allowance of $121 million by TRL Group associated with federal and state deferred tax assets, partially offset by a $13 million cash payment the Company made to TRL Group in connection with the January 2004 transaction for the contract termination (see Note 23 — TRL Group, Inc).

(b) Results are through the date of disposition.

Summarized balance sheet data for discontinued operations as of December 31, 2005 are as follows:

	Realogy	Wyndham	Travelport [a]	Total
Assets of discontinued operations:				
Current assets	$ 330	$ 917	$ 676	$ 1,923
Property and equipment, net	321	422	533	1,276
Goodwill	3,163	2,638	4,088	9,889
Other assets	1,647	4,133	1,644	7,424
Total assets of discontinued operations	$ 5,461	$ 8,110	$ 6,941	$20,512
Liabilities of discontinued operations:				
Current liabilities	$ 656	$ 940	$ 860	$ 2,456
Other liabilities	809	3,266	732	4,807
Total liabilities of discontinued operations	$ 1,465	$ 4,206	$ 1,592	$ 7,263

(a) Current liabilities include $350 million under the Company's former $2.0 billion revolving credit facility, as Travelport was the primary obligor for such borrowings.

4. Earnings Per Share

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

	Year Ended December 31,		
	2006	**2005**	**2004**
Income (loss) from continuing operations	$ (451)	$ (11)	$ 71
Income from discontinued operations, net of tax	478	1,088	1,822
Gain (loss) on disposal of discontinued operations, net of tax	(1,957)	549	198
Cumulative effect of accounting changes, net of tax	(64)	(8)	-
Net income (loss)	$(1,994)	$1,618	$2,091
Basic weighted average shares outstanding [(a)]	100.6	104.0	103.1
Stock options, warrants and restricted stock units [(b)]	-	-	3.1
Convertible debt [(c)]	-	-	0.2
Diluted weighted average shares outstanding [(a)]	100.6	104.0	106.4
Earnings per share:			
Basic			
Income (loss) from continuing operations	$ (4.48)	$ (0.10)	$ 0.69
Income from discontinued operations	4.75	10.47	17.68
Gain (loss) on disposal of discontinued operations	(19.46)	5.27	1.92
Cumulative effect of accounting changes	(0.63)	(0.08)	-
Net income (loss)	$(19.82)	$15.56	$20.29
Diluted			
Income (loss) from continuing operations	$ (4.48)	$ (0.10)	$ 0.67
Income from discontinued operations	4.75	10.47	17.13
Gain (loss) on disposal of discontinued operations	(19.46)	5.27	1.86
Cumulative effect of accounting changes	(0.63)	(0.08)	-
Net income (loss)	$(19.82)	$15.56	$19.66

(a) Because the Company incurred a loss from continuing operations in 2006 and 2005, outstanding stock options, restricted stock units and stock warrants are anti-dilutive. Accordingly, basic and diluted weighted average shares outstanding are equal for such periods.
(b) For 2004, excludes restricted stock units for which performance based vesting criteria have not been achieved.
(c) The 2004 balance reflects the dilutive impact of the Company's zero coupon senior convertible contingent notes prior to conversion on February 13, 2004 into shares of Avis Budget common stock, the impact of which is reflected within basic weighted average shares outstanding from the conversion date forward (2 million shares in 2004).

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

	Year Ended December 31,		
	2006	**2005**	**2004**
Options [(a)]	11.0	12.9	2.3
Warrants [(b)]	0.2	0.2	-
Upper DECS [(c)]	-	-	2.4

(a) Represents all outstanding stock options for 2006 and 2005. The weighted average exercise price for anti-dilutive options at December 31, 2004 was $44.61.
(b) Represents all outstanding warrants for 2006 and 2005, for which the weighted average exercise price is $21.31.

(c) Represents the shares that were issuable under the forward purchase contract component of the Company's Upper DECS securities prior to the settlement of such securities on August 17, 2004, at which time the Company issued 3.8 million shares of Avis Budget common stock. The impact of this share issuance is included in basic EPS from the settlement date forward (1.4 million shares in 2004, due to a partial year impact). However, diluted EPS does not reflect any shares that were issuable prior to August 17, 2004, as the Upper DECS were anti-dilutive during such periods (since the appreciation price was greater than the average price of Avis Budget common stock).

5. Acquisitions

Assets acquired and liabilities assumed in business combinations were recorded on the Company's Consolidated Balance Sheets as of the respective acquisition dates based upon their estimated fair values at such dates. The results of operations of businesses acquired by the Company have been included in the Company's Consolidated Statements of Operations since their respective dates of acquisition. The excess of the purchase price over the estimated fair values of the underlying assets acquired and liabilities assumed was allocated to goodwill. In certain circumstances, the allocations of the excess purchase price are based upon preliminary estimates and assumptions. Accordingly, the allocations may be subject to revision when the Company receives final information, including appraisals and other analyses. Any revisions to the fair values, will be recorded by the Company as further adjustments to the purchase price allocations.

During 2006, the Company acquired 19 vehicle rental licensees for $20 million in cash, resulting in trademark intangible assets of $17 million. During 2005, the Company acquired 23 vehicle rental licensees for $206 million in cash, resulting in trademark intangible assets of $88 million and goodwill of $6 million, none of which is expected to be deductible for tax purposes. During 2004, the Company acquired 29 vehicle rental licensees for $60 million in cash, resulting in goodwill of $33 million, all of which is expected to be deductible for tax purposes, and trademark intangible assets of $13 million. These acquisitions, which relate primarily to the Company's International Car Rental segment, were not significant individually or in the aggregate to the Company's results of operations, financial position or cash flows.

6. Intangible Assets

Intangible assets consisted of:

	As of December 31, 2006			As of December 31, 2005		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized Intangible Assets						
Franchise agreements [a]	$ 75	$ 16	$ 59	$ 76	$ 14	$ 62
Customer lists [b]	19	6	13	20	6	14
Other [c]	2	1	1	2	1	1
	$ 96	$ 23	$ 73	$ 98	$ 21	$ 77
Unamortized Intangible Assets						
Goodwill	$ 2,193			$ 2,188		
Trademarks [d]	$ 666			$ 654		

(a) Primarily amortized over a period ranging from 2 to 40 years.
(b) Primarily amortized over 20 years.
(c) Primarily amortized over a period ranging from 6 to 20 years.
(d) Comprised of various tradenames (including the Avis and Budget tradenames) that the Company has acquired and which distinguish the Company's consumer services. These tradenames are expected to generate future cash flows for an indefinite period of time.

The changes in the carrying amount of goodwill during 2006 are as follows:

	Balance at January 1, 2006	Adjustments to Goodwill Acquired during 2005	Balance at December 31, 2006
Domestic Car Rental	$ 1,354	$ 1[a]	$ 1,355
International Car Rental	591	4[a]	595
Truck Rental	243	-	243
Total Company	$ 2,188	$ 5	$ 2,193

[a] Primarily relates to tax adjustments on the acquisition of Budget licensees.

Amortization expense relating to all intangible assets was as follows:

	Year Ended December 31,		
	2006	2005	2004
Franchise agreements	$ 2	$ 2	$ 3
Customer lists	1	2	1
Total	$ 3	$ 4	$ 4

Based on the Company's amortizable intangible assets as of December 31, 2006, the Company expects related amortization expense to approximate $3 million for each of the five succeeding fiscal years.

7. Vehicle Rental Activities

The components of vehicles, net within assets under vehicle programs are as follows:

	As of December 31,	
	2006	2005
Rental vehicles	$ 7,738	$ 8,247
Vehicles held for sale	304	165
	8,042	8,412
Less: accumulated depreciation	(993)	(903)
	$ 7,049	$ 7,509

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

	Year Ended December 31,		
	2006	2005	2004
Depreciation expense	$ 1,362	$ 1,191	$ 941
Lease charges	54	69	58
Gain on sales of vehicles, net	-	(22)	(11)
	$ 1,416	$ 1,238	$ 988

During 2006, vehicle interest, net on the accompanying Consolidated Statement of Operations excludes $101 million of interest expense related to $1,875 million of fixed and floating rate borrowings of the Company's Avis Budget Car Rental, LLC subsidiary, the parent company of the companies that comprise the Company's vehicle rental operations. Such interest is recorded within interest related to corporate debt, net on the accompanying Consolidated Statement of Operations.

8. Franchising Activities

Franchising revenues, which are recorded within other revenues on the accompanying Consolidated Statements of Operations, amounted to $37 million, $39 million and $43 million during 2006, 2005 and 2004, respectively.

The number of Company-owned and franchised outlets in operation (excluding independent commissioned dealer locations for the Budget truck rental business and Avis and Budget locations operated under an arrangement with Avis Europe Holdings, Limited, an independent third party) is as follows:

	As of December 31,		
	2006	2005	2004
Company-owned			
Avis brand	1,268	1,186	1,074
Budget brand	951	902	822
Franchised			
Avis brand	847	849	851
Budget brand	1,218	1,221	1,345

In connection with ongoing fees the Company receives from its franchisees pursuant to the franchise agreements, the Company is required to provide certain services, such as training, marketing and the operation of reservation systems.

9. Restructuring Charges

During fourth quarter 2006, the Company recorded $10 million of restructuring charges, of which $8 million was incurred in connection with current restructuring initiatives within the Company's Truck Rental and Domestic Car Rental operations and $2 million represents a revision to an estimated charge recorded in connection with restructuring actions undertaken in first quarter 2005.

2006 Restructuring

During fourth quarter 2006, the Company committed to various strategic initiatives targeted principally at reducing costs, enhancing organizational efficiency and consolidating and rationalizing existing processes and facilities within its Budget Truck Rental and Domestic Car Rental operations. The more significant areas of cost reduction include the closure of the Budget Truck Rental headquarters and other facilities and reductions in staff. In connection with these initiatives, the Company recorded a restructuring charge of $8 million in 2006 with an additional $2 million to be recorded in 2007, for a total of $10 million, substantially all of which is anticipated to be cash. The 2007 charge of $2 million will be incurred by the Company's Truck Rental segment and represents various personnel related costs.

The initial recognition of the restructuring charge and the corresponding utilization from inception are summarized by category as follows:

	Personnel Related [a]	Facility Related [b]	Total
Initial charge	$ 4	$ 4	$ 8
Cash payments	-	(1)	(1)
Balance at December 31, 2006	$ 4	$ 3	$ 7

(a) The initial charge primarily represents severance benefits resulting from reductions in staff. The Company formally communicated the termination of employment to approximately 180 employees, representing a wide range of employee groups. As of December 31, 2006, the Company had terminated approximately 25 of these employees.

(b) The initial charge principally represents costs incurred in connection with facility closures and lease obligations resulting from the closure of the Truck Rental headquarters, consolidation of Truck Rental operations and the closure of other facilities within the Company's Domestic Car Rental operations.

Total restructuring charges are recorded as follows:

	Costs Incurred	Cash Payments	Liability as of December 31, 2006
Truck Rental	$ 6	$ (1)	$ 5
Domestic Car Rental	2	-	2
	$ 8	$ (1)	$ 7

2005 Restructuring

During first quarter 2005, the Company recorded $26 million of restructuring charges as a result of activities undertaken following the PHH spin-off and the initial public offering of Wright Express. The restructuring activities were targeted principally at reducing costs, enhancing organizational efficiency and consolidating and rationalizing existing processes and facilities. The more significant areas of cost reduction included the closure of a call center and field locations of the Company's Truck Rental business and reductions in staff within the Company's corporate functions. The initial charge recorded in the Company's Corporate and Other, Truck Rental and Domestic Car Rental segments amounted to $19 million, $5 million and $2 million, respectively. During fourth quarter 2006, the Company recorded a $2 million charge representing a revision to its original estimate of costs to exit a lease in connection with the closure of a truck rental facility in first quarter 2005. The remaining liability relating to these actions was $3 million at December 31, 2006 and primarily relates to obligations under terminated leases.

10. Income Taxes

The benefit from income taxes consists of the following:

	Year Ended December 31,		
	2006	2005	2004
Current			
Federal	$ (47)	$ 79	$ 141
State	21	15	(8)
Foreign	-	25	27
	(26)	119	160
Deferred			
Federal	(250)	(149)	(246)
State	21	(34)	23
Foreign	29	13	(1)
	(200)	(170)	(224)
Benefit from income taxes	$ (226)	$ (51)	$ (64)

Pretax income (loss) for domestic and foreign operations consists of the following:

	Year Ended December 31,		
	2006	2005	2004
Domestic	$ (756)	$ (135)	$ (64)
Foreign	79	73	71
Pretax income (loss)	$ (677)	$ (62)	$ 7

Current and non-current deferred income tax assets and liabilities are comprised of the following:

	As of December 31, 2006	As of December 31, 2005
Current deferred income tax assets:		
Litigation settlement and related liabilities	$ -	$ 41
Net operating loss carryforwards	-	138
State net operating loss carryforwards	-	11
Accrued liabilities and deferred income	48	179
Provision for doubtful accounts	6	9
Acquisition and integration-related liabilities	3	42
Other	1	6
Current deferred income tax assets	58	426
Current deferred income tax liabilities:		
Prepaid expenses	51	51
Current deferred income tax liabilities	51	51
Current net deferred income tax asset	$ 7	$ 375
Non-current deferred income tax assets:		
Net operating loss carryforwards	$ 30	$ 2
Foreign net operating loss carryforwards	20	28
State net operating loss carryforwards	113	60
Alternate minimum tax credit carryforward	102	132
Acquisition and integration-related liabilities	24	-
Accrued liabilities and deferred income	178	206
Other	-	38
Valuation allowance (*)	(81)	(59)
Non-current deferred income tax assets	386	407
Non-current deferred income tax liabilities:		
Depreciation and amortization	160	147
Non-current deferred income tax liabilities	160	147
Non-current net deferred income tax asset	$ 226	$ 260

(*) The valuation allowance of $81 million at December 31, 2006 relates to state net operating loss carryforwards and certain state deferred tax assets of $75 million and $6 million, respectively. The valuation allowance will be reduced when and if the Company determines that the related deferred income tax assets are more likely than not to be realized. If determined to be realizable, approximately $4 million of the valuation allowance for state net operating loss carryforwards would reduce goodwill.

Net deferred income tax liabilities related to vehicle programs are comprised of the following:

	As of December 31, 2006	As of December 31, 2005
Depreciation and amortization	$ 1,205	$ 1,130
Other	1	9
Net deferred income tax liabilities under vehicle programs	$ 1,206	$ 1,139

As of December 31, 2006, the Company had federal net operating loss carryforwards of approximately $87 million, which primarily expire in 2024. No provision has been made for U.S. federal deferred income taxes

on approximately $273 million of accumulated and undistributed earnings of foreign subsidiaries at December 31, 2006, since it is the present intention of management to reinvest the undistributed earnings indefinitely in those foreign operations. The determination of the amount of unrecognized U.S. federal deferred income tax liability for unremitted earnings is not practicable.

In December 2004, the FASB issued FASB Staff Position No. FAS 109-2, “Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004.” The American Jobs Creation Act of 2004, which became effective October 22, 2004, provides a one-time dividends received deduction on the repatriation of certain foreign earnings to a U.S. taxpayer, provided certain criteria are met. The Company has applied the provisions of this act to qualifying earnings repatriations through December 31, 2005. In December 2005, the Company repatriated $350 million of unremitted earnings, resulting in income tax expense of approximately $28 million, which is reflected within discontinued operations.

The Company’s effective income tax rate for continuing operations differs from the U.S. federal statutory rate as follows:

	As of December 31,		
	2006	**2005**	**2004**
Federal statutory rate	35.0%	35.0%	35.0%
State and local income taxes, net of federal tax benefits	2.1	36.9	89.0
Changes in valuation allowances	(4.3)	(18.4)	45.3
Taxes on foreign operations at rates different than U.S. federal statutory rates	(0.2)	(2.8)	(26.5)
Taxes on repatriated foreign income, net of tax credits	(0.1)	1.9	(28.4)
Resolution of prior years’ examination issues	3.5	29.8	(1,153.1)
Nondeductible expenses	(0.8)	(20.3)	156.2
Other	(1.8)	20.2	(31.8)
	33.4%	82.3%	(914.3)%

The Company is subject to income taxes in the United States and numerous foreign jurisdictions. Significant judgment is required in determining the Company’s worldwide provision for income taxes and recording the related assets and liabilities. In the ordinary course of business, there are many transactions and calculations where the ultimate tax determination is uncertain. The Company is regularly under audit by tax authorities. Accruals for tax contingencies are provided for in accordance with the requirements of SFAS No. 5, “Accounting for Contingencies.”

Pursuant to the Tax Sharing Agreement and Separation and Distribution Agreement, the Company is indemnified for all non-Avis Budget Car Rental tax contingencies. The company believes that its accruals for tax liabilities, including the indemnified liabilities outlined in the Tax Sharing and Separation and Distribution Agreements, 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 and the Internal Revenue Service (“IRS”) have settled the IRS examination for the Company’s taxable years 1998 through 2002. The Company was adequately reserved for this audit cycle and has reflected the results of that examination in the accompanying Consolidated Financial Statements. The IRS has begun to examine the Company's taxable years 2003 through 2006. Although the Company believes there is appropriate support for the positions taken on its tax returns, the Company has recorded liabilities representing the best estimates of the probable loss on certain positions. The Company believes that the accruals for tax liabilities are adequate for all open years, based on assessment of many factors including past experience and interpretations of tax law applied to the facts of each matter. Although the Company believes

the recorded assets and liabilities are reasonable, tax regulations are subject to interpretation and tax litigation is inherently uncertain; therefore, the Company's assessments can involve both a series of complex judgments about future events and rely heavily on estimates and assumptions. While the Company believes that the estimates and assumptions supporting the assessments are reasonable, the final determination of tax audits and any other related litigation could be materially different than that which is reflected in historical income tax provisions and recorded assets and liabilities.

The results of an audit or litigation related to these matters include a range of potential outcomes, which may involve material amounts. However, as discussed above, the Company has been indemnified for these matters by Realogy and Wyndham and therefore, does not expect such resolution to have a significant impact on its earnings, financial position or cash flows.

11. Other Current Assets

Other current assets consisted of:

	As of December 31,	
	2006	2005
Receivables from Realogy [(a)]	$ 572	$ -
Receivables from Wyndham [(a)]	393	-
Prepaid expenses	144	172
Other	155	62
	$ 1,264	$ 234

(a) Represents amounts due for services performed under the Transition Services Agreement and for certain contingent, income tax and other corporate liabilities assumed by Realogy and Wyndham in connection with the separation. These amounts are due from Realogy and Wyndham on demand upon the Company's settlement of the related liability. At December 31, 2006, there are corresponding liabilities recorded within accounts payable and other current liabilities (see Note 13—Accounts Payable and Other Current Liabilities).

12. Property and Equipment, net

Property and equipment, net consisted of:

	As of December 31,	
	2006	2005
Land	$ 50	$ 50
Buildings and leasehold improvements	337	286
Capitalized software	238	272
Furniture, fixtures and equipment	138	105
Buses and support vehicles	68	74
Projects in process	89	109
	920	896
Less: Accumulated depreciation and amortization	(434)	(380)
	$ 486	$ 516

Depreciation and amortization expense relating to property and equipment during 2006, 2005 and 2004 was $102 million, $112 million and $111 million, respectively (including $36 million, $36 million and $27 million, respectively, of amortization expense relating to capitalized computer software).

13. Accounts Payable and Other Current Liabilities

Accounts payable and other current liabilities consisted of:

	As of December 31,	
	2006	2005
Income taxes payable	$ 520	$ 776
Accrued payroll and related	244	279
Accounts payable	223	152
Accrued disposition costs	152	145
Public liability and property damage insurance liabilities [(a)]	116	125
Accrued legal settlements	71	313
Other	529	497
	$ 1,855	$ 2,287

(a) The non-current liability related to public liability and property damage insurance was $260 million and $297 million at December 31, 2006 and 2005, respectively.

14. Long-term Debt and Borrowing Arrangements

Long-term debt consisted of:

	Maturity Date	As of December 31,	
		2006	2005
Corporate debt:			
6 7/8% notes [(a)]	-	$ -	$ 850
4.89% notes [(a)]	-	-	100
6 1/4% notes [(a)]	-	-	798
6 1/4% notes [(a)]	-	-	349
7 3/8% notes [(a)]	-	-	1,192
7 1/8% notes [(a)]	-	-	250
Revolver borrowings [(b)]	-	-	7
Net hedging losses [(c)]		-	(47)
		-	3,499
Avis Budget Car Rental corporate debt:			
Floating rate term loan [(d)]	April 2012	838	-
Floating rate notes [(d)]	May 2014	250	-
7 5/8% notes [(d)]	May 2014	375	-
7 3/4% notes [(d)]	May 2016	375	-
		1,838	-
Other		4	9
Total long-term debt		1,842	3,508
Less: Current portion		29	975
Long-term debt		$ 1,813	$ 2,533

(a) In connection with the separation, the Company repaid these notes during third quarter 2006 (see below for further information).
(b) Outstanding borrowings at December 31, 2005 do not include $350 million of borrowings for which the Company's former Travelport subsidiary was the primary obligor. This amount is included within liabilities of discontinued operations on the accompanying Consolidated Balance Sheet at December 31, 2005.

(c) As of December 31, 2005, the balance represents $153 million of net mark-to-market adjustments on current interest rate hedges, partially offset by $106 million of net gains resulting from the termination of interest rate hedges. The Company repaid all of the outstanding debt associated with these derivatives and retired all such derivatives during third quarter 2006.

(d) In connection with the execution of the Company's separation plan, Avis Budget Car Rental borrowed $1,875 million in April 2006, which consisted of (i) $1 billion of unsecured fixed and floating rate notes and (ii) an $875 million secured floating rate term loan under a credit facility.

CORPORATE DEBT

In connection with the execution of its separation plan, during July 2006, the Company completed a tender offer for $2.6 billion of its corporate debt by redeeming approximately $2.5 billion aggregate principal amount of its 6 1/4% notes due in January 2008 and March 2010, 7 3/8% notes due in January 2013 and 7 1/8% notes due in March 2015 for cash of approximately $2.9 billion, including accrued interest. The Company redeemed the remaining portion of such corporate debt in third quarter 2006. In connection with such debt extinguishment, the Company recorded a pretax charge of $313 million during 2006. The Company also repaid an aggregate principal amount of $950 million due in August 2006 under the 6 7/8% and 4.89% notes during 2006.

On May 10, 2004, the Company's then outstanding 6 3/4% senior notes that formed a part of the Upper DECS, a hybrid instrument previously issued by the Company that consisted of both equity linked and debt securities, were successfully remarketed and the interest rate was reset to 4.89%. Each Upper DECS consisted of both a senior note and a forward purchase contract to purchase shares of the Company's common stock. In connection with such remarketing, during 2004, the Company purchased and retired $763 million of the senior notes for $778 million in cash and recorded a loss of $18 million on the early extinguishment. The forward purchase contract was settled on August 17, 2004 (see Note 17—Stockholders' Equity for more information on the forward purchase contract).

AVIS BUDGET CAR RENTAL CORPORATE DEBT

Floating Rate Term Loan

The Company's floating rate term loan was entered into in April 2006, has a six year term and bears interest at three month LIBOR plus 125 basis points. Quarterly installment payments are required for the first five and three quarter years with the remaining amount repayable in full at the end of the term. During 2006, the Company repaid $37 million of outstanding principal under the floating rate term loan.

Floating Rate Notes

The Company's floating rate notes were issued in April 2006 at 100% of their face value for aggregate proceeds of $250 million. The interest rate on these notes is equal to three month LIBOR plus 250 basis points. The Company has the right to redeem these notes in whole or in part at any time prior to May 15, 2008 at the applicable make-whole redemption price and, in whole or in part, at any time on or after May 15, 2008, at the applicable scheduled redemption price, plus in each case, accrued and unpaid interest through the redemption date. These notes are senior unsecured obligations and rank equally in right of payment with all the Company's existing and future senior indebtedness.

7 5/8% and 7 3/4% Notes

The Company's 7 5/8% and 7 3/4% notes were issued in April 2006 at 100% of their face value for aggregate proceeds of $750 million. The Company has the right to redeem the 7 5/8% and 7 3/4% notes in whole or in part at any time prior to May 15, 2010 and May 15, 2011, respectively, at the applicable make-whole redemption price and, in whole or in part, at any time on or after May 15, 2010 and May 15, 2011,

respectively, at the applicable scheduled redemption price, plus in each case, accrued and unpaid interest through the redemption date. These notes are senior unsecured obligations and rank equally in right of payment with all the Company's existing and future senior indebtedness.

DEBT MATURITIES

The following table provides contractual maturities of the Company's corporate debt at December 31, 2006:

Year	Amount
2007	$ 29
2008	9
2009	9
2010	9
2011	9
Thereafter	1,777
	$ 1,842

COMMITTED CREDIT FACILITIES AND AVAILABLE FUNDING ARRANGEMENTS

At December 31, 2006, 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
$1.5 billion revolving credit facility [(a)]	$ 1,500	$ -	$ 284	$ 1,216
Letter of credit facility [(b)]	303	-	295	8

(a) This secured revolving credit facility was entered into by Avis Budget Car Rental in April 2006, has a five year term and currently bears interest at one month LIBOR plus 125 basis points.
(b) Final maturity date is July 2010.

DEBT COVENANTS

The Company's debt agreements contain restrictive covenants, including restrictions on dividends paid to the Company by certain of its subsidiaries, the incurrence of indebtedness by the Company and certain of its subsidiaries, mergers, liquidations, and sale and leaseback transactions. The credit facility also requires the maintenance of certain financial ratios. As of December 31, 2006, the Company is not aware of any instances of non-compliance with such financial or restrictive covenants.

15. 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 December 31,	
	2006	2005
Debt due to Avis Budget Rental Car Funding	$4,511	$6,957
Budget Truck Financing:		
HFS Truck Funding program	-	149
Budget Truck Funding program	135	-
Capital leases	257	370
Other	367	433
	$5,270	$7,909

Avis Budget Rental Car Funding. Avis Budget Rental Car Funding, an unconsolidated bankruptcy remote qualifying special purpose limited liability company, issues private placement notes and uses the proceeds from such 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 these proceeds to acquire or finance the acquisition of vehicles used in the Company's rental car operations. As a result, AESOP Leasing's obligation to Avis Budget Rental Car Funding is reflected as related party debt on the Company's Consolidated Balance Sheets as of December 31, 2006 and 2005. The Company also recorded an asset within assets under vehicle programs on its Consolidated Balance Sheets at December 31, 2006 and 2005, which represents the equity issued to the Company by Avis Budget Rental Car Funding. The vehicles purchased by AESOP Leasing remain on the Company's Consolidated Balance Sheet as AESOP Leasing is consolidated by the Company. Such vehicles and related assets, which approximate $6.6 billion at December 31, 2006, collateralize the debt issued by Avis Budget Rental Car Funding and are not available to pay the obligations of the Company.

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 subsidiary 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 Consolidated Financial Statements. Borrowings under the Avis Budget Rental Car Funding program primarily represent floating rate term notes with a weighted average interest rate of 5%, 4% and 3% for 2006, 2005 and 2004, respectively.

Truck financing. Budget Truck financing consists of debt outstanding under the HFS Truck Funding program, the Budget Truck Funding program and capital leases. The Budget Truck Funding program is a debt facility established by the Company to finance the acquisition of the Budget truck rental fleet. The borrowings under the Budget Truck Funding program are collateralized by $136 million of corresponding assets and are floating rate term loans with a weighted average interest rate of 5% in 2006. The HFS Truck Funding program's floating rate term notes had a weighted average interest rate of 4% and 2% in 2005 and 2004, respectively. The Company terminated the HFS Truck Funding program in November 2006, at which time remaining obligations thereunder were repaid. The Company has also obtained a portion of its truck rental fleet under capital lease arrangements for which there are corresponding gross assets of $381 million and $434 million with accumulated amortization of $129 million and $70 million classified within vehicles, net on the Company's Consolidated Balance Sheets as of December 31, 2006 and 2005, respectively. Interest paid as part of capital lease obligations was $20 million and $14 million during 2006 and 2005, respectively.

Other. Borrowings under the Company's other vehicle rental programs represent amounts issued under financing facilities that provide for the issuance of notes to support the acquisition of vehicles used in the Company's international vehicle rental operations. The debt issued is collateralized by $726 million of vehicles and related assets and primarily represents floating rate bank loans and commercial paper for which the weighted average interest rate was 5%, 4% and 3% for 2006, 2005 and 2004, respectively.

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 December 31, 2006:

	Vehicle-Backed Debt	Capital Leases	Total
2007	$ 796	$ 95	$ 891
2008	1,728	122	1,850
2009	550	40	590
2010	1,036	-	1,036
2011	600	-	600
Thereafter	303	-	303
	$ 5,013	$ 257	$5,270

COMMITTED CREDIT FACILITIES AND AVAILABLE FUNDING ARRANGEMENTS

As of December 31, 2006, 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	$ 6,286	$ 4,511	$ 1,775
Budget Truck financing:			
Budget Truck Funding program	200	135	65
Capital leases	257	257	-
Other	1,104	367	737
	$ 7,847	$ 5,270	$ 2,577

[a] Capacity is subject to maintaining sufficient assets to collateralize debt.

DEBT COVENANTS

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 indebtedness of material subsidiaries, mergers, limitations on liens, liquidations, and sale and leaseback transactions, and also require the maintenance of certain financial ratios. As of December 31, 2006, the Company is not aware of any instances of non-compliance with such financial or restrictive covenants.

16. Commitments and Contingencies

Lease Commitments

The Company is committed to making rental payments under noncancelable operating leases covering various facilities and equipment. Future minimum lease payments required under noncancelable operating leases as of December 31, 2006 are as follows:

Year	Amount
2007	$ 393
2008	302
2009	208
2010	147
2011	102
Thereafter	635
	$ 1,787

Other than those within the Company's vehicle rental program, for which the future minimum lease payments have been reflected in Note 15—Debt Under Vehicle Programs and Borrowing Arrangements, commitments under capital leases are not significant. During 2006, 2005 and 2004, the Company incurred total rental expense of $561 million, $491 million and $454 million, respectively, inclusive of contingent rental expense of $142 million, $138 million and $97 million in 2006, 2005, and 2004, respectively, principally based on car rental volume. Included within the Company's total rental expense for 2006, 2005 and 2004 are concession fees paid by the Company in connection with agreements with various airport authorities that allow the Company to conduct its car rental operations on-site. In general, concession fees for airport locations are based on a percentage of total commissionable revenue (as determined by each airport authority), subject to minimum annual guaranteed amounts. Such fees, which amounted to $235 million, $211 million and $215 million during 2006, 2005 and 2004, respectively, are included within operating, net on the Company's Consolidated Statements of Operations.

Commitments to Purchase Vehicles

The Company maintains agreements with vehicle manufacturers which require the Company to purchase approximately $8.0 billion of vehicles from these manufacturers over the next two years (approximately $4.7 billion and $3.3 billion during 2007 and 2008, respectively). These commitments are subject to the vehicle manufacturers' satisfying their obligations under the repurchase and guaranteed depreciation agreements. The Company purchases the majority of its rental vehicles from a small number of vehicle manufacturers and its primary suppliers for the Avis and Budget brands are General Motors Corporation and Ford Motor Company, respectively. The purchase of such vehicles is financed through the issuance of debt under vehicle programs in addition to cash received upon the sale of vehicles primarily under repurchase and guaranteed depreciation programs.

Other Purchase Commitments

In the normal course of business, the Company makes various commitments to purchase goods or services from specific suppliers, including those related to capital expenditures. None of the purchase commitments made by the Company as of December 31, 2006 (aggregating approximately $31 million) was individually significant. These purchase obligations extend through 2007.

Contingencies

The Company is involved in litigation asserting claims associated with accounting irregularities discovered in 1998 at former CUC business units outside of the principal common stockholder class action litigation. While the Company has an accrued liability of approximately $30 million recorded on its Consolidated Balance Sheet as of December 31, 2006 for these claims based upon its best estimates, it does not believe that it is feasible to predict or determine the final outcome or resolution of any unresolved proceedings. Pursuant to the Separation Agreement, Realogy and Wyndham have assumed all liabilities related to this litigation, as described below.

In connection with the spin-offs of Realogy and Wyndham, the Company entered into the 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 (or, in certain cases, a portion thereof) from 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 Liability, 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. Realogy and Wyndham have also

agreed to guarantee each other's as well as the Company's obligation under each entity's deferred compensation plans for amounts deferred in respect of 2005 and earlier years.

The Company does not believe that the impact of any unresolved proceedings constituting an Assumed Liability related to the CUC accounting irregularities 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 as well as other liabilities related to the Company's litigation that is not related to its vehicle rental operations, as discussed and further described above. Such litigation assumed by Realogy and Wyndham includes litigation which was retained by the Company in connection with the sale of its former Marketing Services division and a dispute regarding expenses related to a settled breach of contract claim.

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 contract disputes, business practices, intellectual property, environmental issues and other commercial, employment and tax matters, including breach of contract 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 effect 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 have a material adverse effect on the Company's results of operations or cash flows in a particular reporting period. During February 2006, the Company settled a litigation matter with respect to claims made by the purchaser of a business sold by Avis prior to the Company's acquisition of Avis in 2001. The amount awarded for the settlement had been fully reserved for in connection with the acquisition. The cash outflow of $95 million associated with such settlement is recorded within the net assets acquired and acquisition-related payments line item on the accompanying Consolidated Statement of Cash Flows.

Standard Guarantees/Indemnifications

In the ordinary course of business, the Company enters into numerous agreements that contain standard guarantees and indemnities whereby the Company indemnifies another party for breaches of representations and warranties. In addition, many of these parties are also indemnified against any third party claim resulting from the transaction that is contemplated in the underlying agreement. Such guarantees or indemnifications are granted under various agreements, including those governing (i) purchases, sales or outsourcing of assets or businesses, (ii) leases of real estate, (iii) licensing of trademarks, (iv) access to credit facilities and use of derivatives and (v) issuances of debt or equity securities. The guarantees or indemnifications issued are for the benefit of the (i) buyers in sale agreements and sellers in purchase agreements, (ii) landlords in lease contracts, (iii) franchisees in licensing agreements, (iv) financial institutions in credit facility arrangements and derivative contracts, and (v) underwriters in debt or equity security issuances. While some of these guarantees extend only for the duration of the underlying agreement, many survive the expiration of the term of the agreement or extend into perpetuity (unless subject to a legal statute of limitations). There are no specific limitations on the maximum potential amount of future payments that the Company could be required to make under these guarantees, nor is the Company able to develop an estimate of the maximum potential amount of future payments to be made under these guarantees as the triggering events are not subject to predictability. With respect to certain of the aforementioned guarantees, such as indemnifications of landlords against third party claims for the use of real estate property leased by the Company, the Company maintains insurance coverage that mitigates any potential payments to be made.

Other Guarantees

The Company has provided certain guarantees to subsidiaries of Realogy, Wyndham and Travelport which, as previously discussed, were disposed during third quarter 2006. These guarantees relate primarily to various real estate and product operating leases. The maximum potential amount of future payments that the Company may be required to make under the guarantees relating to the various real estate and product

operating leases is estimated to be approximately $440 million. At December 31, 2006, the liability recorded by the Company in connection with these guarantees was $7 million. To the extent that the Company would be required to perform under any of these guarantees, Realogy and Wyndham have agreed to indemnify the Company.

The Company has provided certain guarantees to subsidiaries of PHH, which, as previously discussed, was spun-off during first quarter 2005. These guarantees relate primarily to various real estate and product operating leases. The maximum potential amount of future payments that the Company may be required to make under the guarantees relating to the various real estate and product operating leases is estimated to be approximately $25 million. At December 31, 2006, the liability recorded by the Company in connection with these guarantees was $1 million. To the extent that the Company would be required to perform under any of these guarantees, PHH has agreed to indemnify the Company.

In connection with the Company's disposition of its Marketing Services division ("MSD"), the Company agreed to provide certain indemnifications related to, among other things, litigation matters related to various suits brought against MSD by individual consumers and state regulatory authorities seeking monetary and/or injunctive relief regarding the marketing of certain membership programs and inquiries from state regulatory authorities related to such programs. Such indemnification entitles the purchaser to reimbursement for a portion of the actual losses suffered by it in regards to such matters. In addition, pursuant to a number of post-closing commercial arrangements entered into between certain of the Company's subsidiaries and MSD, the Company also agreed to provide a minimum number of call transfers to certain MSD subsidiaries, as well as retaining pre-existing guarantee obligations for certain real estate operating lease obligations on behalf of certain MSD subsidiaries. The Company established a liability for the estimated fair value of these guarantees in the amount of approximately $100 million on the sale date, which reduced the gain on the transaction recorded within discontinued operations. The maximum potential amount of future payments to be made under these guarantees is approximately $340 million excluding one litigation matter for which there is no limitation to the maximum potential amount of future payments.

Realogy and Wyndham have agreed to assume responsibility for the Company's liabilities relating to PHH and the former Marketing Services division.

17. Stockholders' Equity

Dividend Payments

On July 31, 2006, the Company distributed all of the common stock of Realogy and Wyndham to its stockholders and recorded a resulting $7.0 billion reduction to stockholders' equity. The dividend of Realogy and Wyndham is subject to further revision due to various factors, including the resolution of contingent and other liabilities for which the Company is indemnified by Realogy and Wyndham. During 2006, the Company paid cash dividends of $113 million ($1.10 per share in first quarter). During 2005, the Company paid cash dividends of $423 million ($0.90 per share in first and second quarters and $1.10 per share in third and fourth quarters). During 2004, the Company paid cash dividends of $333 million ($0.70 per share in first and second quarters and $0.90 per share in third and fourth quarters). Such per share dividend amounts have been adjusted for the 1-for-10 reverse stock split of the Company's common stock, which became effective September 5, 2006.

Share Repurchases

During 2006, the Company used $221 million of available cash and $22 million of proceeds primarily received in connection with option exercises to repurchase $243 million of common stock under its former common stock repurchase program. During 2005, the Company used $1.1 billion of available cash and $289 million of proceeds primarily received in connection with option exercises to repurchase approximately $1.3 billion of common stock under its

former common stock repurchase program. During 2004, the Company used $756 million of available cash and $567 million of proceeds primarily received in connection with option exercises to repurchase approximately $1.3 billion of common stock under its former common stock repurchase program.

Share Issuances

During first quarter 2004, the Company announced its intention to redeem its $430 million then-outstanding zero coupon senior convertible contingent notes for cash. As a result, holders had the right to convert their notes into shares of Cendant common stock. Virtually all holders elected to convert their notes. Accordingly, the Company issued approximately 2.2 million shares in exchange for approximately $430 million in notes (carrying value) during February 2004. The Company used the cash that otherwise would have been used to redeem these notes to repurchase shares in the open market.

On August 17, 2004, the forward purchase contracts that formed a portion of the Company's Upper DECS securities settled pursuant to the terms of such contracts. Accordingly, the Company issued approximately 3.8 million shares in exchange for $863 million in cash and recorded an increase of $863 million to stockholders' equity.

3 7/8% Convertible Senior Debentures Call Spread Options

During 2004, the Company redeemed its former 3 7/8% convertible senior debentures for cash. However, holders could have elected to convert each $1,000 par value debenture into 4.2 shares of Cendant common stock (3.3 million shares in the aggregate). In order to offset a portion of the dilution that would have occurred if the holders elected to convert their debentures, the Company purchased call spread options on April 30, 2004 covering 1.6 million of the 3.3 million shares issuable upon conversion. The call spread options, which expired unexercised in fourth quarter 2004, and which cost $23 million, were accounted for as a capital transaction and included as a component of stockholders' equity.

Accumulated Other Comprehensive Income

The after-tax components of accumulated other comprehensive income are as follows:

	Currency Translation Adjustments (*)	Unrealized Gains (Losses) on Cash Flow Hedges	Unrealized Gains (Losses) on Available-for-Sale Securities	Minimum Pension Liability Adjustment	Accumulated Other Comprehensive Income (Loss)
Balance, January 1, 2004	$ 224	$ (3)	$ 46	$ (58)	$ 209
Current period change	84	23	(30)	(12)	65
Balance, December 31, 2004	308	20	16	(70)	274
Effect of PHH spin-off	(12)	(5)	(1)	7	(11)
Current period change	(219)	28	(15)	(17)	(223)
Balance, December 31, 2005	77	43	-	(80)	40
Effect of dispositions	(223)	-	-	46	(177)
Current period change	213	(13)	-	5	205
Balance, December 31, 2006	$ 67	$ 30	$ -	$ (29)	$ 68

(*) Assets and liabilities of foreign subsidiaries having non-U.S.-dollar functional currencies are translated at exchange rates at the Consolidated Balance Sheet dates. Revenues and expenses are translated at average exchange rates during the periods presented. The gains or losses resulting from translating foreign currency financial statements into U.S. dollars, net of hedging gains or losses and taxes, are included in accumulated other comprehensive income. Gains or losses resulting from foreign currency transactions are included in the Consolidated Statements of Operations.

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

18. Stock-Based Compensation

The Company may grant stock options, stock appreciation rights, restricted shares and restricted stock units ("RSUs") to its employees, including directors and officers of the Company and its affiliates. Beginning in 2003, the Company changed the method by which it provides stock-based compensation to its employees by significantly reducing the number of stock options granted and instead, issuing RSUs as a form of compensation. Additionally, in 2006, the Company began to issue stock settled stock appreciation rights ("SARs") to certain executives. The Company is authorized to grant up to 33 million shares of its common stock under its active stock plans and at December 31, 2006, approximately 13 million shares were available for future grants under the terms of these plans. The Company may settle employee stock option exercises with treasury shares. The Company issues shares related to vested RSUs from treasury shares.

Stock Options

Following the spin-offs of Realogy and Wyndham, all previously outstanding time and performance vesting and time vesting stock options vested and converted into stock options of Avis Budget, Realogy and Wyndham. Although no stock options were granted during 2006, the Company may grant stock options that vest based on performance and/or time vesting criteria. The predetermined performance criteria determine the number of options that will ultimately vest and are based on growth in earnings before taxes and certain revenue metrics over varying periods of three to four years.

The annual activity of the Company's common stock option plans consisted of (in thousands of shares):

	2006		2005		2004	
	Number of Options	Weighted Average Exercise Price [e]	Number of Options	Weighted Average Exercise Price [e]	Number of Options	Weighted Average Exercise Price [e]
Balance at beginning of year	12,890	$ 27.12	15,071	$ 26.73	18,823	$ 25.80
Granted at fair market value [a]	-	-	100	30.55	318	34.66
Granted in connection with PHH spin-off [b]	-	-	627	(*)	-	-
Exercised [c]	(576)	15.69	(2,380)	17.01	(3,787)	21.90
Forfeited	(1,277)	31.36	(528)	30.32	(283)	28.98
Balance at end of year [d]	11,037	27.22	12,890	27.12	15,071	26.73

(*) Not meaningful.
(a) Reflects the maximum number of options assuming achievement of all performance and time vesting criteria.
(b) As a result of the spin-off of PHH, the Company granted incremental options and reduced the exercise price of each stock option.
(c) Stock options exercised during 2006, 2005 and 2004 had intrinsic value of $23 million, $223 million and $335 million, respectively.
(d) As of December 31, 2006, the Company's outstanding "in-the-money" stock options had aggregate intrinsic value of $20 million. Aggregate unrecognized compensation expense related to outstanding stock options was zero as of December 31, 2006.
(e) As a result of the spin-offs of Realogy and Wyndham on July 31, 2006, the exercise price of each option was adjusted downward by a proportionate value. Such amounts were then revised to reflect the one-for-ten reverse stock split, which became effective on September 5, 2006.

The table below summarizes information regarding the Company's outstanding and exercisable stock options as of December 31, 2006 (in thousands of shares):

	Outstanding and Exercisable Options [*]		
Range of Exercise Prices	Number of Options	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
Less than $20.00	2,984	5.2	$ 14.92
$20.01 to $25.00	308	5.2	22.04
$25.01 to $30.00	4,549	2.5	27.33
$30.01 to $35.00	1,581	2.3	32.19
$35.01 and above	1,615	1.0	45.80
	11,037	3.4	27.22

[*] All outstanding stock options vested in connection with the completion of the separation.

The weighted-average grant-date fair value of common stock options granted during 2005 and 2004 was $5.89 and $6.90, respectively. The fair values of these stock options are estimated on the dates of grant using the Black-Scholes option-pricing model with the following weighted average assumptions for common stock options granted in 2005 and 2004:

	2005	2004
Dividend yield	1.7%	1.5%
Expected volatility	30.0%	30.0%
Risk-free interest rate	3.8%	4.0%
Expected holding period (years)	5.5	5.5

Restricted Stock Units

RSUs currently granted by the Company entitle the employee to receive one share of Avis Budget common stock upon vesting, which occurs ratably over a four-year period for the majority of currently outstanding RSUs. The Company also employs performance and time vesting criteria for RSU grants made to certain of the Company's executives. The predetermined performance criteria determine the number of RSUs that will ultimately vest and are based on growth in earnings before taxes and certain revenue metrics over varying periods of three to four years. The number of performance-based RSUs that will ultimately vest may range from 0% to 100% of the target award. The annual activity related to the Company's RSU plan consisted of (in thousands of shares):

	2006 Number of RSUs [*]	2005 Number of RSUs [*]	2004 Number of RSUs [*]
Balance at beginning of year	2,299	1,618	647
Granted at fair market value [a]	1,799	1,402	1,255
Granted in connection with PHH spin-off [b]	-	77	-
Vested [c]	(1,129)	(341)	(153)
Canceled [c]	(1,195)	(457)	(131)
Balance at end of year [d]	1,774	2,299	1,618

[*] Weighted average grant date prices are not meaningful due to the impact of the separation on the weighted average grant price of RSUs. The weighted average grant price of RSUs granted subsequent to the spin-offs of Realogy and Wyndham and those outstanding at December 31, 2006 is $24.33.

(a) Reflects the maximum number of RSUs assuming achievement of all performance and time vesting criteria.
(b) As a result of the spin-off of PHH, the closing price of Cendant common stock was adjusted downward on January 31, 2005. In order to provide an equitable adjustment to holders of its RSUs, the Company granted incremental RSUs to achieve a balance of 1.0477 RSUs outstanding subsequent to the spin-off for each RSU outstanding prior to the spin-off.
(c) As a result of the Company's separation, approximately 1.2 million RSUs were cancelled during third quarter 2006. Also, as a result of the Company's separation, approximately 1.1 million RSUs vested and converted into shares of Avis Budget common stock, Realogy common stock and Wyndham common stock.
(d) As of December 31, 2006, the Company's outstanding RSUs had aggregate intrinsic value of $38 million and unrecognized compensation expense of $37 million, which will be recognized over the remaining vesting period of the respective award.

Stock Appreciation Rights

SARs are settled in Company stock, have a seven-year term, and vest ratably over a four-year period or after three years, with no graded vesting prior thereto. The Company's policy is to grant SARs with exercise prices at then-current fair market value. At December 31, 2006, the Company had approximately 0.5 million SARs outstanding with a weighted average grant-date fair value of $9.05. The fair value of these SARs is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions for SARs granted during 2006: dividend yield–0%; expected volatility–32.9%; risk-free interest rate–4.9% and holding period–4.9 years.

Compensation Expense

The Company records compensation expense for all outstanding employee stock awards. The Company's policy is to record compensation expense related to the issuance of stock options and SARs to its employees on a straight-line basis over the vesting period of the award and based on the estimated number of stock options or SARs the Company believes it will ultimately provide. The Company records amortization expense of the deferred compensation related to RSUs on a straight-line basis over the remaining vesting periods of the respective RSUs and based on the estimated performance goals the Company believes it will ultimately achieve. Currently, all stock-based compensation expense associated with time and performance based awards is predicated on achievement of established performance targets.

The Company recorded pretax stock-based compensation expense of $93 million, $25 million and $13 million ($57 million, $15 million and $8 million, after tax) during 2006, 2005 and 2004, respectively, related to employee stock awards that were granted or modified by the Company. The expense recorded in 2006 includes a pretax charge of $79 million primarily related to the accelerated vesting of previously outstanding RSUs and equitable adjustments related to previously outstanding stock options, as a result of the separation of the Company in third quarter 2006. The expense recorded in 2005 includes $5 million related to the accelerated vesting of restricted stock units of individuals terminated in connection with the Company's 2005 restructuring initiatives (see Note 9—Restructuring Charges). Such pretax stock-based compensation expense is recorded within selling, general and administrative expenses on the accompanying Consolidated Statements of Operations except amounts incurred in connection with the 2006 accelerated vesting of RSUs and stock options related to the Company's separation (which are recorded within the separation costs line item) and the 2005 restructuring-related charge (which is recorded in the restructuring charges line item).

The Company also recorded pretax stock-based compensation expense of $134 million, $54 million and $35 million ($83 million, $33 million and $22 million, after tax) during 2006, 2005 and 2004, respectively, within discontinued operations. The expense recorded in 2006 includes a pretax charge of $104 million, primarily related to the accelerated vesting of previously outstanding RSUs and equitable adjustments related to previously outstanding stock options, as a result of the separation of the Company.

The effect on net income and earnings per share for 2004 if the Company had applied the fair value based method to all employee stock awards granted (including those granted prior to January 1, 2003 for which the Company has not recorded compensation expense) is as follows:

Reported net income	$2,091
Add back: Stock-based employee compensation expense included in reported net income, net of tax	29
Less: Total stock-based employee compensation expense determined under fair value based method for all awards, net of tax	(31)
Pro forma net income	$2,089
Earnings per share:	
Reported	
Basic	$20.29
Diluted	19.66
Pro forma	
Basic	$20.27
Diluted	19.64

As of January 1, 2005, the Company recorded compensation expense for all outstanding employee stock awards; accordingly, pro forma information is not presented subsequent to December 31, 2004.

19. Employee Benefit Plans

Defined Contribution Savings Plans

The Company sponsors several defined contribution savings plans that provide certain eligible employees of the Company an opportunity to accumulate funds for retirement. The Company matches the contributions of participating employees on the basis specified by the plans. The Company's cost for contributions to these plans was $23 million, $20 million and $25 million during 2006, 2005 and 2004, respectively.

Defined Benefit Pension Plans

The Company sponsors domestic non-contributory defined benefit pension plans covering certain eligible employees and contributory defined benefit pension plans in certain foreign subsidiaries with participation in the plans at the employees' option. Under both the domestic and foreign plans, benefits are based on an employee's years of credited service and a percentage of final average compensation. However, the majority of such plans are frozen and no longer accruing benefits.

As discussed in Note 2-Summary of Significant Accounting Policies, the Company adopted SFAS No. 158 as of December 31, 2006. As a result of the adoption of the provisions of SFAS No. 158, the Company recorded a pre-tax charge of $6 million ($4 million, after tax) within stockholders' equity and a $6 million reduction in pension assets.

The components of net periodic benefit cost are as follows:

	For the Year Ended December 31,		
	2006	2005	2004
Service cost	$ 2	$ 2	$ -
Interest cost	13	9	5
Expected return on plan assets	(14)	(11)	(7)
Amortization of unrecognized amounts	5	4	2
Net periodic benefit cost	$ 6	$ 4	$ -

The Company uses a measurement date of December 31 for its pension plans. The funded status of the Company's defined benefit pension plans as of December 31, 2006 and 2005 was as follows:

Change in Benefit Obligation	**2006**	**2005**
Benefit obligation at end of prior year	$176	$160
Service cost	2	2
Interest cost	11	9
Plan amendments	1	-
Actuarial loss	10	11
Net benefits paid	(7)	(6)
Benefit obligation at end of current year	193	176
Change in Plan Assets		
Fair value of assets at end of prior year	144	139
Actual return on plan assets	13	6
Employer contributions	6	5
Net benefits paid	(7)	(6)
Fair value of assets at end of current year	$156	$144
Funded status at end of year	$ (37)	$ (32)
Unrecognized prior service cost		4
Unrecognized net transition obligation [a]		(2)
Unrecognized actuarial loss		46
Prepaid pension cost		16
Additional liability [a]		(45)
Net amounts recognized in the consolidated balance sheets		$ (29)
Amounts recognized in the consolidated balance sheets:		
Prepaid pension cost	$ -	$ 16
Other assets	-	4
Pension liabilities	(37)	(8)
Accumulated other comprehensive loss [b]	-	(41)
Net amounts recognized in the consolidated balance sheets	$ (37)	$ (29)

(a) Disclosure is not applicable as a result of SFAS No. 158.
(b) Does not include charges related to discontinued operations at December 31, 2005.

The following assumptions, calculated on a weighted-average basis, were used to determine pension obligations and pension costs for the principal plans in which the Company's employees participated:

	For the Year Ended December 31,		
	2006	2005	2004
Discount rate:			
Net periodic benefit cost	5.50%	5.75%	6.00%
Benefit obligation	5.75%	5.50%	6.00%
Long-term rate of return on plan assets	8.25%	8.25%	8.50%

To select a discount rate for its defined benefit pension plans, the Company uses a modeling process that involves matching the expected cash outflows of such plan, to a yield curve constructed from a portfolio of AA rated fixed-income debt instruments. The Company uses the average yield of this hypothetical portfolio as a discount rate benchmark.

The Company's expected rate of return on plan assets of 8.25% is a long term rate based on historic plan asset returns over varying long term periods combined with current market conditions and broad asset mix considerations. The expected rate of return is a long term assumption and generally does not change annually.

As of December 31, 2006 substantially all of the Company's defined benefit pension plans had a projected benefit obligation in excess of the fair value of plan assets. The Company expects to contribute approximately $8 million to these plans in 2007.

The Company's pension plan assets were $156 million and $144 million as of December 31, 2006 and 2005, respectively. The Company's plan assets are managed by independent investment advisors with the objective of maximizing returns with a prudent level of risk. The Company's plan assets, which consist principally of equity and fixed income securities of U.S. and foreign issuers, were as follows at December 31, 2006.

Asset Category	
Equity	62%
Fixed Income	35%
Real Estate	3%

The Company estimates that future benefit payments from plan assets will be $8 million, $8 million, $8 million, $9 million, $9 million and $54 million for 2007, 2008, 2009, 2010, 2011 and 2011 to 2016, respectively.

20. Financial Instruments

Risk Management

Following is a description of the Company's risk management policies.

Foreign Currency Risk. The Company uses foreign currency 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 British pound, Canadian dollar, Australian dollar and New Zealand dollar. The majority of forward contracts utilized by the Company do not qualify for hedge accounting treatment under SFAS No. 133. The fluctuations in the value of these forward contracts do, however, largely offset the impact of changes in the value of the underlying risk that they are intended to economically hedge. Forward contracts that are used to hedge certain 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 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 2006, 2005 and 2004 was not material, nor is the amount of gains or losses the Company expects to reclassify from other comprehensive income to earnings over the next 12 months.

Interest Rate Risk. The Company uses various hedging strategies including interest rate swaps designated as cash flow hedges to create an appropriate mix of fixed and floating rate assets and liabilities. In connection with such cash flow hedges, the Company recorded a net loss of $7 million during 2006 to other comprehensive income. In connection with its previously outstanding corporate debt, which was repaid in third quarter 2006, the derivative instruments used in these hedging strategies included swaps and instruments with purchased option features designated as either fair value hedges or freestanding derivatives. The fair value hedges were perfectly effective resulting in no net impact on the Company's consolidated results of operations during 2006, 2005 and 2004, except to create the accrual of interest expense at variable rates. During 2006 and 2004 the freestanding derivatives had a nominal impact on the Company's results of operations. In 2005, these derivatives resulted in $12 million of expenses to the Company's consolidated results of operations. Through 2004, the Company terminated certain of its fair value hedges and amortized resulting net gains over the lives of the formerly hedged items as a component of interest expense. During 2006, the Company repaid all outstanding debt associated with such terminated hedges and at such time recognized related unamortized gains as a component of the early extinguishment of debt line item on the accompanying Consolidated Statement of Operations. During 2005 and 2004, the Company recorded $32 million and $33 million, respectively, of such amortization.

The derivatives used to manage the risk associated with the Company's floating rate debt include freestanding derivatives and derivatives designated as cash flow hedges, which had maturities ranging from April 2007 to July 2012. In connection with such cash flow hedges, the Company recorded net gains (losses) of $(5) million, $39 million and $31 million during 2006, 2005 and 2004, respectively, to other comprehensive income. Such amounts include gains (losses) related to the Company's continuing operations of $(5) million for 2006 and $27 million for 2005 and 2004. The after-tax amount of gains or losses reclassified from accumulated other comprehensive income (loss) to earnings resulting from ineffectiveness or from excluding a component of the derivatives' gain or loss from the effectiveness calculation for cash flow hedges for 2006 and 2005 was not material to the Company's results of operations. In 2004, the Company terminated certain derivatives associated with its vehicle-backed debt and reclassified $12 million of gains ($8 million, net of tax) from accumulated other comprehensive income to income. The Company estimates that $32 million of pretax gains deferred in accumulated other comprehensive income will be recognized in earnings in 2007, which is expected to be offset in earnings by the impact of the hedged items. In 2006 and 2005, the Company recorded a gain of $5 million and $1 million, respectively, related to freestanding derivatives. During 2004, such freestanding derivatives had a nominal impact on the Company's results of operations.

Commodity Risk. The Company is also exposed to changes in commodity prices, which consist primarily of unleaded gasoline. In fourth quarter 2006, the Company purchased derivative commodity instruments to manage the risk of changes in unleaded gasoline prices. These instruments are designated as freestanding derivatives and had a nominal impact on the Company's results of operations in 2006.

Credit Risk and Exposure. The Company is exposed to counterparty credit risks in the event of nonperformance by counterparties to various agreements and sales transactions. The Company manages such risk by evaluating the financial position and creditworthiness of such counterparties and by requiring collateral in certain instances in which financing is provided. The Company mitigates counterparty credit risk associated with its derivative contracts by monitoring the amount for which it is at risk with each counterparty to such contracts, periodically evaluating counterparty creditworthiness and financial position, and where possible, dispersing its risk among multiple counterparties.

There were no significant concentrations of credit risk with any individual counterparties or groups of counterparties at December 31, 2006 or 2005 other than (i) risks related to the Company's repurchase and guaranteed depreciation agreements with General Motors Corporation and Ford Motor Company with respect to program cars that were sold and returned to the car manufacturers but for which the Company has not yet received payment (see Note 2—Summary of Significant Accounting Policies) and (ii) receivables from Realogy and Wyndham related to certain contingent, income tax and other corporate liabilities assumed by Realogy and Wyndham in connection with the separation.

Concentrations of credit risk associated with trade receivables are considered minimal due to the Company's diverse customer base. Bad debts have been minimal historically. The Company does not normally require collateral or other security to support credit sales.

Fair Value

The fair value of 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 cases where quoted market prices are not available, fair value is based on estimates using present value or other valuation techniques, as appropriate. The carrying amounts of cash and cash equivalents, 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 all other financial instruments at December 31, are as follows:

	2006		2005	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Assets				
Investments in Affinion	$ 98	$ 139	$ 86	$ 86
Corporate debt and Avis Budget Car Rental Corporate debt				
Current portion of long-term debt	29	29	975	984
Long-term debt	1,813	1,775	2,533	2,718
Interest rate swaps (*)	-	-	(153)	(153)
Debt under vehicle programs				
Vehicle-backed debt due to Avis Budget Rental Car Funding	4,511	4,505	6,957	6,931
Vehicle-backed debt	744	739	931	931
Interest rate swaps and other derivatives (*)	(15)	(15)	(21)	(21)
Derivatives (*)	(7)	(7)	(14)	(14)

(*) Derivative instruments in gain (loss) positions.

21. 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 to 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, non-vehicle interest and income taxes. The Company's presentation of EBITDA may not be comparable to similarly-titled measures used by other companies.

Year Ended December 31, 2006

	Domestic Car Rental	International Car Rental	Truck Rental	Corporate and Other [c]	Total
Net revenues [a]	$ 4,395	$ 761	$ 472	$ 61	$ 5,689
Vehicle depreciation and lease charges, net	1,145	178	93	-	1,416
Vehicle interest, net	272	22	26	-	320
EBITDA	214	111	45	(393)	(23)
Non-vehicle depreciation and amortization	78	6	2	19	105
Segment assets exclusive of assets under vehicle programs	3,096	919	314	1,242	5,571
Assets under vehicle programs	6,400	798	502	-	7,700
Capital expenditures	63	18	2	12	95

Year Ended December 31, 2005

	Domestic Car Rental	International Car Rental	Truck Rental	Corporate and Other [c]	Total
Net revenues [a]	$ 4,109	$ 661	$ 546	$ 84	$ 5,400
Vehicle depreciation and lease charges, net	1,022	144	72	-	1,238
Vehicle interest, net	271	13	25	-	309
EBITDA	225	111	103	(213)	226
Non-vehicle depreciation and amortization	73	5	2	36	116
Segment assets exclusive of assets under vehicle programs [b]	2,993	876	318	1,294	5,481
Assets under vehicle programs	7,217	771	512	-	8,500
Capital expenditures	75	11	2	58	146

Year Ended December 31, 2004

	Domestic Car Rental	International Car Rental	Truck Rental	Corporate and Other [c]	Total
Net revenues [a]	$ 3,658	$ 534	$ 517	$ 111	$4,820
Vehicle depreciation and lease charges, net	848	100	40	-	988
Vehicle interest, net	219	8	17	-	244
EBITDA	265	97	105	(76)	391
Non-vehicle depreciation and amortization	65	4	4	42	115
Capital expenditures	71	11	2	37	121

(a) Inter-segment net revenues were not significant to the net revenues of any one segment.
(b) Excludes assets of discontinued operations.
(c) Includes the results of operations of the Company's non-strategic businesses, unallocated corporate overhead and the elimination of transactions between segments.

Provided below is a reconciliation of EBITDA to income (loss) before income taxes.

	Year Ended December 31,		
	2006	2005	2004
EBITDA	$ (23)	$226	$391
Less: Non-vehicle related depreciation and amortization	105	116	115
Interest expense related to corporate debt, net	236	172	251
Early extinguishment of debt	313	-	18
Income (loss) before income taxes	$(677)	$ (62)	$ 7

The geographic segment information provided below is classified based on the geographic location of the Company's subsidiaries.

	United States	All Other Countries	Total
2006			
Net revenues	$4,928	$ 761	$5,689
Segment assets exclusive of assets under vehicle programs*	4,652	919	5,571
Assets under vehicle programs	6,902	798	7,700
Net property and equipment	442	44	486
2005			
Net revenues	$4,739	$ 661	$5,400
Segment assets exclusive of assets under vehicle programs*	4,605	876	5,481
Assets under vehicle programs	7,729	771	8,500
Net property and equipment	483	33	516
2004			
Net revenues	$4,286	$ 534	$4,820

(*) Excludes assets of discontinued operations.

22. Selected Quarterly Financial Data—(unaudited)

Provided below are selected unaudited quarterly financial data for 2006 and 2005.

The underlying diluted per share information is calculated from the weighted average common and common stock equivalents outstanding during each quarter, which may fluctuate based on quarterly income levels, market prices and share repurchases. Therefore, the sum of the quarters' per share information may not equal the total year amounts presented on the Consolidated Statements of Operations.

	2006 [a]			
	First	Second [b]	Third	Fourth
Net revenues				
Domestic Car Rental	$1,044	$ 1,132	$ 1,190	$ 1,029
International Car Rental	174	178	222	187
Truck Rental	101	129	141	101
Corporate and Other	18	15	13	15
	$1,337	$ 1,454	$ 1,566	$ 1,332
EBITDA				
Domestic Car Rental	$ 31	$ 74	$ 57	$ 52
International Car Rental	23	19	44	25
Truck Rental	1	18	20	6
Corporate and Other	(66)	(96)	(194)	(37)
	(11)	15	(73)	46
Less: Non-vehicle related depreciation and amortization	27	28	25	25
Interest expense related to corporate debt, net	60	97	363	29
Loss before income taxes	$ (98)	$ (110)	$ (461)	$ (8)
Income (loss) from continuing operations	$ (66)	$ (64)	$ (325)	$ 4
Income (loss) from discontinued operations, net of tax	215	317	(54)	-
Loss on disposal of discontinued operations, net of tax	(15)	(1,307)	(634)	(1)
Cumulative effect of accounting change, net of tax	(64)	-	-	-
Net income (loss)	$ 70	$ (1,054)	$(1,013)	$ 3
Per share information:				
Basic				
Income (loss) from continuing operations	$ (0.66)	$ (0.64)	$ (3.23)	$ 0.04
Income (loss) from discontinued operations	2.14	3.17	(0.54)	-
Loss on disposal of discontinued operations	(0.15)	(13.05)	(6.30)	(0.02)
Cumulative effect of accounting change, net of tax	(0.63)	-	-	-
Net income (loss)	$ 0.70	$ (10.52)	$(10.07)	$ 0.02
Weighted average shares	100.6	100.1	100.6	101.1
Diluted				
Income (loss) from continuing operations	$ (0.66)	$ (0.64)	$ (3.23)	$ 0.04
Income (loss) from discontinued operations	2.14	3.17	(0.54)	-
Loss on disposal of discontinued operations	(0.15)	(13.05)	(6.30)	(0.02)
Cumulative effect of accounting change, net of tax	(0.63)	-	-	-
Net income (loss)	$ 0.70	$ (10.52)	$(10.07)	$ 0.02
Weighted average shares	100.6	100.1	100.6	101.6
Avis Budget common stock market prices:				
High	$23.36	$ 23.71	$ 24.40	$ 22.62
Low	$20.29	$ 20.45	$ 17.30	$ 18.59

(a) EBITDA for first, second, third and fourth quarter 2006 includes $25 million, $31 million, $167 million and $38 million, respectively, of separation costs.

(b) Loss on disposal of discontinued operations reflects the correction of an error related to the impairment charge on the disposal of Travelport. The effect of the correction was to recognize an additional loss of $300 million on the sale of Travelport in second quarter 2006, with a corresponding decrease in the amount recognized thereafter.

	2005			
	First (a)	Second	Third	Fourth (b)
Net revenues				
Domestic Car Rental	$ 914	$ 1,017	$1,169	$ 1,009
International Car Rental	148	149	192	172
Truck Rental	104	146	169	127
Corporate and Other	29	21	17	17
	$1,195	$ 1,333	$1,547	$ 1,325
EBITDA				
Domestic Car Rental	$ 45	$ 75	$ 91	$ 14
International Car Rental	27	20	41	23
Truck Rental	(6)	33	41	35
Corporate and Other	(47)	(49)	(73)	(44)
	19	79	100	28
Less: Non-vehicle related depreciation and amortization	28	28	31	29
Interest expense related to corporate debt, net	(20)	65	61	66
Income (loss) before income taxes	$ 11	$ (14)	$ 8	$ (67)
Income (loss) from continuing operations	$ 5	$ (10)	$ 3	$ (9)
Income (loss) from discontinued operations, net of tax	231	393	493	(29)
Gain (loss) on disposal of discontinued operations, net of tax	(41)	4	3	583
Cumulative effect of accounting change, net of tax	-	-	-	(8)
Net income	$ 195	$ 387	$ 499	$ 537
Per share information:				
Basic				
Income (loss) from continuing operations	$ 0.05	$ (0.09)	$ 0.03	$ (0.09)
Income (loss) from discontinued operations	2.18	3.75	4.76	(0.29)
Gain (loss) on disposal of discontinued operations	(0.38)	0.03	0.02	5.72
Cumulative effect of accounting change, net of tax	-	-	-	(0.08)
Net income	$ 1.85	$ 3.69	$ 4.81	5.26
Weighted average shares	105.3	105.0	103.7	101.9
Diluted				
Income (loss) from continuing operations	$ 0.05	$ (0.09)	$ 0.03	$ (0.09)
Income (loss) from discontinued operations	2.13	3.75	4.67	(0.29)
Gain (loss) on disposal of discontinued operations	(0.37)	0.03	0.02	5.72
Cumulative effect of accounting change, net of tax	-	-	-	(0.08)
Net income	$ 1.81	$ 3.69	$ 4.72	$ 5.26
Weighted average shares	107.9	105.0	105.7	101.9
Avis Budget common stock market prices:				
High	$30.57	$ 29.77	$29.93	$ 27.33
Low	$27.05	$ 25.51	$26.14	$ 21.96

(a) Interest expense related to corporate debt, net includes a credit resulting from the reversal of $73 million of accrued interest associated with the resolution of amounts due under a litigation settlement reached in 1999.
(b) EBITDA includes $15 million of separation costs.

23. TRL Group, Inc.

On October 17, 2005, Avis Budget completed the sale of the Marketing Services division, including TRL Group (see Note 3 – Discontinued Operations for more detailed information).

From July 2, 2001 to January 29, 2004, TRL Group operated membership-based clubs and programs and other incentive-based loyalty programs through an outsourcing arrangement with the Company whereby the Company licensed TRL Group the right to market products to new members utilizing certain assets of the Company's individual membership business. Accordingly, the Company collected membership fees from, and was obligated to provide services to, members of its individual membership business that existed as of July 2, 2001, including their renewals, and TRL Group provided fulfillment services for these members in exchange for a servicing fee paid by the Company. Furthermore, TRL Group collected the membership fees from, and was obligated to provide membership benefits to, any members who joined the membership-based clubs and programs and all other incentive programs subsequent to July 2, 2001 and recognized the related revenue and expenses. Accordingly, similar to the Company's franchise businesses, the Company received a royalty from TRL Group on all revenue generated by TRL Group's new members (those who joined TRL's clubs as a result of TRL Group's marketing efforts occurring between July 2001 and January 2004). The assets licensed to TRL Group included various tradenames, trademarks, logos, service marks and other intellectual property relating to its membership business.

As a result of the adoption of FIN 46, the Company had been consolidating the results of TRL Group since July 1, 2003, even though it did not have managerial control of the entity. In an effort to achieve revenue and expense synergies and to obtain managerial control over an entity whose results were being consolidated, the Company and TRL Group agreed to amend their contractual relationship by terminating the contractual rights, intellectual property license and third party administrator arrangements that the Company had previously entered into with TRL Group in 2001.

In connection with this new relationship, the Company (i) terminated leases of the Company's assets by TRL Group, (ii) terminated the original third party administration agreement, (iii) entered into a new third party administration agreement whereby the Company performed fulfillment services for TRL Group, (iv) leased certain TRL Group fixed assets from TRL Group, (v) offered employment to substantially all of TRL Group's employees and (vi) entered into other incidental agreements. These contracts were negotiated on an arm's-length basis and had terms that the Company's management believes were reasonable from an economic standpoint and consistent with what management would expect from similar arrangements with non-affiliated parties. None of these agreements had an impact on the Company's Consolidated Financial Statements as the Company continued to consolidate TRL Group subsequent to this transaction. The Company paid $13 million in cash on January 30, 2004 for the contract termination, regained exclusive access to the various tradenames, trademarks, logos, service marks and other intellectual property that it had previously licensed to TRL Group for its use in marketing to new members and had managerial control of TRL Group through its majority representation on the TRL Group board of directors. TRL Group continued to service and collect membership fees from its members to whom it marketed through January 29, 2004, including their renewals. The Company provided fulfillment services (including collecting cash, paying commissions, processing refunds, providing membership services and benefits and maintaining specified service level standards) for TRL Group's members in exchange for a servicing fee. TRL Group no longer had the ability to market to new members; rather, the Company marketed to new members under the Trilegiant tradename.

On January 30, 2004, TRL Group had net deferred tax assets of approximately $121 million, which were mainly comprised of net operating loss carryforwards expiring in years 2021, 2022 and 2023. These deferred

tax assets were fully reserved for by TRL Group through a valuation allowance, as TRL Group had not been able to demonstrate future profitability due to the large marketing expenditures it incurred (new member marketing has historically been TRL Group's single largest expenditure). However, given the fact that TRL Group would no longer incur marketing expenses (as they no longer had the ability to market to new members as a result of this transaction), TRL Group determined that it was more likely than not that it would generate sufficient taxable income (as it would continue to recognize revenue from TRL Group's existing membership base in the form of renewals and the lapsing of the refund privilege period) to utilize its net operating loss carryforwards within the statutory periods. Accordingly, TRL Group reversed the entire valuation allowance of $121 million in January 2004, which resulted in a reduction to the Company's tax provision relating to discontinued operations during 2004 of $121 million, with a corresponding increase in consolidated net income. The $13 million cash payment the Company made to TRL Group was also recorded by the Company as a component of its discontinued operations' provision for income taxes line item on the Consolidated Statement of Operations for 2004.

During the period from January 1, 2004 through January 30, 2004 (the date on which the Company executed various contracts that provided it managerial control of TRL Group), TRL Group contributed revenues of $44 million and expenses of $39 million (on a stand-alone basis before eliminations of intercompany entries in consolidation) to discontinued operations.

24. Subsequent Event

During January 2007, 76% of the Company's preferred stock investment in Affinion was redeemed at Affinion's option, for face value plus accrued dividends. As a result, the Company received cash proceeds of $106 million representing the investment valued at $96 million plus $10 million in accrued dividends and distributed such proceeds to Realogy and Wyndham, pursuant to the Separation Agreement.

EXHIBIT INDEX

Exhibit No.	Description
2.1	Separation and Distribution Agreement by and among Cendant Corporation*, Realogy Corporation, Wyndham Worldwide Corporation and Travelport Inc., dated as of July 27, 2006 (Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K dated August 1, 2006.)
3.1	Amended and Restated Certificate of Incorporation of the Company (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K dated September 5, 2006).
3.2	Amended and Restated By-Laws of the Company (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K dated October 30, 2006).
3.3	Certificate of Designation of Series A Junior Participating Preferred Stock. (Incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form 8-A dated September 5, 2006.)
4.1	Amended and Restated Rights Agreement, dated as of September 1, 2006, by and between Avis Budget Group, Inc. and Mellon Investor Services LLC as Rights Agent, including the form of Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock as Exhibit A thereto, the form of Rights Certificates as Exhibit B thereto, and the Summary of Rights as Exhibit C thereto. (Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form 8-A dated September 5, 2006.)
10.1(a)	Amended and Extended Employment Agreement dated as of July 1, 2002 by and between Cendant Corporation* and Henry R. Silverman (Incorporated by reference to Exhibit 10.73 to the Company's Annual Report on Form 10-K/A for the year ended December 31, 2001 dated November 4, 2002).
10.1(b)	First Amendment to Amended and Extended Employment Agreement of Henry R. Silverman, dated July 28, 2003 (Incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2003 dated August 7, 2003).
10.1(c)	Second Amendment to Amended and Extended Employment Agreement dated August 20, 2004 by and between Cendant Corporation* and Henry R. Silverman (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated August 24, 2004).
10.1(d)	Third Amendment to Amended and Extended Employment Agreement of Henry R. Silverman dated January 21, 2005 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated January 26, 2005).
10.1(e)	Agreement between Cendant Corporation* and Henry R. Silverman dated June 26, 2006 (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K dated June 30, 2006).
10.1(f)	Employment Agreement between Henry R. Silverman and Realogy Corporation (Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K dated June 30, 2006).
10.1(g)	Letter Agreement between Cendant Corporation* and Henry R. Silverman dated July 28, 2006 (Incorporated by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006 dated August 9, 2006).
10.2	Employment Agreement between Cendant Corporation* and Ronald L. Nelson (Incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K dated June 30, 2006).
10.3(a)	Agreement with James E. Buckman, dated as of May 27, 1997 (Incorporated by reference to Exhibit 10.9 to the Company's Registration Statement on Form S-4, Registration No. 333-34517, dated August 28, 1997).

Exhibit No.	Description
10.3(b)	Amendment to Agreement with James E. Buckman, dated January 11, 1999 (Incorporated by reference to Exhibit 10.4(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 1998 dated March 29, 1999, File No. 1-10308).
10.3(c)	Amendment to Agreement with James E. Buckman, dated January 3, 2001 (Incorporated by reference to Exhibit 10.3(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 2001 dated April 1, 2002).
10.3(d)	Letter Agreement of James E. Buckman, dated May 2, 2003 (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2003 dated August 7, 2003).
10.3(e)	Agreement between Cendant Corporation* and James E. Buchman (Incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K dated June 30, 2006)
10.4(a)	Agreement with Stephen P. Holmes, dated as of May 27, 1997 (Incorporated by reference to Exhibit 10.7 to the Company's Registration Statement on Form S-4, Registration No. 333-34517, dated August 28, 1997).
10.4(b)	Amendment to Agreement with Stephen P. Holmes, dated January 11, 1999 (Incorporated by reference to Exhibit 10.2(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 1998 dated March 29, 1999, File No. 1-10308).
10.4(c)	Amendment to Agreement with Stephen P. Holmes, dated January 3, 2001 (Incorporated by reference to Exhibit 10.2(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 2001 dated April 1, 2002).
10.4(d)	Letter Agreement of Stephen P. Holmes, dated May 2, 2003 (Incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2003 dated August 7, 2003).
10.4(e)	Employment Agreement between Stephen P. Holmes and Wyndham Worldwide Corporation (Incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K dated June 30, 2006).
10.5	Employment Agreement between Cendant Corporation* and F. Robert Salerno (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated November 20, 2006).
10.6	Employment Agreement with David B. Wyshner (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated November 20, 2006).
10.7	Agreement between Avis Budget Group, Inc. and Mark Servodidio.
10.8	Agreement between Avis Budget Group, Inc. and John T. McClain.
10.9(a)	1987 Stock Option Plan, as amended (Incorporated by reference to Exhibit 10.16 to the Company's Form 10-Q for the quarterly period ended October 31, 1996 dated December 13, 1996, File No. 1-10308).
10.9(b)	Amendment to 1987 Stock Option Plan dated January 3, 2001 (Incorporated by reference to Exhibit 10.7(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2000 dated March 29, 2001).
10.10(a)	1997 Stock Option Plan (Incorporated by reference to Exhibit 10.23 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended April 30, 1997 dated June 16, 1997, File No. 1-10308).
10.10(b)	Amendment to 1997 Stock Option Plan dated January 3, 2001 (Incorporated by reference to Exhibit 10.11(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2000 dated March 29, 2001).

Exhibit No.	Description
10.10(c)	Amendment to 1997 Stock Option Plan dated March 19, 2002 (Incorporated by reference to Exhibit 10.11(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 2002 dated March 5, 2003).
10.11(a)	1997 Stock Incentive Plan (Incorporated by reference to Appendix E to the Joint Proxy Statement/ Prospectus included as part of the Company's Registration Statement on Form S-4, Registration No. 333-34517, dated August 28, 1997).
10.11(b)	Amendment to 1997 Stock Incentive Plan dated March 27, 2000 (Incorporated by reference to Exhibit 10.12(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2000 dated March 29, 2001).
10.11(c)	Amendment to 1997 Stock Incentive Plan dated March 28, 2000 (Incorporated by reference to Exhibit 10.12(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 2000 dated March 29, 2001).
10.11(d)	Amendment to 1997 Stock Incentive Plan dated January 3, 2001 (Incorporated by reference to Exhibit 10.12(d) to the Company's Annual Report on Form 10-K for the year ended December 31, 2000 dated March 29, 2001).
10.12(a)	HFS Incorporated's Amended and Restated 1993 Stock Option Plan (Incorporated by reference to Exhibit 4.1 to HFS Incorporated's Registration Statement on Form S-8, Registration No. 33-83956).
10.12(b)	First Amendment to the Amended and Restated 1993 Stock Option Plan dated May 5, 1995 (Incorporated by reference to Exhibit 4.1 to HFS Incorporated's Registration Statement on Form S-8, Registration No. 33-094756).
10.12(c)	Second Amendment to the Amended and Restated 1993 Stock Option Plan dated January 22, 1996 (Incorporated by reference to Exhibit 10.21(b) to HFS Incorporated's Annual Report on Form 10-K for the year ended December 31, 1995, File No. 1-11402).
10.12(d)	Third Amendment to the Amended and Restated 1993 Stock Option Plan dated January 22, 1996 (Incorporated by reference to Exhibit 10.21(c) to HFS Incorporated's Annual Report on Form 10-K for the year ended December 31, 1995, File No. 1-11402).
10.12(e)	Fourth Amendment to the Amended and Restated 1993 Stock Option Plan dated May 20, 1996 (Incorporated by reference to Exhibit 4.5 to HFS Incorporated's Registration Statement on Form S-8, Registration No. 333-06733).
10.12(f)	Fifth Amendment to the Amended and Restated 1993 Stock Option Plan dated July 24, 1996 (Incorporated by reference to Exhibit 10.21(e) to HFS Incorporated's Annual Report on Form 10-K for the year ended December 31, 1995, File No. 1-11402).
10.12(g)	Sixth Amendment to the Amended and Restated 1993 Stock Option Plan dated September 24, 1996 (Incorporated by reference to Exhibit 10.21(e) to HFS Incorporated's Annual Report on Form 10-K for the year ended December 31, 1995, File No. 1-11402).
10.12(h)	Seventh Amendment to the Amended and Restated 1993 Stock Option Plan dated April 30, 1997 (Incorporated by reference to Exhibit 10.17(g) to the Company's Annual Report on Form 10-K for the year ended December 31, 1997 dated March 31, 1998, File No. 1-10308).
10.12(i)	Eighth Amendment to the Amended and Restated 1993 Stock Option Plan dated May 27, 1997 (Incorporated by reference to Exhibit 10.17(h) to the Company's Annual Report on Form 10-K for the year ended December 31, 1997 dated March 31, 1998, File No. 1-10308).
10.13(a)	1997 Employee Stock Plan (Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-8, Registration No. 333-45183, dated January 29, 1998).

Exhibit No.	Description
10.13(b)	Amendment to 1997 Employee Stock Plan dated January 3, 2001 (Incorporated by reference to Exhibit 10.15(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2003 dated March 1, 2004).
10.14(a)	Cendant Corporation* Deferred Compensation Plan (Incorporated by reference to Exhibit 10.15 to the Company's Annual Report on Form 10-K for the year ended December 31, 1998 dated March 29,1999, File No. 1-10308).
10.14(b)	First Amendment to Cendant Corporation* Deferred Compensation Plan (Incorporated by reference to Exhibit 10.13(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2005 dated March 1, 2006).
10.15	Amendment to Certain Stock Plans (Incorporated by reference to Exhibit 10.16(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 2003 dated March 5, 2003).
10.16	1999 Broad-Based Employee Stock Option Plan, including the Third Amendment dated March 19, 2002, Second Amendment dated April 2, 2001 and First Amendment dated March 29, 1999 (Incorporated by reference to Exhibit 10.17 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002 dated March 5, 2003).
10.17	Amendment to Various Equity-Based Plans (Incorporated by reference to Exhibit 10.16 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005 dated March 1, 2006).
10.18(a)	Form of Award Agreement—Restricted Stock Units (Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated August 4, 2006).
10.18(b)	Form of Award Agreement—Stock Appreciation Rights (Incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K dated August 4, 2006).
10.19	Cendant* Amended and Restated 1999 Non-Employee Directors Deferred Compensation Plan (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K dated April 29, 2005).
10.20	First Amendment to Cendant Corporation* 1999 Non-Employee Directors Deferred Compensation Plan, as Amended and Restated as of January 22, 2006 (Incorporated by reference to Exhibit 10.25 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005 dated March 1, 2006).
10.21	Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2004 dated August 2, 2004).
10.22	Supplemental Indenture No. 1 dated as of December 23, 2005, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer and The Bank of New York, as Trustee, to the Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated January 20, 2006).
10.23	Second Amended and Restated Series 2004-1 Supplement, dated as of June 27, 2006, among Cendant Rental Car Funding (AESOP) LLC***, as Issuer, Avis Budget Car Rental, LLC, as administrator, Mizuho Corporate Bank, Ltd., as administrative agent, certain financial institutions, as purchasers, and The Bank of New York, as Trustee and Series 2004-1 agent, to the Second Amended and Restated Base Indenture, dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer and The Bank of New York, as Trustee, as amended by Supplemental Indenture No. 1 thereto, dated as of December 23, 2005, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated June 30, 2006).

Exhibit No.	Description
10.24(a)	Series 2005-1 Supplement dated as of February 25, 2005, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee and Series 2005-1 Agent, to the Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated March 2, 2005).
10.24(b)	First Amendment dated as of December 23, 2005 to the Series 2005-1 Supplement dated as of February 25, 2005, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee and Series 2005-1 Agent, to the Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.29(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2005 dated March 1, 2006).
10.25(a)	Series 2005-2 Supplement dated as of March 22, 2005, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee and as Series 2005-2 Agent, to the Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC*** and The Bank of New York, as Trustee.
10.25(b)	First Amendment dated as of December 23, 2005 to the Series 2005-2 Supplement dated as of March 22, 2005, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee and Series 2005-4 Agent, to the Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC*** and The Bank of New York, as Trustee.
10.26(a)	Series 2005-4 Supplement dated as of June 1, 2005, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee and as Series 2005-4 Agent, to the Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC*** and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated June 7, 2005).
10.26(b)	First Amendment dated as of December 23, 2005 to the Series 2005-4 Supplement dated as of June 1, 2005, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee and Series 2005-4 Agent, to the Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC*** and The Bank of New York, as Trustee. (Incorporated by reference to Exhibit 10.30(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2005 dated March 1, 2006).
10.27	Series 2006-1 Supplement dated as of January 19, 2006, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer and The Bank of New York, as Trustee and as Series 2006-1 Agent, to the Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K dated January 20, 2006).
10.28	Series 2006-1 Supplement, dated as of May 11, 2006, among Budget Truck Funding, LLC, as Issuer, Budget Truck Rental, LLC as Administrator, Deutsche Bank Securities, Inc., as Administrative Agent, certain commercial paper conduit purchasers, certain funding agents, certain APA banks and The Bank of New York Trust Company, N.A., as Trustee, Series 2006-1 Agent and securities intermediary, to the Base Indenture, dated as of May 11, 2006, between Budget Truck Funding, LLC, as Issuer and The Bank of New York Trust Company, N.A., as Trustee (Incorporated by reference to Exhibit 10.14 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006 dated August 9, 2006).

Exhibit No.	Description
10.29(a)	Amended and Restated Loan Agreement dated as of June 3, 2004, between AESOP Leasing L.P., as Borrower and Cendant Rental Car Funding (AESOP) LLC***, as Lender.
10.29(b)	First Amendment dated as of December 23, 2005 to the Amended and Restated Loan Agreement dated as of June 3, 2004, between AESOP Leasing L.P., as Borrower and Cendant Rental Car Funding (AESOP) LLC***, as Lender.
10.29(c)	Second Amended and Restated Loan Agreement dated as of June 3, 2004, among AESOP Leasing L.P., as Borrower, Quartx Fleet Management, Inc., as a Permitted Nominee, PV Holding Corp., as a Permitted Nominee and Cendant Rental Car Funding (AESOP) LLC***, as Lender (Incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2004 dated August 2, 2004).
10.29(d)	First Amendment to the Second Amended and Restated Loan Agreement dated as of December 23, 2005, among AESOP Leasing L.P., as Borrower, Quartx Fleet Management, Inc., as a Permitted Nominee, PV Holding Corp., as Permitted Nominee and Cendant Rental Car Funding (AESOP) LLC***, as Lender (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated January 20, 2006).
10.30(a)	Amended and Restated Master Motor Vehicle Finance Lease Agreement dated as of June 3, 2004, among AESOP Leasing L.P., as Lessor, Cendant Car Rental Group, LLC**, as Lessee, as Administrator and as Finance Lease Guarantor, Avis Rent A Car System, LLC (formerly known as Avis Rent A Car System, Inc.), as a Lessee, and Budget Rent A Car System, Inc., as a Lessee.
10.30(b)	First Amendment dated as of December 23, 2005 to the Amended and Restated Master Motor Vehicle Finance Lease Agreement, dated as of June 3, 2004, among AESOP Leasing L.P., as Lessor, Cendant Car Rental Group, LLC**, as Lessee, as Administrator and as Finance Lease Guarantor, Avis Rent A Car System, LLC (formerly known as Avis Rent A Car System, Inc.), as a Lessee, and Budget Rent A Car System, Inc., as a Lessee.
10.30(c)	Second Amended and Restated Master Motor Vehicle Operating Lease Agreement dated as of June 3, 2004, between AESOP Leasing L.P., as Lessor and Cendant Car Rental Group, Inc.**, as Lessee and as Administrator (Incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2004 dated August 2, 2004).
10.30(d)	First Amendment to the Second Amended and Restated Master Motor Vehicle Operating Lease Agreement dated as of December 23, 2005, between AESOP Leasing L.P., as Lessor and Cendant Car Rental Group, LLC**, as Lessee and as Administrator (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K dated January 20, 2006).
10.31	Master Motor Vehicle Operating Lease Agreement, dated as of May 11, 2006, among Budget Truck Funding, LLC, as Lessor, Budget Truck Rental, LLC, as administrator and as Lessee and Avis Budget Car Rental, LLC, as guarantor (Incorporated by reference to Exhibit 10.15 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006 dated August 9, 2006).
10.32	Second Amended and Restated Administration Agreement dated as of June 3, 2004, among Cendant Rental Car Funding (AESOP) LLC***, AESOP Leasing, L.P., AESOP Leasing Corp. II, Avis Rent A Car System, LLC (formerly known as Avis Rent A Car System, Inc.), Budget Rent A Car System, Inc., Cendant Car Rental Group, LLC** and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.34 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005 dated March 1, 2006).
10.33	Administration Agreement, dated as of May 11, 2006, among Budget Truck Funding, LLC, Budget Truck Rental, LLC, as administrator and The Bank of New York Trust Company, N.A., as Trustee (Incorporated by reference to Exhibit 10.16 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006 dated August 9, 2006).

Exhibit No.	Description
10.34	Assignment and Assumption Agreement dated as of June 3, 2004, among Avis Rent A Car System, LLC (formerly known as Avis Rent A Car System, Inc.), Avis Group Holdings, LLC (formerly known as Avis Group Holdings, Inc.) and Cendant Car Rental Group, LLC** (Incorporated by reference to Exhibit 10.35 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005 dated March 1, 2006).
10.35(a)	Amended and Restated Series 2000-2 Supplement dated as of June 29, 2001, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee and Series 2000-2 Agent, to the Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 4.24 to Avis Group Holdings, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2001 dated March 29, 2002).
10.35(b)	Fourth Amendment dated as of December 23, 2005 to the Amended and Restated Series 2000-2 Supplement dated as of June 29, 2001, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York as the Trustee and Series 2000-2 Agent, to the Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.36(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2005 dated March 1, 2006).
10.36(a)	Amended and Restated Series 2001-2 Supplement dated as of June 29, 2001, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee and Series 2001-2 Agent, to the Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 4.28 to Avis Group Holdings, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2001 dated March 29, 2002).
10.36(b)	Fourth Amendment dated as of December 23, 2005 to the Amended and Restated Series 2001-2 Supplement dated as of June 29, 2001, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee and Series 2001-2 Agent, to the Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.37(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2005 dated March 1, 2006).
10.37(a)	Series 2002-1 Supplement dated as of July 25, 2002, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee and Series 2002-1 Agent, to the Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.4 to Avis Group Holdings, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2002 dated March 6, 2003).
10.37(b)	Third Amendment dated as of December 23, 2005 to the Series 2002-1 Supplement dated as of July 25, 2002, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee and Series 2002-1 Agent, to the Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer and The Bank of New York, as Trustee. (Incorporated by reference to Exhibit 10.38(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2005 dated March 1, 2006).
10.38(a)	Amended and Restated Series 2002-2 Supplement dated as of November 22, 2002, among Cendant Rental Car Funding (AESOP) LLC***, as Issuer, Cendant Car Rental Group, LLC**, as assignee of Avis Rent A Car System, LLC (formerly known as Avis Rent A Car System, Inc.), as Servicer, JPMorgan Chase Bank, National Association (formerly known as JPMorgan Chase Bank), as Administrative Agent, certain CP Conduit Purchasers, certain Funding Agents,

Exhibit No.	Description
	certain APA Banks, and The Bank of New York, as Trustee and Series 2002-2 Agent, to the Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.6 to Avis Group Holdings, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2002 dated March 6, 2003).
10.38(b)	Fourth Amendment dated as of November 30, 2005 to the Amended and Restated Series 2002-2 Supplement dated as of November 22, 2002, among Cendant Rental Car Funding (AESOP) LLC***, as Issuer, Avis Rent A Car System, LLC (formerly known as Avis Rent A Car System, Inc.), as Administrator, certain CP Conduit Purchasers, certain APA Banks and the Funding Agents named therein and The Bank of New York, as Trustee and Series 2002-2 Agent, to the Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.39(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2005 dated March 1, 2006).
10.38(c)	Fifth Amendment dated as of December 23, 2005 to the Amended and Restated Series 2002-2 Supplement dated as of November 22, 2002, among Cendant Rental Car Funding (AESOP) LLC***, as Issuer, Avis Rent A Car System, LLC (formerly known as Avis Rent A Car System, Inc.), as Administrator, certain CP Conduit Purchasers, certain APA Banks and the Funding Agents named therein and The Bank of New York, as Trustee and Series 2002-2 Agent, to the Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.39(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 2005 dated March 1, 2006).
10.38(d)	Seventh Amendment, dated as of March 21, 2006, to the Amended and Restated Series 2002-2 Supplement dated as of November 22, 2002, among Cendant Rental Car Funding (AESOP) LLC***, as Issuer, Cendant Car Rental Group, LLC**, as Administrator, certain CP Conduit Purchasers, certain APA Banks and the Funding Agents named therein and The Bank of New York, as Trustee and Series 2002-2 Agent, to the Second Amended and Restated Base Indenture, dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated March 27, 2006).
10.38(e)	Eighth Amendment to the Amended and Restated Series 2002-2 Supplement, dated as of November 30, 2006, among Avis Budget Rental Car Funding (AESOP) LLC (formerly known as Cendant Rental Car Funding (AESOP) LLC), Avis Budget Car Rental, LLC (formerly known as Cendant Car Rental Group, LLC), as administrator, JPMorgan Chase Bank National Association, as administrative agent, certain CP Conduit Purchasers, certain APA Banks and the Funding Agents named therein and The Bank of New York, as Trustee and the Series 2002-2 Agent, to the Second Amended and Restated Base Indenture, dated as of June 3, 2004, between Avis Budget Rental Car Funding (AESOP) LLC, as Issuer, and The Bank of New York, as Trustee, as amended (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated December 6, 2006).
10.39(a)	Series 2003-1 Supplement dated as of January 28, 2003, among Cendant Rental Car Funding (AESOP) LLC***, as Issuer, Cendant Corporation*, as Purchaser and The Bank of New York, as Trustee and Series 2003-1 Agent, to the Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.12 to Avis Group Holdings, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2003 dated May 14, 2003).

Exhibit No.	Description
10.39(b)	Second Amendment dated as of December 23, 2005 to the Series 2003-1 Supplement dated as of January 28, 2003, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, Cendant Corporation*, as Purchaser, and The Bank of New York, as Trustee and Series 2003-1 Agent, to the Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.40(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2005 dated March 1, 2006).
10.39(c)	Third Amendment dated as of January 27, 2006 to the Series 2003-1 Supplement dated as of January 28, 2003, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, Cendant Corporation*, as Purchaser, and The Bank of New York, as Trustee and Series 2003-1 Agent, to the Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.40(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 2005 dated March 1, 2006).
10.40(a)	Series 2003-2 Supplement dated as of March 6, 2003 between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee and Series 2003-2 Agent, to the Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.11 to Avis Group Holdings, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2003 dated May 14, 2003).
10.40(b)	Second Amendment dated as of December 23, 2005 to the Series 2003-2 Supplement dated as of March 6, 2003, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee and Series 2003-2 Agent, to the Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.41(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2005 dated March 1, 2006).
10.41(a)	Series 2003-3 Supplement dated as of May 6, 2003, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee and Series 2003-3 Agent, to the Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.14 to Avis Group Holdings, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2003 dated March 23, 2004).
10.41(b)	Second Amendment dated as of December 23, 2005 to the Series 2003-3 Supplement dated as of May 6, 2003, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee and Series 2003-3 Agent, to the Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.42(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2005 dated March 1, 2006).
10.42(a)	Series 2003-4 Supplement dated as of June 19, 2003, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee and Series 2003-4 Agent, to the Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.2 to Avis Group Holdings, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2003 dated August 13, 2003).
10.42(b)	Second Amendment dated as of December 23, 2005 to the Series 2003-4 Supplement dated as of June 19, 2003, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The

Exhibit No.	Description
	Bank of New York, as Trustee and Series 2003-4 Agent, to the Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.43(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2005 dated March 1, 2006).
10.43(a)	Series 2003-5 Supplement dated as of October 9, 2003, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee and Series 2003-5 Agent, to the Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.41 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003 dated March 1, 2004).
10.43(b)	Second Amendment dated as of December 23, 2005 to the Series 2003-5 Supplement dated as of October 9, 2003, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee and Series 2003-5 Agent, to the Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.44(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2005 dated March 1, 2006).
10.44(a)	Series 2004-2 Supplement dated as of February 18, 2004, among Cendant Rental Car Funding (AESOP) LLC***, as Issuer and The Bank of New York, as Trustee and Series 2004-2 Agent, to the Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2004 dated May 3, 2004).
10.44(b)	Second Amendment dated as of December 23, 2005 to the Series 2004-2 Supplement dated as of February 18, 2004, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee and Series 2004-2 Agent, to the Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.45(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2005 dated March 1, 2006).
10.45(a)	Series 2004-4 Supplement dated as of November 30, 2004, among Cendant Rental Car Funding (AESOP) LLC***, as Issuer, Cendant Car Rental Group, LLC** as assignee of Avis Rent A Car System, LLC (formerly known as Avis Rent A Car System, Inc), as Servicer, JPMorgan Chase Bank, National Association (formerly known as JPMorgan Chase Bank), as Administrative Agent, certain CP Conduit Purchasers, certain Funding Agents, certain APA Banks, and The Bank of New York, as Trustee and Series 2002-2 Agent, to the Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.46(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 2005 dated March 1, 2006).
10.45(b)	First Amendment dated as of December 23, 2005 to the Series 2004-4 Supplement dated as of November 30, 2004, among Cendant Rental Car Funding (AESOP) LLC***, as Issuer, Cendant Car Rental Group, LLC** as assignee of Avis Rent A Car System, LLC (formerly known as Avis Rent A Car System, Inc.), as Servicer, JPMorgan Chase Bank, National Association (formerly known as JPMorgan Chase Bank), as Administrative Agent, certain CP Conduit Purchasers, certain Funding Agents, certain APA Banks, and The Bank of New York, as Trustee

Exhibit No.	Description
	and Series 2002-2 Agent, to the Second Amended and Restated Base Indenture dated as of June 3, 2004, between Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.46(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2005 dated March 1, 2006).
10.46(a)	Asset and Stock Purchase Agreement by and among Budget Group, Inc. and certain of its Subsidiaries, Cendant Corporation* and Cherokee Acquisition Corporation dated as of August 22, 2002 (Incorporated by reference to Exhibit 10.71 to the Company's Annual Report on Form 10-K/A for the year ended December 31, 2001 dated November 4, 2002).
10.46(b)	First Amendment to Asset and Stock Purchase Agreement by and among Budget Group, Inc. and certain of its Subsidiaries, Cendant Corporation* and Cherokee Acquisition Corporation dated as of September 10, 2002 (Incorporated by reference to Exhibit 10.72 to the Company's Annual Report on Form 10-K/A for the year ended December 31, 2001 dated November 4, 2002).
10.47	Separation Agreement, dated as of January 31, 2005, by and between Cendant Corporation* and PHH Corporation (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K dated February 4, 2005).
10.48	Tax Sharing Agreement, dated as of January 31, 2005, by and among Cendant Corporation*, PHH Corporation and certain affiliates of PHH Corporation named therein (Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K dated February 4, 2005).****
10.49	Cendant Corporation* Officer Personal Financial Services Policy (Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated January 26, 2005).
10.50	Form of TRAC Participation Agreement (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated May 26, 2005).
10.51	Form of TRAC Lease (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated May 26, 2005).
10.52	Form of TRAC Guaranty (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K dated May 26, 2005).
10.53(a)	WTH Funding Limited Partnership Fourth Amended and Restated Limited Partnership Agreement among Aviscar Inc., Budgetcar Inc., STARS Trust and Bay Street Funding Trust dated April 20, 2005 (Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2005 dated August 2, 2005).
10.53(b)	Amending Agreement No. 1 to the Fourth Amended and Restated Limited Partnership Agreement among Aviscar, Inc. and Budgetcar, Inc., as general partners and BNY Trust Company of Canada, in its capacity as trustee of STARS Trust and Montreal Trust Company of Canada, in its capacity as trustee of Bay Street Funding Trust, as limited partners (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated December 20, 2006).
10.53(c)	Amending Agreement No. 2 to the Fourth Amended and Restated Limited Partnership Agreement among Aviscar, Inc. and Budgetcar, Inc., as general partners and BNY Trust Company of Canada, in its capacity as trustee of STARS Trust and Montreal Trust Company of Canada, in its capacity as trustee of Bay Street Funding Trust, as limited partners (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated December 20, 2006).

Exhibit No.	Description
10.53(d)	Amending Agreement No. 3 to the Fourth Amended and Restated Limited Partnership Agreement among Aviscar, Inc. and Budgetcar, Inc., as general partners and BNY Trust Company of Canada, in its capacity as trustee of STARS Trust and Montreal Trust Company of Canada, in its capacity as trustee of Bay Street Funding Trust, as limited partners (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K dated December 20, 2006).
10.54	Parent Guaranty of Avis Budget Car Rental, LLC to BNY Trust Company of Canada, in its capacity as trustee of STARS Trust and Montreal Trust Company of Canada, in its capacity as trustee of Bay Street Funding Trust, as limited partners (Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K dated December 20, 2006).
10.55	Credit Agreement, dated as of April 19, 2006, among Avis Budget Holdings, LLC and Avis Budget Car Rental, LLC, as Borrower, the lenders referred to therein, JPMorgan Chase Bank, N.A., as Administrative Agent, Deutsche Bank Securities Inc., as Syndication Agent, Bank of America, N.A., Calyon New York Branch and Citicorp USA, Inc., as Documentation Agents, and Wachovia Bank, National Association, as Co-Documentation Agent (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated April 21, 2006).
10.56	Guarantee and Collateral Agreement, dated as of April 19, 2006, made by Avis Budget Holdings, LLC, Avis Budget Car Rental, LLC and certain of its Subsidiaries in favor of JPMorgan Chase Bank, N.A., as Administrative Agent (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K dated April 21, 2006).
10.57(a)	Indenture, dated as of April 19, 2006, between 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 10.4 to the Company's Current Report on Form 8-K dated April 21, 2006).
10.57(b)	Supplemental Indenture, dated February 9, 2007, among Avis Budget Car Rental, LLC and Avis Budget Finance, Inc., the Guarantors parties thereto and The Bank of Nova Scotia Trust Company of New York, as Trustee (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated February 9, 2007).
10.58	Base Indenture, dated as of May 11, 2006, between Budget Truck Funding, LLC, as Issuer and The Bank of New York Trust Company, N.A., as Trustee (Incorporated by reference to Exhibit 10.13 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006 dated August 9, 2006).
10.59	Series 2006-2 Supplement, dated as of June 2, 2006, among Cendant Rental Car Funding (AESOP) LLC***, as Issuer, Avis Budget Car Rental, LLC, as administrator, Barclays Bank PLC, as administrative agent, funding agent and APA bank, Stratford Receivables Company, LLC, as a CP conduit purchaser and The Bank of New York, as Trustee and Series 2006-2 Agent to the Second Amended and Restated Base Indenture, dated as of June 3, 2004 between Cendant Rental Car Funding (AESOP) LLC***, as Issuer and The Bank of New York, as Trustee, as amended (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated June 6, 2006).
10.60	Purchase Agreement, dated as of June 30, 2006, by and among the Company, Travelport Inc. and TDS Investor LLC (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated June 30, 2006).
10.61	Transition Services Agreement among Cendant Corporation*, Realogy Corporation, Wyndham Worldwide Corporation and Travelport Inc., dated as of July 27, 2006 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated August 1, 2006).

Exhibit No.	Description
10.62	Tax Sharing Agreement among Cendant Corporation*, Realogy Corporation, Wyndham Worldwide Corporation and Travelport Inc., dated as of July 28, 2006 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated August 1, 2006).
10.63	Agreement dated October 4, 2006 between Avis Budget Car Rental, LLC and General Motors**** (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated October 11, 2006).
10.64(a)	Purchase Agreement by and among Cendant Corporation*, Affinity Acquisition, Inc. and Affinity Acquisition Holdings, Inc. dated as of July 26, 2005 (Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2005 dated November 2, 2005).
10.64(b)	Amendment No. 1 dated as of October 17, 2005 to the Purchase Agreement dated as of July 26, 2005 by and among Cendant Corporation*, Affinity Acquisition, Inc. (now known as Affinion Group, Inc.) and Affinity Acquisition Holdings, Inc. (now known as Affinion Group Holdings, Inc.) (Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2005 dated November 2, 2005).
12	Statement Re: Computation of Ratio of Earnings to Fixed Charges.
21	Subsidiaries of Registrant.
23	Consent of Independent Registered Public Accounting Firm.
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	Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Cendant Corporation is now known as Avis Budget Group, Inc.

** Cendant Car Rental Group, LLC (formerly known as Cendant Car Rental Group, Inc.) is now known as Avis Budget Car Rental, LLC.

*** Cendant Rental Car Funding (AESOP) LLC (formerly known as AESOP Funding II L.L.C) is now known as Avis Budget Rental Car Funding (AESOP) LLC.

**** Confidential treatment has been requested for certain portions of this Exhibit pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended, which portions have been omitted and filed separately with the Securities and Exchange Commission.

avis budget group

Exhibit 10.7

Ronald L. Nelson
Chairman & Chief Executive Officer

November 20, 2006

Mr. Mark J. Servodidio
Executive Vice President – Human Resources
Avis Budget Group
6 Sylvan Way
Parsippany, NJ 07054

Dear Mark:

We are pleased to confirm your continued employment with Avis Budget Car Rental, LLC, ("ABCR" or the "Company"), a subsidiary of Avis Budget Group, as Executive Vice President – Human Resources, reporting to me.

Your salary, paid on a bi-weekly basis, will be $13,461.54, which equates to an annualized salary of $350,000, with a target bonus of 75% of your regular base salary subject to the Company achieving profit goals. Your bonus payment will be subject to the terms of the Company bonus plan which was established earlier in the year and will be based upon your eligible base salary during that period. The bonus distribution is typically in the first quarter of the next year.

Per ABCR's standard policy, this letter is not intended, nor should it be considered, to be an employment contract for a definite or indefinite period of time. As you know, employment with ABCR is at will, and either you or ABCR may terminate your employment at any time, with or without cause.

If, however, your employment with ABCR is terminated by ABCR other than: (i) "for cause" (as defined below); (ii) in connection with your disability which prevents you from performing services for ABCR for a period of 12 months; or (iii) death, you will receive a lump-sum severance payment equal to 200% of your base salary plus your target incentive (bonus) and perquisites to include car usage, financial planning and health coverage (Company-paid COBRA) for a period of 24 months (excluding group life insurance and AD&D insurance). All other programs and perquisites would be governed by their respective plan documents; provided, however, that the provision of such severance pay is subject to, and contingent upon, your executing a separation agreement with ABCR, in such form determined by ABCR, which requires you, in part, to release all actual and purported claims against ABCR and its affiliates and which also requires you to agree to: (i) protect and not disclose all confidential and proprietary information of ABCR; (ii) not compete, directly or indirectly, against ABCR for a period of no longer than one year after your employment separation or for a period of time and within a geographic scope determined by ABCR to be reasonable to protect ABCR's business interests; and (iii) not solicit any ABCR employees, consultants, agents or customers during and for one year after your employment separation.

In addition, a lump sum would be paid in cash for the ratable portion of your stock-based awards which would have been expensed in accordance with their original vesting schedule by the one-year anniversary of your termination of employment.

“Termination for Cause” shall mean: (i) your willful failure to substantially perform your duties as an employee of the Company or any subsidiary (other than any such failure resulting from your incapacity due to physical or mental illness); (ii) any act of fraud, misappropriation, dishonesty, embezzlement or similar conduct against the Company or any subsidiary; or (iii) conviction of a felony or any crime involving moral turpitude (which conviction, due to the passage of time or otherwise, is not subject to further appeal).

The by-laws of the Company provide that officers will be indemnified for their authorized actions on behalf of our Company to the fullest extent permitted under applicable law.

This severance pay as set forth in this letter is in lieu of and supersedes any other severance benefits otherwise payable to you under any other agreement or severance plan of ABCR or its affiliates.

Regards,

/s/ Ronald L. Nelson
Ronald L. Nelson
Chairman & Chief Executive Officer

Understood and accepted:

/s/ Mark J. Servodidio

Mark J. Servodidio

Date: December 20, 2006

Exhibit 10.8

August 14, 2006

Mr. John McClain
1 Campus Drive
Parsippany, NJ 07054

Dear John:

I want to take this opportunity to share with you the options that are being made available to you as part of Cendant's separation plan and your transition in connection therewith. As you know, you have been placed in Avis Budget Group and will initially have executive responsibility for RemainCo activities, reporting to David Wyshner. For the immediate future, however, following the spin-off of Wyndham Worldwide and the assumption of the CFO responsibilities of Wyndham by Gina Wilson, you will be appointed Chief Accounting Officer of Cendant Corporation and will hold that title until such time as all required 2006 filings have been made with the SEC. In addition, you will also be named Chief Operating Officer of Cendant Finance Holding Corporation, where you will have responsibility for overseeing several functions associated with Cendant's legacy as the former parent company of Realogy Corporation, Wyndham Worldwide Corporation and TravelPort Inc. (herein referred to as "RemainCo activities"). Over time, it is likely that this position will be eliminated as RemainCo activities subside. Although no assurances can be given, we will endeavor to find a position of comparable level within Avis Budget Group.

In the event that no opportunities arise from September 1, 2007 through December 31, 2007, or in the event that you are terminated without cause prior to December 31, 2007, you will be eligible to initiate your severance as outlined below with 30 days notice provided you execute an agreement and general release in a form acceptable to the Company, Avis Budget Group shall pay to you enhanced severance as follows:

- A lump-sum payment of two times current Base Salary plus the pro-rated portion of the annual target incentive award, net of applicable withholding.
- Post-termination exercisability of stock options to be given same treatment as other "Nova" terminations.
- A lump sum would be paid in cash for the ratable portion of your stock-based award relating to Avis Budget Group granted May 2, 2006, which would have been expensed in accordance with its original vesting schedule by the first anniversary of your termination of employment.

- In addition, a lump sum would be paid in cash for the ratable portion of any subsequent stock-based award relating to Avis Budget Group which would have been expensed in accordance with its original vesting schedule by the date of your termination of employment.
- From and after the date of your termination of employment, Avis Budget Group shall provide you and your family continued coverage under Cendant's group health plans for a period of 12 months from the Termination Date (the "COBRA Coverage"), at Cendant's expense (other than amounts that are currently your responsibility under the group health plans, as the same may increase or decrease with renewal of or changes to such plans), provided that you execute all necessary forms electing the COBRA Coverage. If you begin employment with a new employer that offers medical benefits within the first 12 months after the Termination Date, you would then be responsible for the then prevailing COBRA rates for terminated employees. If you require COBRA beyond 12 months after the Termination Date, it will be at the then prevailing COBRA rates for terminated employees and be available for an additional 6 months as per company policy

These payments will be in addition to the normal RSU and option vesting afforded generally to all employees of Avis Budget Group and shall be in lieu of any other severance for which you may otherwise be eligible and are not applicable if you are terminated for cause. These special severance arrangements will be replaced by the provisions of the Avis Budget Group's standard severance programs then in effect for similarly situated executives if you have accepted a full-time role with Avis Budget Group on or before December 31, 2007.

Very truly yours,

/s/ Mark Servodidio
Mark Servodidio
Executive Vice President
Human Resources

Exhibit 10.25(a)

CENDANT RENTAL CAR FUNDING (AESOP) LLC,
as Issuer

and

THE BANK OF NEW YORK,
as Trustee and Series 2005-2 Agent

SERIES 2005-2 SUPPLEMENT
dated as of March 22, 2005

to

SECOND AMENDED AND RESTATED BASE INDENTURE
dated as of June 3, 2004

SERIES 2005-2 SUPPLEMENT, dated as of March 22, 2005 (this "Supplement"), among CENDANT RENTAL CAR FUNDING (AESOP) LLC, a special purpose limited liability company established under the laws of Delaware ("CRCF"), THE BANK OF NEW YORK, a New York banking corporation, as trustee (in such capacity, and together with its successors in trust thereunder as provided in the Base Indenture referred to below, the "Trustee"), and THE BANK OF NEW YORK, as agent (in such capacity, the "Series 2005-2 Agent") for the benefit of the Series 2005-2 Noteholders, each Series 2005-2 Interest Rate Swap Counterparty and the Surety Provider, to the Second Amended and Restated Base Indenture, dated as of June 3, 2004, between CRCF and the Trustee (as amended, modified or supplemented from time to time, exclusive of Supplements creating a new Series of Notes, the "Base Indenture").

PRELIMINARY STATEMENT

WHEREAS, Sections 2.2 and 12.1 of the Base Indenture provide, among other things, that CRCF and the Trustee may at any time and from time to time enter into a supplement to the Base Indenture for the purpose of authorizing the issuance of one or more Series of Notes;

NOW, THEREFORE, the parties hereto agree as follows:

DESIGNATION

There is hereby created a Series of Notes to be issued pursuant to the Base Indenture and this Supplement, and such Series of Notes shall be designated as Series 2005-2 Floating Rate Rental Car Asset Backed Notes (the "Series 2005-2 Notes").

The proceeds from the sale of the Series 2005-2 Notes shall be deposited in the Collection Account and shall be paid to CRCF and used to make Loans under the Loan Agreements to the extent that the Borrowers have requested Loans thereunder and Eligible Vehicles are available for acquisition or refinancing thereunder on the date hereof. Any such portion of proceeds not so used to make Loans shall be deemed to be Principal Collections.

The Series 2005-2 Notes are a non-Segregated Series of Notes (as more fully described in the Base Indenture). Accordingly, all references in this Supplement to "all" Series of Notes (and all references in this Supplement to terms defined in the Base Indenture that contain references to "all" Series of Notes) shall refer to all Series of Notes other than Segregated Series of Notes.

ARTICLE I

DEFINITIONS

(a) All capitalized terms not otherwise defined herein are defined in the Definitions List attached to the Base Indenture as Schedule I thereto. All Article, Section, Subsection or Exhibit references herein shall refer to Articles, Sections, Subsections or Exhibits of this Supplement, except as otherwise provided herein. Unless otherwise stated herein, as the context otherwise requires or if such term is otherwise defined in the Base Indenture, each capitalized term used or defined herein shall relate only to the Series 2005-2 Notes and not to any other Series of Notes issued by CRCF.

(b) The following words and phrases shall have the following meanings with respect to the Series 2005-2 Notes and the definitions of such terms are applicable to the singular as well as the plural form of such terms and to the masculine as well as the feminine and neuter genders of such terms:

"Authorized Newspaper" means the *Luxemburger Wort* or other daily newspaper of general circulation in Luxembourg (or if publication is not practical in Luxembourg, in Europe).

"Business Day" means any day other than (a) a Saturday or a Sunday or (b) a day on which the Surety Provider or banking institutions in New York City or in the city in which the corporate trust office of the Trustee is located are authorized or obligated by law or executive order to close.

"Certificate of Lease Deficit Demand" means a certificate substantially in the form of Annex A to the Series 2005-2 Letters of Credit.

"Certificate of Termination Date Demand" means a certificate substantially in the form of Annex D to the Series 2005-2 Letters of Credit.

"Certificate of Termination Demand" means a certificate substantially in the form of Annex C to the Series 2005-2 Letters of Credit.

"Certificate of Unpaid Demand Note Demand" means a certificate substantially in the form of Annex B to the Series 2005-2 Letters of Credit.

"Clearstream" is defined in Section 5.2.

"Consent" is defined in Article IV.

"Consent Period Expiration Date" is defined in Article IV.

"Demand Note Issuer" means each issuer of a Series 2005-2 Demand Note.

"Designated Amounts" is defined in Article IV.

"Disbursement" means any Lease Deficit Disbursement, any Unpaid Demand Note Disbursement, any Termination Date Disbursement or any Termination Disbursement under a Series 2005-2 Letter of Credit, or any combination thereof, as the context may require.

"Euroclear" is defined in Section 5.2.

"Excess Collections" is defined in Section 2.3(f)(i).

"Fixed Rate Payment" means, for any Distribution Date, the amount, if any, payable by CRCF as the "Fixed Amount" under any Series 2005-2 Interest Rate Swap after the netting of payments due to CRCF as the "Floating Amount" from the Series 2005-2 Interest Rate Swap Counterparty under such Series 2005-2 Interest Rate Swap on such Distribution Date.

"Insurance Agreement" means the Insurance Agreement, dated as of March 22, 2005, among the Surety Provider, the Trustee and CRCF, which shall constitute an "Enhancement Agreement" with respect to the Series 2005-2 Notes for all purposes under the Indenture.

"Insured Principal Deficit Amount" means, with respect to any Distribution Date, the excess, if any, of (a) the Series 2005-2 Outstanding Principal Amount on such Distribution Date (after giving effect to the distribution of the Monthly Total Principal Allocation for the Related Month) over (b) the sum of the Series 2005-2 Available Reserve Account Amount on such Distribution Date, the Series 2005-2 Letter of Credit Amount on such Distribution Date and the Series 2005-2 AESOP I Operating Lease Loan Agreement Borrowing Base on such Distribution Date.

"Lease Deficit Disbursement" means an amount drawn under a Series 2005-2 Letter of Credit pursuant to a Certificate of Lease Deficit Demand.

"LIBOR" means, with respect to each Series 2005-2 Interest Period, a rate per annum to be determined by the Trustee as follows:

(i) On each LIBOR Determination Date, the Trustee will determine the London interbank offered rate for U.S. dollar deposits for one month that appears on Telerate Page 3750 as it relates to U.S. dollars as of 11:00 a.m., London time, on such LIBOR Determination Date:

(ii) If, on any LIBOR Determination Date, such rate does not appear on Telerate Page 3750, the Trustee will request that the principal London offices of each of four major banks in the London interbank market selected by the Trustee provide the Trustee with offered quotations for deposits in U.S. dollars for a period of one month, commencing on the first day of such Series 2005-2 Interest Period, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on such LIBOR Determination Date and in a principal amount equal to an amount of not less than $250,000 that is representative of a single transaction in such market at such time. If at least two such quotations are provided, "LIBOR" for such Series 2005-2 Interest Period will be the arithmetic mean of such quotations; or

(iii) If fewer than two such quotations are provided pursuant to clause (ii), "LIBOR" for such Series 2005-2 Interest Period will be the arithmetic mean of rates quoted by three major banks in the City of New York selected by the Trustee at approximately 11:00 a.m., New York City time, on such LIBOR Determination Date for loans in U.S. dollars to leading European banks, for a period of one month, commencing on the first day of such Series 2005-2 Interest Period, and in a principal amount equal to an amount of not less than $250,000 that is representative of a single transaction in such market at such time; provided, however, that if the banks selected as aforesaid by such Trustee are not quoting rates as mentioned in this sentence, "LIBOR" for such Series 2005-2 Interest Period will be the same as "LIBOR" for the immediately preceding Series 2005-2 Interest Period.

"LIBOR Determination Date" means, with respect to any Series 2005-2 Interest Period, the second London Banking Day preceding the first day of such Series 2005-2 Interest Period.

"London Banking Day" means any business day on which dealings in deposits in United States dollars are transacted in the London interbank market.

"Monthly Total Principal Allocation" means for any Related Month the sum of all Series 2005-2 Principal Allocations with respect to such Related Month.

"Past Due Rent Payment" is defined in Section 2.2(g).

"Permanent Global Series 2005-2 Note" is defined in Section 5.2.

"Pre-Preference Period Demand Note Payments" means, as of any date of determination, the aggregate amount of all proceeds of demands made on the Series 2005-2 Demand Notes included in the Series 2005-2 Demand Note Payment Amount as of the Series 2005-2 Letter of Credit Termination Date that were paid by the Demand Note Issuers more than one year before such date of determination; provided, however, that if an Event of Bankruptcy (or the occurrence of an event described in clause (a) of the definition thereof, without the lapse of a period of sixty (60) consecutive days) with respect to a Demand Note Issuer occurs during such one year period, (x) the Pre-Preference Period Demand Note Payments as of any date during the period from and including the date of the occurrence of such Event of Bankruptcy to and including the conclusion or dismissal of the proceedings giving rise to such Event of Bankruptcy without continuing jurisdiction by the court in such proceedings shall equal the Pre-Preference Period Demand Note Payments as of the date of such occurrence for all Demand Note Issuers and (y) the Pre-Preference Period Demand Note Payments as of any date after the conclusion or dismissal of such proceedings shall equal the Series 2005-2 Demand Note Payment Amount as of the date of the conclusion or dismissal of such proceedings.

"Principal Deficit Amount" means, as of any date of determination, the excess, if any, of (i) the Series 2005-2 Invested Amount on such date (after giving effect to the distribution of the Monthly Total Principal Allocation for the Related Month if such date is a Distribution Date) over (ii) the Series 2005-2 AESOP I Operating Lease Loan Agreement Borrowing Base on such date; provided, however the Principal Deficit Amount on any date occurring during the period commencing on and including the date of the filing by any of the Lessees of a petition for relief under Chapter 11 of the Bankruptcy Code to but excluding the date on which each of the Lessees shall have resumed making all payments of the portion of Monthly Base Rent relating to Loan Interest required to be made under the AESOP I Operating Lease, shall mean the excess, if any, of (x) the Series 2005-2 Invested Amount on such date (after giving effect to the distribution of Monthly Total Principal Allocation for the Related Month if such date is a Distribution Date) over (y) the sum of (1) the Series 2005-2 AESOP I Operating Lease Loan Agreement Borrowing Base on such date and (2) the lesser of (a) the Series 2005-2 Liquidity Amount on such date and (b) the Series 2005-2 Required Liquidity Amount on such date.

"Pro Rata Share" means, with respect to any Series 2005-2 Letter of Credit Provider as of any date, the fraction (expressed as a percentage) obtained by dividing (A) the

available amount under such Series 2005-2 Letter of Credit Provider's Series 2005-2 Letter of Credit as of such date by (B) an amount equal to the aggregate available amount under all Series 2005-2 Letters of Credit as of such date; provided, that only for purposes of calculating the Pro Rata Share with respect to any Series 2005-2 Letter of Credit Provider as of any date, if such Series 2005-2 Letter of Credit Provider has not complied with its obligation to pay the Trustee the amount of any draw under its Series 2005-2 Letter of Credit made prior to such date, the available amount under such Series 2005-2 Letter of Credit Provider's Series 2005-2 Letter of Credit as of such date shall be treated as reduced (for calculation purposes only) by the amount of such unpaid demand and shall not be reinstated for purposes of such calculation unless and until the date as of which such Series 2005-2 Letter of Credit Provider has paid such amount to the Trustee and been reimbursed by the Lessee or the applicable Demand Note Issuer, as the case may be, for such amount (provided that the foregoing calculation shall not in any manner reduce the undersigned's actual liability in respect of any failure to pay any demand under its Series 2005-2 Letter of Credit).

"Qualified Interest Rate Swap Counterparty" means a counterparty (A) who is acceptable to the Surety Provider (in the exercise of its reasonable judgment) and (B) who is a bank or other financial institution, which is acceptable to each Rating Agency or which has, or which has all of its obligations under its Series 2005-2 Interest Rate Swap guaranteed by a Person that has, (i) a short-term senior, unsecured debt, deposit, claims paying or credit (as the case may be) rating of at least "A-1", or if such bank or financial institution does not have a short-term senior, unsecured debt rating, then a long-term senior, unsecured debt, deposit, claims paying or credit (as the case may be) rating of at least "A+", in each case, from Standard & Poor's and (ii) a short-term senior, unsecured debt, deposit, claims paying or credit (as the case may be) rating of "P-1", or if such bank or financial institution does not have a short-term senior, unsecured debt rating, then a long-term senior, unsecured debt, deposit, claims paying or credit (as the case may be) rating of at least "A1", in each case, from Moody's.

"Requisite Noteholders" means Series 2005-2 Noteholders holding more than 50% of the Series 2005-2 Invested Amount.

"Restricted Global Series 2005-2 Note" is defined in Section 5.1.

"Series 1998-1 Notes" means the Series of Notes designated as the Series 1998-1 Notes.

"Series 2000-2 Notes" means the Series of Notes designated as the Series 2000-2 Notes.

"Series 2000-4 Notes" means the Series of Notes designated as the Series 2000-4 Notes.

"Series 2001-2 Notes" means the Series of Notes designated as the Series 2001-2 Notes.

"Series 2002-1 Notes" means the Series of Notes designated as the Series 2002-1 Notes.

"Series 2002-2 Notes" means the Series of Notes designated as the Series 2002-2 Notes.

"Series 2002-3 Notes" means the Series of Notes designated as the Series 2002-3 Notes.

"Series 2003-1 Notes" means the Series of Notes designated as the Series 2003-1 Notes.

"Series 2003-2 Notes" means the Series of Notes designated as the Series 2003-2 Notes.

"Series 2003-3 Notes" means the Series of Notes designated as the Series 2003-3 Notes.

"Series 2003-4 Notes" means the Series of Notes designated as the Series 2003-4 Notes.

"Series 2003-5 Notes" means the Series of Notes designated as the Series 2003-5 Notes.

"Series 2004-1 Notes" means the Series of Notes designated as the Series 2004-1 Notes.

"Series 2004-2 Notes" means the Series of Notes designated as the Series 2004-2 Notes.

"Series 2004-4 Notes" means the Series of Notes designated as the Series 2004-4 Notes.

"Series 2004-5 Notes" means the Series of Notes designated as the Series 2004-5 Notes.

"Series 2005-1 Notes" means the Series of Notes designated as the Series 2005-1 Notes.

"Series 2005-2 Accounts" means each of the Series 2005-2 Distribution Account, the Series 2005-2 Reserve Account, the Series 2005-2 Collection Account, the Series 2005-2 Excess Collection Account and the Series 2005-2 Accrued Interest Account.

"Series 2005-2 Accrued Interest Account" is defined in Section 2.1(b).

"Series 2005-2 Adjusted Monthly Interest" means (a) for the initial Distribution Date, an amount equal to $614,236.11 and (b) for any other Distribution Date, the sum of (i) an amount equal to the product of (A) the Series 2005-2 Note Rate for the Series 2005-2 Interest Period ending on the day preceding such Distribution Date, (B) the Series 2005-2 Outstanding Principal Amount on the first day of such Series 2005-2 Interest Period and (C) a fraction, the numerator of which is the number of days in such Series 2005-2 Interest Period and the

denominator of which is 360 and (ii) any amount described in clause (b)(i) with respect to a prior Distribution Date that remains unpaid as of such Distribution Date (together with any accrued interest on such amount).

"Series 2005-2 AESOP I Operating Lease Loan Agreement Borrowing Base" means, as of any date of determination, the product of (a) the Series 2005-2 AESOP I Operating Lease Vehicle Percentage as of such date and (b) the AESOP I Operating Lease Loan Agreement Borrowing Base as of such date.

"Series 2005-2 AESOP I Operating Lease Vehicle Percentage" means, as of any date of determination, a fraction, expressed as a percentage (which percentage shall never exceed 100%), the numerator of which is the Series 2005-2 Required AESOP I Operating Lease Vehicle Amount as of such date and the denominator of which is the sum of the Required AESOP I Operating Lease Vehicle Amounts for all Series of Notes as of such date.

"Series 2005-2 Agent" is defined in the recitals hereto.

"Series 2005-2 Available Cash Collateral Account Amount" means, as of any date of determination, the amount on deposit in the Series 2005-2 Cash Collateral Account (after giving effect to any deposits thereto and withdrawals and releases therefrom on such date).

"Series-2005-2 Available Reserve Account Amount" means, as of any date of determination, the amount on deposit in the Series 2005-2 Reserve Account (after giving effect to any deposits thereto and withdrawals and releases therefrom on such date).

"Series 2005-2 Carryover Controlled Amortization Amount" means, with respect to any Related Month during the Series 2005-2 Controlled Amortization Period, the amount, if any, by which the Monthly Total Principal Allocation for the previous Related Month was less than the Series 2005-2 Controlled Distribution Amount for the previous Related Month; provided, however, that for the first Related Month in the Series 2005-2 Notes Controlled Amortization Period, the Series 2005-2 Carryover Controlled Amortization Amount shall be zero.

"Series 2005-2 Cash Collateral Account" is defined in Section 2.8(f).

"Series 2005-2 Cash Collateral Account Collateral" is defined in Section 2.8(a).

"Series 2005-2 Cash Collateral Account Surplus" means, with respect to any Distribution Date, the lesser of (a) the Series 2005-2 Available Cash Collateral Account Amount and (b) the lesser of (A) the excess, if any, of the Series 2005-2 Liquidity Amount (after giving effect to any withdrawal from the Series 2005-2 Reserve Account on such Distribution Date) over the Series 2005-2 Required Liquidity Amount on such Distribution Date and (B) the excess, if any, of the Series 2005-2 Enhancement Amount (after giving effect to any withdrawal from the Series 2005-2 Reserve Account on such Distribution Date) over the Series 2005-2 Required Enhancement Amount on such Distribution Date; provided, however that, on any date after the Series 2005-2 Letter of Credit Termination Date, the Series 2005-2 Cash Collateral Account Surplus shall mean the excess, if any, of (x) the Series 2005-2 Available Cash Collateral Account Amount over (y) the Series 2005-2 Demand Note Payment Amount minus the Pre-Preference Period Demand Note Payments as of such date.

"Series 2005-2 Cash Collateral Percentage" means, as of any date of determination, the percentage equivalent of a fraction, the numerator of which is the Series 2005-2 Available Cash Collateral Amount as of such date and the denominator of which is the Series 2005-2 Letter of Credit Liquidity Amount as of such date.

"Series 2005-2 Closing Date" means March 22, 2005.

"Series 2005-2 Collateral" means the Collateral, each Series 2005-2 Letter of Credit, each Series 2005-2 Demand Note, the Series 2005-2 Distribution Account Collateral, the Series 2005-2 Interest Rate Swap Collateral, the Series 2005-2 Cash Collateral Account Collateral and the Series 2005-2 Reserve Account Collateral.

"Series 2005-2 Collection Account" is defined in Section 2.1(b).

"Series 2005-2 Controlled Amortization Amount" means (i) with respect to any Related Month during the Series 2005-2 Controlled Amortization Period other than the Related Month immediately preceding the Series 2005-2 Expected Final Distribution Date, $41,666,666.66 and (ii) with respect to the Related Month immediately preceding the Series 2005-2 Expected Final Distribution Date, $41,666,666.70.

"Series 2005-2 Controlled Amortization Period" means the period commencing at the opening of business on November 1, 2011 (or, if such day is not a Business Day, the Business Day immediately preceding such day) and continuing to the earliest of (i) the commencement of the Series 2005-2 Rapid Amortization Period, (ii) the date on which the Series 2005-2 Notes are fully paid and (iii) the termination of the Indenture.

"Series 2005-2 Controlled Distribution Amount" means, with respect to any Related Month during the Series 2005-2 Controlled Amortization Period, an amount equal to the sum of the Series 2005-2 Controlled Amortization Amount and any Series 2005-2 Carryover Controlled Amortization Amount for such Related Month.

"Series 2005-2 Demand Note" means each demand note made by a Demand Note Issuer, substantially in the form of Exhibit C, as amended, modified or restated from time to time.

"Series 2005-2 Demand Note Payment Amount" means, as of the Series 2005-2 Letter of Credit Termination Date, the aggregate amount of all proceeds of demands made on the Series 2005-2 Demand Notes pursuant to Section 2.5(b) or (c) that were deposited into the Series 2005-2 Distribution Account and paid to the Series 2005-2 Noteholders during the one year period ending on the Series 2005-2 Letter of Credit Termination Date; provided, however, that if an Event of Bankruptcy (or the occurrence of an event described in clause (a) of the definition thereof, without the lapse of a period of sixty (60) consecutive days) with respect to a Demand Note Issuer shall have occurred during such one year period, the Series 2005-2 Demand Note Payment Amount as of the Series 2005-2 Letter of Credit Termination Date shall equal the Series 2005-2 Demand Note Payment Amount as if it were calculated as of the date of such occurrence.

"Series 2005-2 Deposit Date" is defined in Section 2.2.

"Series 2005-2 Distribution Account" is defined in Section 2.9(a).

"Series 2005-2 Distribution Account Collateral" is defined in Section 2.9(d).

"Series 2005-2 Eligible Letter of Credit Provider" means a person satisfactory to CCRG, the Demand Note Issuers and the Surety Provider and having, at the time of the issuance of the related Series 2005-2 Letter of Credit, a long-term senior unsecured debt rating (or the equivalent thereof in the case of Moody's or Standard & Poor's, as applicable) of at least "A+" from Standard & Poor's and at least "Al" from Moody's and a short-term senior unsecured debt rating of at least "A-1" from Standard & Poor's and "P-1" from Moody's that is (a) a commercial bank having total assets in excess of $500,000,000, (b) a finance company, insurance company or other financial institution that in the ordinary course of business issues letters of credit and has total assets in excess of $200,000,000 or (c) any other financial institution; provided, however, that if a person is not a Series 2005-2 Letter of Credit Provider (or a letter of credit provider under the Supplement for any other Series of Notes), then such person shall not be a Series 2005-2 Eligible Letter of Credit Provider until CRCF has provided 10 days' prior notice to the Rating Agencies that such person has been proposed as a Series 2005-2 Letter of Credit Provider.

"Series 2005-2 Enhancement" means the Series 2005-2 Cash Collateral Account Collateral, the Series 2005-2 Letters of Credit, the Series 2005-2 Demand Notes, the Series 2005-2 Overcollateralization Amount and the Series 2005-2 Reserve Account Amount.

"Series 2005-2 Enhancement Amount" means, as of any date of determination, the sum of (i) the Series 2005-2 Overcollateralization Amount as of such date, (ii) the Series 2005-2 Letter of Credit Amount as of such date, (iii) the Series 2005-2 Available Reserve Account Amount as of such date and (iv) the amount of cash and Permitted Investments on deposit in the Series 2005-2 Collection Account (not including amounts allocable to the Series 2005-2 Accrued Interest Account) and the Series 2005-2 Excess Collection Account as of such date.

"Series 2005-2 Enhancement Deficiency" means, on any date of determination, the amount by which the Series 2005-2 Enhancement Amount is less than the Series 2005-2 Required Enhancement Amount as of such date.

"Series 2005-2 Excess Collection Account" is defined in Section 2.1(b).

"Series 2005-2 Expected Final Distribution Date" means the May 2012 Distribution Date.

"Series 2005-2 Final Distribution Date" means the May 2013 Distribution Date.

"Series 2005-2 Initial Invested Amount" means the aggregate initial principal amount of the Series 2005-2 Notes, which is $250,000,000.

"Series 2005-2 Interest Period" means a period commencing on and including a Distribution Date and ending on and including the day preceding the next succeeding Distribution Date; provided, however that the initial Series 2005-2 Interest Period shall commence on and include the Series 2005-2 Closing Date and end on and include April 19, 2005.

"Series 2005-2 Interest Rate Swap" is defined in Section 2.10(a).

"Series 2005-2 Interest Rate Swap Collateral" is defined in Section 2.10(d).

"Series 2005-2 Interest Rate Swap Counterparty" means CRCF's counterparty under any Series 2005-2 Interest Rate Swap.

"Series 2005-2 Interest Rate Swap Proceeds" means the amounts received by the Trustee from a Series 2005-2 Interest Rate Swap Counterparty from time to time in respect of any Series 2005-2 Interest Rate Swap (including amounts received from a guarantor or from collateral).

"Series 2005-2 Invested Amount" means, when used with respect to any date, an amount equal to the Series 2005-2 Outstanding Principal Amount plus the sum of (a) the amount of any principal payments made to the Series 2005-2 Noteholders on or prior to such date with the proceeds of a demand on the Surety Bond and (b) the amount of any principal payments made to Series 2005-2 Noteholders that have been rescinded or otherwise returned by the Series 2005-2 Noteholders for any reason.

"Series 2005-2 Invested Percentage" means as of any date of determination:

(a) when used with respect to Principal Collections, the percentage equivalent (which percentage shall never exceed 100%) of a fraction, the numerator of which shall be equal to the sum of the Series 2005-2 Invested Amount and the Series 2005-2 Overcollateralization Amount, determined during the Series 2005-2 Revolving Period as of the end of the Related Month (or, until the end of the initial Related Month, on the Series 2005-2 Closing Date), or, during the Series 2005-2 Controlled Amortization Period and the Series 2005-2 Rapid Amortization Period, as of the end of the Series 2005-2 Revolving Period, and the denominator of which shall be the greater of (I) the Aggregate Asset Amount as of the end of the Related Month or, until the end of the initial Related Month, as of the Series 2005-2 Closing Date, and (II) as of the same date as in clause (I), the sum of the numerators used to determine (i) invested percentages for allocations with respect to Principal Collections (for all Series of Notes and all classes of such Series of Notes) and (ii) overcollateralization percentages for allocations with respect to Principal Collections (for all Series of Notes that provide for credit enhancement in the form of overcollateralization); and

(b) when used with respect to Interest Collections, the percentage equivalent (which percentage shall never exceed 100%) of a fraction, the numerator of which shall be the Accrued Amounts with respect to the Series 2005-2 Notes on such date of determination, and the denominator of which shall be the aggregate Accrued Amounts with respect to all Series of Notes on such date of determination.

"Series 2005-2 Lease Interest Payment Deficit" means, on any Distribution Date, an amount equal to the excess, if any, of (a) the aggregate amount of Interest Collections which pursuant to Section 2.2(a), (b), (c) or (d) would have been allocated to the Series 2005-2 Accrued Interest Account if all payments of Monthly Base Rent required to have been made under the Leases from and excluding the preceding Distribution Date to and including such Distribution Date were made in full over (b) the aggregate amount of Interest Collections which pursuant to Section 2.2(a), (b), (c) or (d) have been allocated to the Series 2005-2 Accrued Interest Account (excluding any amounts paid into the Series 2005-2 Accrued Interest Account pursuant to the proviso in Sections 2.2(c)(ii) and/or 2.2(d)(ii)) from and excluding the preceding Distribution Date to and including such Distribution Date.

"Series 2005-2 Lease Payment Deficit" means either a Series 2005-2 Lease Interest Payment Deficit or a Series 2005-2 Lease Principal Payment Deficit.

"Series 2005-2 Lease Principal Payment Carryover Deficit" means (a) for the initial Distribution Date, zero and (b) for any other Distribution Date, the excess of (x) the Series 2005-2 Lease Principal Payment Deficit, if any, on the preceding Distribution Date over (y) the amount deposited in the Distribution Account on such preceding Distribution Date pursuant to Section 2.5(b) on account of such Series 2005-2 Lease Principal Payment Deficit.

"Series 2005-2 Lease Principal Payment Deficit" means on any Distribution Date the sum of (a) the Series 2005-2 Monthly Lease Principal Payment Deficit for such Distribution Date and (b) the Series 2005-2 Lease Principal Payment Carryover Deficit for such Distribution Date.

"Series 2005-2 Letter of Credit" means an irrevocable letter of credit, if any, substantially in the form of Exhibit D issued by a Series 2005-2 Eligible Letter of Credit Provider in favor of the Trustee for the benefit of the Series 2005-2 Noteholders, each Series 2005-2 Interest Rate Swap Counterparty and the Surety Provider, in form and substance satisfactory to the Surety Provider.

"Series 2005-2 Letter of Credit Amount" means, as of any date of determination, the lesser of (a) the sum of (i) the aggregate amount available to be drawn on such date under each Series 2005-2 Letter of Credit on which no draw has been made pursuant to Section 2.8(c), as specified therein, and (ii) if the Series 2005-2 Cash Collateral Account has been established and funded pursuant to Section 2.8, the Series 2005-2 Available Cash Collateral Account Amount on such date and (b) the aggregate outstanding principal amount of the Series 2005-2 Demand Notes on such date.

"Series 2005-2 Letter of Credit Expiration Date" means, with respect to any Series 2005-2 Letter of Credit, the expiration date set forth in such Series 2005-2 Letter of Credit, as such date may be extended in accordance with the terms of such Series 2005-2 Letter of Credit.

"Series 2005-2 Letter of Credit Liquidity Amount" means, as of any date of determination, the sum of (a) the aggregate amount available to be drawn on such date under each Series 2005-2 Letter of Credit on which no draw has been made pursuant to Section 2.8(c),

as specified therein, and (b) if the Series 2005-2 Cash Collateral Account has been established and funded pursuant to Section 2.8, the Series 2005-2 Available Cash Collateral Account Amount on such date.

"Series 2005-2 Letter of Credit Provider" means the issuer of a Series 2005-2 Letter of Credit.

"Series 2005-2 Letter of Credit Termination Date" means the first to occur of (a) the date on which the Series 2005-2 Notes are fully paid and the Surety Provider has been paid all Surety Provider Fees and all other Surety Provider Reimbursement Amounts then due, (b) the Series 2005-2 Termination Date and (c) such earlier date consented to by the Surety Provider and the Rating Agencies, which consent by the Surety Provider shall be in writing.

"Series 2005-2 Limited Liquidation Event of Default" means, so long as such event or condition continues, any event or condition of the type specified in clauses (a) through (j) of Article III; provided, however, that any event or condition of the type specified in clauses (a) through (e) and (h) through (j) of Article III shall not constitute a Series 2005-2 Limited Liquidation Event of Default if (i) within such thirty (30) day period, such Amortization Event shall have been cured and, after such cure of such Amortization Event is provided for, the Trustee shall have received the written consent of the Surety Provider waiving the occurrence of such Series 2005-2 Limited Liquidation Event of Default or (ii) the Trustee shall have received the written consent of the Surety Provider waiving the occurrence of such Series 2005-2 Limited Liquidation Event of Default.

"Series 2005-2 Liquidity Amount" means, as of any date of determination, the sum of (a) the Series 2005-2 Letter of Credit Liquidity Amount on such date and (b) the Series 2005-2 Available Reserve Account Amount on such date.

"Series 2005-2 Maximum Aggregate Kia/Isuzu/Subaru/Hyundai/Suzuki Amount" means, as of any day, with respect to Kia, Isuzu, Subaru, Hyundai and Suzuki, in the aggregate, an amount equal to 15% of the aggregate Net Book Value of all Vehicles leased under the Leases on such day or such lesser percentage as may be agreed to in writing by CRCF and the Surety Provider of the aggregate Net Book Value of all Vehicles leased under the Leases on such day.

"Series 2005-2 Maximum Amount" means any of the Series 2005-2 Maximum Manufacturer Amounts, the Series 2005-2 Maximum Non-Eligible Manufacturer Amount, the Series 2005-2 Maximum Non-Program Vehicle Amount or the Series 2005-2 Maximum Specified States Amount.

"Series 2005-2 Maximum Individual Kia/Isuzu/Subaru/Hyundai/Suzuki Amount" means, as of any day, with respect to Kia, Isuzu, Subaru, Hyundai or Suzuki, individually, an amount equal to 5% of the aggregate Net Book Value of all Vehicles leased under the Leases on such day.

"Series 2005-2 Maximum Manufacturer Amount" means, as of any day, any of the Series 2005-2 Maximum Mitsubishi Amount, the Series 2005-2 Maximum Individual Kia/Isuzu/Subaru/Hyundai/Suzuki Amount or the Series 2005-2 Maximum Aggregate Kia/Isuzu/Subaru/Hyundai/Suzuki Amount.

"Series 2005-2 Maximum Mitsubishi Amount" means, as of any day, an amount equal to 10% of the aggregate Net Book Value of all Vehicles leased under the Leases on such day.

"Series 2005-2 Maximum Non-Eligible Manufacturer Amount" means, as of any day, an amount equal to 3% of the aggregate Net Book Value of all Vehicles leased under the Leases on such day.

"Series 2005-2 Maximum Non-Program Vehicle Amount" means, as of any day, an amount equal to the Series 2005-2 Maximum Non-Program Vehicle Percentage of the aggregate Net Book Value of all Vehicles leased under the Leases on such day.

"Series 2005-2 Maximum Non-Program Vehicle Percentage" means 25% or such lesser percentage as may be agreed to in writing by CRCF and the Surety Provider on or after the Series 2005-2 Closing Date, with prompt written notice thereof delivered by CRCF to the Trustee.

"Series 2005-2 Maximum Specified States Amount" means, as of any day, an amount equal to 7.5% of the aggregate Net Book Value of all Vehicles leased under the Leases on such day.

"Series 2005-2 Monthly Interest" means, with respect to any Series 2005-2 Interest Period, an amount equal to the product of (A) the Series 2005-2 Invested Amount on the first day of such Series 2005-2 Interest Period, after giving effect to any principal payments made on such date, (B) the Series 2005-2 Note Rate for such Series 2005-2 Interest Period and (C) the number of days in such Series 2005-2 Interest Period divided by 360.

"Series 2005-2 Monthly Lease Principal Payment Deficit" means, on any Distribution Date, an amount equal to the excess, if any, of (a) the aggregate amount of Principal Collections which pursuant to Section 2.2(a), (b), (c) or (d) would have been allocated to the Series 2005-2 Collection Account if all payments required to have been made under the Leases from and excluding the preceding Distribution Date to and including such Distribution Date were made in full over (b) the aggregate amount of Principal Collections which pursuant to Section 2.2(a), (b), (c) or (d) have been allocated to the Series 2005-2 Collection Account (without giving effect to any amounts paid into the Series 2005-2 Accrued Interest Account pursuant to the proviso in Sections 2.2(c)(ii) and/or 2.2(d)(ii)) from and excluding the preceding Distribution Date to and including such Distribution Date.

"Series 2005-2 Non-Program Vehicle Percentage" means, as of any date of determination, a fraction, expressed as a percentage, the numerator of which is the aggregate Net Book Value of all Non-Program Vehicles leased under the AESOP I Operating Lease as of such date and the denominator of which is the aggregate Net Book Value of all Vehicles leased under the AESOP I Operating Lease as of such date.

"Series 2005-2 Noteholder" means the Person in whose name a Series 2005-2 Note is registered in the Note Register.

"Series 2005-2 Note Owner" means each beneficial owner of a Series 2005-2 Note.

"Series 2005-2 Note Rate" means, for (i) the initial Series 2005-2 Interest Period, 3.05% per annum and (ii) any other Series 2005-2 Interest Period, the sum of 0.20% plus LIBOR for such Series 2005-2 Interest Period.

"Series 2005-2 Notes" means any one of the Series 2005-2 Floating Rate Rental Car Asset Backed Notes, executed by CRCF and authenticated by or on behalf of the Trustee, substantially in the form of Exhibit A-1, Exhibit A-2 or Exhibit A-3. Definitive Series 2005-2 Notes shall have such insertions and deletions as are necessary to give effect to the provisions of Section 2.18 of the Base Indenture.

"Series 2005-2 Outstanding Principal Amount" means, when used with respect to any date, an amount equal to (a) the Series 2005-2 Initial Invested Amount minus (b) the amount of principal payments made to Series 2005-2 Noteholders on or prior to such date.

"Series 2005-2 Overcollateralization Amount" means (i) as of any date on which no AESOP I Operating Lease Vehicle Deficiency exists, the Series 2005-2 Required Overcollateralization Amount as of such date and (ii) as of any date on which an AESOP I Operating Lease Vehicle Deficiency exists, the excess, if any, of (x) the Series 2005-2 AESOP I Operating Lease Loan Agreement Borrowing Base as of such date over (y) the Series 2005-2 Invested Amount as of such date.

"Series 2005-2 Past Due Rent Payment" is defined in Section 2.2(g).

"Series 2005-2 Percentage" means, as of any date of determination, a fraction, expressed as a percentage, the numerator of which is the Series 2005-2 Invested Amount as of such date and the denominator of which is the Aggregate Invested Amount as of such date.

"Series 2005-2 Principal Allocation" is defined in Section 2.2(a)(ii).

"Series 2005-2 Program Vehicle Percentage" means, as of any date of determination, 100% minus the Series 2005-2 Non-Program Vehicle Percentage.

"Series 2005-2 Rapid Amortization Period" means the period beginning at the close of business on the Business Day immediately preceding the day on which an Amortization Event is deemed to have occurred with respect to the Series 2005-2 Notes and ending upon the earliest to occur of (i) the date on which the Series 2005-2 Notes are fully paid, the Surety Provider has been paid all Surety Provider Fees and all other Surety Provider Reimbursement Amounts then due and the Series 2005-2 Interest Rate Swaps have been terminated and there are no amounts due and owing thereunder, (ii) the Series 2005-2 Termination Date and (iii) the termination of the Indenture.

"Series 2005-2 Reimbursement Agreement" means any and each agreement providing for the reimbursement of a Series 2005-2 Letter of Credit Provider for draws under its Series 2005-2 Letter of Credit as the same may be amended, supplemented, restated or otherwise modified from time to time.

"Series 2005-2 Repurchase Amount" is defined in Section 6.1.

"Series 2005-2 Required AESOP I Operating Lease Vehicle Amount" means, as of any date of determination, the sum of the Series 2005-2 Invested Amount and the Series 2005-2 Required Overcollateralization Amount as of such date.

"Series 2005-2 Required Enhancement Amount" means, as of any date of determination, the sum of (i) the product of the Series 2005-2 Required Enhancement Percentage as of such date and the Series 2005-2 Invested Amount as of such date, (ii) the Series 2005-2 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the Non-Program Vehicle Amount as of such date over the Series 2005-2 Maximum Non-Program Vehicle Amount as of such date, (iii) the Series 2005-2 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the aggregate Net Book Value of all Vehicles manufactured by Mitsubishi and leased under the Leases as of such date over the Series 2005-2 Maximum Mitsubishi Amount as of such date, (iv) the Series 2005-2 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the aggregate Net Book Value of all Vehicles manufactured by Kia, Isuzu, Subaru, Hyundai or Suzuki, individually, and leased under the Leases as of such date over the Series 2005-2 Maximum Individual Kia/Isuzu/Subaru/ Hyundai/Suzuki Amount as of such date, (v) the Series 2005-2 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the aggregate Net Book Value of all Vehicles manufactured by Kia, Isuzu, Subaru, Hyundai or Suzuki, in the aggregate, and leased under the Leases as of such date over the Series 2005-2 Maximum Aggregate Kia/Isuzu/Subaru/Hyundai/Suzuki Amount as of such date, (vi) the Series 2005-2 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the Specified States Amount as of such date over the Series 2005-2 Maximum Specified States Amount as of such date and (vii) the Series 2005-2 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the Non-Eligible Manufacturer Amount as of such date over the Series 2005-2 Maximum Non-Eligible Manufacturer Amount as of such date.

"Series 2005-2 Required Enhancement Percentage" means, as of any date of determination, the sum of (i) the product of (A) 14.75% and (B) the Series 2005-2 Program Vehicle Percentage as of such date and (ii) the product of (A) the Series 2005-2 Required Non-Program Enhancement Percentage as of such date and (B) the Series 2005-2 Non-Program Vehicle Percentage as such date.

"Series 2005-2 Required Liquidity Amount" means, as of any date of determination, an amount equal to the product of 3.25% and the Series 2005-2 Invested Amount as of such date.

"Series 2005-2 Required Non-Program Enhancement Percentage" means, as of any date of determination, the greater of (a) 20.25% and (b) the sum of (i) 20.25% and (ii) the highest, for any calendar month within the preceding twelve calendar months, of the greater of (x) an amount (not less than zero) equal to 100% minus the Measurement Month Average for the immediately preceding Measurement Month and (y) an amount (not less than zero) equal to 100% minus the Market Value Average as of the Determination Date within such calendar month (excluding the Market Value Average for any Determination Date which has not yet occurred).

"Series 2005-2 Required Overcollateralization Amount" means, as of any date of determination, the excess, if any, of the Series 2005-2 Required Enhancement Amount over the sum of (i) the Series 2005-2 Letter of Credit Amount as of such date, (ii) the Series 2005-2 Available Reserve Account Amount on such date and (iii) the amount of cash and Permitted Investments on deposit in the Series 2005-2 Collection Account (not including amounts allocable to the Series 2005-2 Accrued Interest Account) and the Series 2005-2 Excess Collection Account on such date.

"Series 2005-2 Required Reserve Account Amount" means, for any date of determination, an amount equal to the greater of (a) the excess, if any, of the Series 2005-2 Required Liquidity Amount as of such date over the Series 2005-2 Letter of Credit Liquidity Amount as of such date and (b) the excess, if any, of the Series 2005-2 Required Enhancement Amount over the Series 2005-2 Enhancement Amount (excluding therefrom the Series 2005-2 Available Reserve Account Amount and calculated after giving effect to any payments of principal to be made on the Series 2005-2 Notes) as of such date.

"Series 2005-2 Reserve Account" is defined in Section 2.7(a).

"Series 2005-2 Reserve Account Collateral" is defined in Section 2.7(d).

"Series 2005-2 Reserve Account Surplus" means, with respect to any Distribution Date, the excess, if any, of the Series 2005-2 Available Reserve Account Amount over the Series 2005-2 Required Reserve Account Amount on such Distribution Date.

"Series 2005-2 Revolving Period" means, the period from and including the Series 2005-2 Closing Date to the earlier of (i) the commencement of the Series 2005-2 Controlled Amortization Period and (ii) the commencement of the Series 2005-2 Rapid Amortization Period.

"Series 2005-2 Shortfall" is defined in Section 2.3(g).

"Series 2005-2 Termination Date" means the May 2013 Distribution Date.

"Series 2005-2 Trustee's Fees" means, for any Distribution Date during the Series 2005-2 Rapid Amortization Period on which there exists a Series 2005-2 Lease Interest Payment Deficit, a portion of the fees payable to the Trustee in an amount equal to the product of (i) the Series 2005-2 Percentage as of the beginning of the Series 2005-2 Interest Period ending on the day preceding such Distribution Date and (ii) the fees owing to the Trustee under the Indenture; provided that the Series 2005-2 Trustee's Fees in the aggregate for all Distribution Dates shall not exceed 1.1% of the Series 2005-2 Required AESOP I Operating Lease Vehicle Amount as of the last day of the Series 2005-2 Revolving Period.

"Series 2005-2 Unpaid Demand Amount" means, with respect to any single draw pursuant to Section 2.5(c) or (d) on the Series 2005-2 Letters of Credit, the aggregate amount drawn by the Trustee on all Series 2005-2 Letters of Credit.

"Shadow Rating" means the rating of the Series 2005-2 Notes by Standard & Poor's or Moody's, as applicable, without giving effect to the Surety Bond.

"Supplement" is defined in the preamble hereto.

"Surety Bond" means the Note Guaranty Insurance Policy No. 05030005, dated March 22, 2005, issued by the Surety Provider.

"Surety Default" means (i) the occurrence and continuance of any failure by the Surety Provider to pay upon a demand for payment in accordance with the requirements of the Surety Bond or (ii) the occurrence of an Event of Bankruptcy with respect to the Surety Provider.

"Surety Provider" means Financial Guaranty Insurance Company, a New York stock insurance company. The Surety Provider shall constitute an "Enhancement Provider" with respect to the Series 2005-2 Notes for all purposes under the Indenture and the other Related Documents.

"Surety Provider Fee" is defined in the Insurance Agreement.

"Surety Provider Reimbursement Amounts" means, as of any date of determination, (i) an amount equal to the aggregate of any amounts due as of such date to the Surety Provider pursuant to the Insurance Agreement in respect of unreimbursed draws under the Surety Bond, including interest thereon determined in accordance with the Insurance Agreement, and (ii) an amount equal to the aggregate of any other amounts due as of such date to the Surety Provider pursuant to the Insurance Agreement.

"Telerate Page 3750" means the display page currently so designated on the Moneyline Telerate Service (or such other page as may replace that page on that service for the purpose of displaying comparable rates or prices).

"Temporary Global Series 2005-2 Note" is defined in Section 5.2.

"Termination Date Disbursement" means an amount drawn under a Series 2005-2 Letter of Credit pursuant to a Certificate of Termination Date Demand.

"Termination Disbursement" means an amount drawn under a Series 2005-2 Letter of Credit pursuant to a Certificate of Termination Demand.

"Trustee" is defined in the recitals hereto.

"Unpaid Demand Note Disbursement" means an amount drawn under a Series 2005-2 Letter of Credit pursuant to a Certificate of Unpaid Demand Note Demand.

"Waivable Amount" is defined in Article IV.

"Waiver Event" means the occurrence of the delivery of a Waiver Request and the subsequent waiver of any Series 2005-2 Maximum Amount.

"Waiver Request" is defined in Article IV.

(c) Any amounts calculated by reference to the Series 2005-2 Invested Amount on any date shall, unless otherwise stated, be calculated after giving effect to any payment of principal made on such date.

ARTICLE II

SERIES 2005-2 ALLOCATIONS

With respect to the Series 2005-2 Notes, the following shall apply:

Section 2.1 Establishment of Series 2005-2 Collection Account, Series 2005-2 Excess Collection Account and Series 2005-2 Accrued Interest Account. (a) All Collections allocable to the Series 2005-2 Notes shall be allocated to the Collection Account.

(b) The Trustee will create three administrative subaccounts within the Collection Account for the benefit of the Series 2005-2 Noteholders, each Series 2005-2 Interest Rate Swap Counterparty and the Surety Provider: the Series 2005-2 Collection Account (such sub-account, the "Series 2005-2 Collection Account"), the Series 2005-2 Excess Collection Account (such sub-account, the "Series 2005-2 Excess Collection Account") and the Series 2005-2 Accrued Interest Account (such sub-account, the "Series 2005-2 Accrued Interest Account").

Section 2.2 Allocations with Respect to the Series 2005-2 Notes. The net proceeds from the initial sale of the Series 2005-2 Notes will be deposited into the Collection Account. On each Business Day on which Collections are deposited into the Collection Account (each such date, a "Series 2005-2 Deposit Date"), the Administrator will direct the Trustee in writing pursuant to the Administration Agreement to allocate all amounts deposited into the Collection Account in accordance with the provisions of this Section 2.2:

(a) Allocations of Collections During the Series 2005-2 Revolving Period. During the Series 2005-2 Revolving Period, the Administrator will direct the Trustee in writing pursuant to the Administration Agreement to allocate on each day, prior to 11:00 a.m. (New York City time) on each Series 2005-2 Deposit Date, all amounts deposited into the Collection Account as set forth below:

(i) allocate to the Series 2005-2 Collection Account an amount equal to the sum of (A) the Series 2005-2 Invested Percentage (as of such day) of the aggregate amount of Interest Collections on such day and (B) any amounts received by the Trustee on such day in respect of the Series 2005-2 Interest Rate Swaps. All such amounts allocated to the Series 2005-2 Collection Account shall be further allocated to the Series 2005-2 Accrued Interest Account; and

(ii) allocate to the Series 2005-2 Excess Collection Account an amount equal to the Series 2005-2 Invested Percentage (as of such day) of the aggregate

amount of Principal Collections on such day (for any such day, the "Series 2005-2 Principal Allocation"); provided, however, if a Waiver Event shall have occurred, then such allocation shall be modified as provided in Article IV.

(b) Allocations of Collections During the Series 2005-2 Controlled Amortization Period. With respect to the Series 2005-2 Controlled Amortization Period, the Administrator will direct the Trustee in writing pursuant to the Administration Agreement to allocate, prior to 11:00 a.m. (New York City time) on any Series 2005-2 Deposit Date, all amounts deposited into the Collection Account as set forth below:

(i) allocate to the Series 2005-2 Collection Account an amount determined as set forth in Section 2.2(a)(i) above for such day, which amount shall be further allocated to the Series 2005-2 Accrued Interest Account; and

(ii) allocate to the Series 2005-2 Collection Account an amount equal to the Series 2005-2 Principal Allocation for such day, which amount shall be used to make principal payments in respect of the Series 2005-2 Notes; provided, however, that if the Monthly Total Principal Allocation exceeds the Series 2005-2 Controlled Distribution Amount, then the amount of such excess shall be allocated to the Series 2005-2 Excess Collection Account; and provided, further, that if a Waiver Event shall have occurred, then such allocation shall be modified as provided in Article IV.

(c) Allocations of Collections During the Series 2005-2 Rapid Amortization Period. With respect to the Series 2005-2 Rapid Amortization Period, other than after the occurrence of an Event of Bankruptcy with respect to CCRG, any other Lessee or any Permitted Sublessee, the Administrator will direct the Trustee in writing pursuant to the Administration Agreement to allocate, prior to 11:00 a.m. (New York City time) on any Series 2005-2 Deposit Date, all amounts deposited into the Collection Account as set forth below:

(i) allocate to the Series 2005-2 Collection Account an amount determined as set forth in Section 2.2(a)(i) above for such day, which amount shall be further allocated to the Series 2005-2 Accrued Interest Account; and

(ii) allocate to the Series 2005-2 Collection Account an amount equal to the Series 2005-2 Principal Allocation for such day, which amount shall be used to make principal payments in respect of the Series 2005-2 Notes until the Series 2005-2 Invested Amount is paid in full; provided that if on any Determination Date (A) the Administrator determines that the amount anticipated to be available from Interest Collections allocable to the Series 2005-2 Notes, any amounts payable to the Trustee in respect of the Series 2005-2 Interest Rate Swaps and other amounts available pursuant to Section 2.3 to pay Series 2005-2 Adjusted Monthly Interest and any Fixed Rate Payments for the next succeeding Distribution Date will be less than the sum of the Series 2005-2 Adjusted Monthly Interest and the Fixed Rate Payments for such Distribution Date and (B) the Series 2005-2 Enhancement Amount is greater than zero, then the Administrator

shall direct the Trustee in writing to reallocate a portion of the Principal Collections allocated to the Series 2005-2 Notes during the Related Month equal to the lesser of such insufficiency and the Series 2005-2 Enhancement Amount to the Series 2005-2 Accrued Interest Account to be treated as Interest Collections on such Distribution Date.

(d) Allocations of Collections after the Occurrence of an Event of Bankruptcy. After the occurrence of an Event of Bankruptcy with respect to CCRG, any other Lessee or any Permitted Sublessee, the Administrator will direct the Trustee in writing pursuant to the Administration Agreement to allocate, prior to 11:00 a.m. (New York City time) on any Series 2005-2 Deposit Date, all amounts attributable to the AESOP I Operating Lease Loan Agreement deposited into the Collection Account as set forth below:

(i) allocate to the Series 2005-2 Collection Account an amount equal to the sum of (A) the Series 2005-2 AESOP I Operating Lease Vehicle Percentage as of the date of the occurrence of such Event of Bankruptcy of the aggregate amount of Interest Collections made under the AESOP I Operating Lease Loan Agreement for such day and (B) any amounts received by the Trustee in respect of the Series 2005-2 Interest Rate Swaps on such day. All such amounts allocated to the Series 2005-2 Collection Account shall be further allocated to the Series 2005-2 Accrued Interest Account;

(ii) allocate to the Series 2005-2 Collection Account an amount equal to the Series 2005-2 AESOP I Operating Lease Vehicle Percentage as of the date of the occurrence of such Event of Bankruptcy of the aggregate amount of Principal Collections made under the AESOP I Operating Lease Loan Agreement, which amount shall be used to make principal payments in respect of the Series 2005-2 Notes until the Series 2005-2 Invested Amount is paid in full; provided that if on any Determination Date (A) the Administrator determines that the amount anticipated to be available from Interest Collections allocable to the Series 2005-2 Notes, any amounts payable to the Trustee in respect of Series 2005-2 Interest Rate Swaps and other amounts available pursuant to Section 2.3 to pay Series 2005-2 Adjusted Monthly Interest and any Fixed Rate Payments for the next succeeding Distribution Date will be less than the sum of the Series 2005-2 Adjusted Monthly Interest and the Fixed Rate Payments for such Distribution Date and (B) the Series 2005-2 Enhancement Amount is greater than zero, then the Administrator shall direct the Trustee in writing to reallocate a portion of the Principal Collections allocated to the Series 2005-2 Notes during the Related Month equal to the lesser of such insufficiency and the Series 2005-2 Enhancement Amount to the Series 2005-2 Accrued Interest Account to be treated as Interest Collections on such Distribution Date.

(e) Series 2005-2 Excess Collection Account. Amounts allocated to the Series 2005-2 Excess Collection Account on any Series 2005-2 Deposit Date will be (w) first, deposited in the Series 2005-2 Reserve Account in an amount up to the excess, if any, of the Series 2005-2 Required Reserve Account Amount for such date over the

Series 2005-2 Available Reserve Account Amount for such date, (x) second, used to pay the principal amount of other Series of Notes that are then in amortization, (y) third, released to AESOP Leasing in an amount equal to the product of (A) the Loan Agreement's Share with respect to the AESOP I Operating Lease Loan Agreement as of such date and (B) 100% minus the Loan Payment Allocation Percentage with respect to the AESOP I Operating Lease Loan Agreement as of such date and (C) the amount of any remaining funds and (z) fourth, paid to CRCF for any use permitted by the Related Documents including to make Loans under the Loan Agreements to the extent the Borrowers have requested Loans thereunder and Eligible Vehicles are available for financing thereunder; provided, however, that in the case of clauses (x), (y) and (z), that no Amortization Event, Series 2005-2 Enhancement Deficiency or AESOP I Operating Lease Vehicle Deficiency would result therefrom or exist immediately thereafter. Upon the occurrence of an Amortization Event, funds on deposit in the Series 2005-2 Excess Collection Account will be withdrawn by the Trustee, deposited in the Series 2005-2 Collection Account and allocated as Principal Collections to reduce the Series 2005-2 Invested Amount on the immediately succeeding Distribution Date.

(f) Allocations From Other Series. Amounts allocated to other Series of Notes that have been reallocated by CRCF to the Series 2005-2 Notes (i) during the Series 2005-2 Revolving Period shall be allocated to the Series 2005-2 Excess Collection Account and applied in accordance with Section 2.2(e) and (ii) during the Series 2005-2 Controlled Amortization Period or the Series 2005-2 Rapid Amortization Period shall be allocated to the Series 2005-2 Collection Account and applied in accordance with Section 2.2(b) or 2.2(c), as applicable, to make principal payments in respect of the Series 2005-2 Notes.

(g) Past Due Rent Payments. Notwithstanding the foregoing, if in the case of Section 2.2(a) or (b), after the occurrence of a Series 2005-2 Lease Payment Deficit, the Lessees shall make payments of Monthly Base Rent or other amounts payable by the Lessees under the Leases on or prior to the fifth Business Day after the occurrence of such Series 2005-2 Lease Payment Deficit (a "Past Due Rent Payment"), the Administrator shall direct the Trustee in writing pursuant to the Administration Agreement to allocate to the Series 2005-2 Collection Account an amount equal to the Series 2005-2 Invested Percentage as of the date of the occurrence of such Series 2005-2 Lease Payment Deficit of the Collections attributable to such Past Due Rent Payment (the "Series 2005-2 Past Due Rent Payment"). The Administrator shall instruct the Trustee in writing pursuant to the Administration Agreement to withdraw from the Series 2005-2 Collection Account and apply the Series 2005-2 Past Due Rent Payment in the following order:

(i) if the occurrence of such Series 2005-2 Lease Payment Deficit resulted in one or more Lease Deficit Disbursements being made under the Series 2005-2 Letters of Credit, pay to each Series 2005-2 Letter of Credit Provider who made such a Lease Deficit Disbursement for application in accordance with the provisions of the applicable Series 2005-2 Reimbursement Agreement an amount equal to the lesser of (x) the unreimbursed amount of such Series 2005-2 Letter of Credit Provider's Lease Deficit Disbursement and (y) such Series 2005-2 Letter of Credit Provider's Pro Rata Share of the Series 2005-2 Past Due Rent Payment;

(ii) if the occurrence of such Series 2005-2 Lease Payment Deficit resulted in a withdrawal being made from the Series 2005-2 Cash Collateral Account, deposit in the Series 2005-2 Cash Collateral Account an amount equal to the lesser of (x) the amount of the Series 2005-2 Past Due Rent Payment remaining after any payment pursuant to clause (i) above and (y) the amount withdrawn from the Series 2005-2 Cash Collateral Account on account of such Series 2005-2 Lease Payment Deficit;

(iii) if the occurrence of such Series 2005-2 Lease Payment Deficit resulted in a withdrawal being made from the Series 2005-2 Reserve Account pursuant to Section 2.3(d), deposit in the Series 2005-2 Reserve Account an amount equal to the lesser of (x) the amount of the Series 2005-2 Past Due Rent Payment remaining after any payments pursuant to clauses (i) and (ii) above and (y) the excess, if any, of the Series 2005-2 Required Reserve Account Amount over the Series 2005-2 Available Reserve Account Amount on such day;

(iv) allocate to the Series 2005-2 Accrued Interest Account the amount, if any, by which the Series 2005-2 Lease Interest Payment Deficit, if any, relating to such Series 2005-2 Lease Payment Deficit exceeds the amount of the Series 2005-2 Past Due Rent Payment applied pursuant to clauses (i), (ii) and (iii) above; and

(v) treat the remaining amount of the Series 2005-2 Past Due Rent Payment as Principal Collections allocated to the Series 2005-2 Notes in accordance with Section 2.2(a)(ii) or 2.2(b)(ii), as the case may be.

Section 2.3 Payments to Noteholders and Each Series 2005-2 Interest Rate Swap Counterparty. On each Determination Date, as provided below, the Administrator shall instruct the Paying Agent in writing pursuant to the Administration Agreement to withdraw, and on the following Distribution Date the Paying Agent, acting in accordance with such instructions, shall withdraw the amounts required to be withdrawn from the Collection Account pursuant to Section 2.3(a) below in respect of all funds available from Series 2005-2 Interest Rate Swap Proceeds and Interest Collections processed since the preceding Distribution Date and allocated to the holders of the Series 2005-2 Notes.

(a) Note Interest with respect to the Series 2005-2 Notes and Payments on the Series 2005-2 Interest Rate Swaps. On each Determination Date, the Administrator shall instruct the Trustee and the Paying Agent in writing pursuant to the Administration Agreement as to the amount to be withdrawn and paid pursuant to Section 2.4 from the Series 2005-2 Accrued Interest Account to the extent funds are anticipated to be available from Interest Collections allocable to the Series 2005-2 Notes and the Series 2005-2 Interest Rate Swap Proceeds processed from but not including the preceding Distribution Date through the succeeding Distribution Date in respect of (w) first, an amount equal to the Series 2005-2 Monthly Interest for the Series 2005-2 Interest Period ending on the day preceding the related Distribution Date, (x) second, an amount

equal to all Fixed Rate Payments for the next succeeding Distribution Date, (y) third, an amount equal to the amount of any unpaid Series 2005-2 Shortfall as of the preceding Distribution Date (together with any accrued interest on such Series 2005-2 Shortfall) and (z) fourth, an amount equal to the Surety Provider Fee for such Series 2005-2 Interest Period plus any Surety Provider Reimbursement Amounts then due and owing. On the following Distribution Date, the Trustee shall withdraw the amounts described in the first sentence of this Section 2.3(a) from the Series 2005-2 Accrued Interest Account and deposit such amounts in the Series 2005-2 Distribution Account.

(b) Lease Payment Deficit Notice. On or before 10:00 a.m. (New York City time) on each Distribution Date, the Administrator shall notify the Trustee and the Surety Provider of the amount of any Series 2005-2 Lease Payment Deficit, such notification to be in the form of Exhibit E (each a "Lease Payment Deficit Notice").

(c) Draws on Series 2005-2 Letters of Credit For Series 2005-2 Lease Interest Payment Deficits. If the Administrator determines on any Distribution Date that there exists a Series 2005-2 Lease Interest Payment Deficit, the Administrator shall instruct the Trustee in writing to draw on the Series 2005-2 Letters of Credit, if any, and, the Trustee shall, by 12:00 noon (New York City time) on such Distribution Date draw an amount as set forth in such notice equal to the least of (i) such Series 2005-2 Lease Interest Payment Deficit, (ii) the excess, if any, of the sum of (A) the amounts described in clauses (w), (x), (y) and (z) of Section 2.3(a) above on such Distribution Date and (B) during the Series 2005-2 Rapid Amortization Period, the Series 2005-2 Trustee's Fees for such Distribution Date, over the amounts available from the Series 2005-2 Accrued Interest Account and (iii) the Series 2005-2 Letter of Credit Liquidity Amount on the Series 2005-2 Letters of Credit by presenting to each Series 2005-2 Letter of Credit Provider (with a copy to the Surety Provider) a draft accompanied by a Certificate of Lease Deficit Demand and shall cause the Lease Deficit Disbursements to be deposited in the Series 2005-2 Distribution Account on such Distribution Date; provided, however, that if the Series 2005-2 Cash Collateral Account has been established and funded, the Trustee shall withdraw from the Series 2005-2 Cash Collateral Account and deposit in the Series 2005-2 Distribution Account an amount equal to the lesser of (x) the Series 2005-2 Cash Collateral Percentage on such Distribution Date of the least of the amounts described in clauses (i), (ii) and (iii) above and (y) the Series 2005-2 Available Cash Collateral Account Amount on such Distribution Date and draw an amount equal to the remainder of such amount on the Series 2005-2 Letters of Credit. During the continuance of a Surety Default, no amounts in respect of the Surety Provider Fee shall be drawn on the Series 2005-2 Letters of Credit.

(d) Withdrawals from Series 2005-2 Reserve Account. If the Administrator determines on any Distribution Date that the amounts available from the Series 2005-2 Accrued Interest Account plus the amount, if any, to be drawn under the Series 2005-2 Letters of Credit and /or withdrawn from the Series 2005-2 Cash Collateral Account pursuant to Section 2.3(c) are insufficient to pay the sum of (A) the amounts described in clauses (w), (x), (y) and (z) of Section 2.3(a) above on such Distribution Date and (B) during the Series 2005-2 Rapid Amortization Period, the Series 2005-2 Trustee's Fees for such Distribution Date, the Administrator shall instruct the Trustee in writing to withdraw from the Series 2005-2 Reserve Account and deposit in the Series 2005-2 Distribution Account on such Distribution Date an amount equal to the lesser of the Series 2005-2 Available Reserve Account Amount and such

insufficiency. During the continuance of a Surety Default, no amounts in respect of the Surety Provider Fee shall be withdrawn from the Series 2005-2 Reserve Account. The Trustee shall withdraw such amount from the Series 2005-2 Reserve Account and deposit such amount in the Series 2005-2 Distribution Account.

(e) Surety Bond. If the Administrator determines on any Distribution Date that the sum of the amounts available from the Series 2005-2 Accrued Interest Account plus the amount, if any, to be drawn under the Series 2005-2 Letters of Credit and/or to be withdrawn from the Series 2005-2 Cash Collateral Account pursuant to Section 2.3(c) above plus the amount, if any, to be withdrawn from the Series 2005-2 Reserve Account pursuant to Section 2.3(d) above is insufficient to pay the Series 2005-2 Adjusted Monthly Interest for such Distribution Date, the Administrator shall instruct the Trustee in writing to make a demand on the Surety Bond and, upon receipt of such notice by the Trustee on or prior to 11:00 a.m. (New York City time) on such Distribution Date, the Trustee shall, by 12:00 noon (New York City time) on such Distribution Date, make a demand on the Surety Bond in an amount equal to such insufficiency in accordance with the terms thereof and shall cause the proceeds thereof to be deposited in the Series 2005-2 Distribution Account.

(f) Balance. On or prior to the second Business Day preceding each Distribution Date, the Administrator shall instruct the Trustee and the Paying Agent in writing pursuant to the Administration Agreement to pay the balance (after making the payments required in Section 2.4), if any, of the amounts available from the Series 2005-2 Accrued Interest Account and the Series 2005-2 Distribution Account, plus the amount, if any, drawn under the Series 2005-2 Letters of Credit and/or withdrawn from the Series 2005-2 Cash Collateral Account pursuant to Section 2.3(c) plus the amount, if any, withdrawn from the Series 2005-2 Reserve Account pursuant to Section 2.3(d) as follows:

(i) on each Distribution Date during the Series 2005-2 Revolving Period or a Series 2005-2 Controlled Amortization Period, (1) first, to each Series 2005-2 Interest Rate Swap Counterparty, an amount equal to the Fixed Rate Payment for such Distribution Date due and owing to such Series 2005-2 Interest Rate Swap Counterparty, (2) second, to the Surety Provider, in an amount equal to (x) the Surety Provider Fee for the related Series 2005-2 Interest Period and, without duplication, (y) any Surety Provider Reimbursement Amounts then due and owing, (3) third, to the Administrator, an amount equal to the Series 2005-2 Percentage as of the beginning of the Series 2005-2 Interest Period ending on the day preceding such Distribution Date of the portion of the Monthly Administration Fee payable by CRCF (as specified in clause (iii) of the definition thereof) for such Series 2005-2 Interest Period, (4) fourth, to the Trustee, an amount equal to the Series 2005-2 Percentage as of the beginning of such Series 2005-2 Interest Period of the fees owing to the Trustee under the Indenture for such Series 2005-2 Interest Period, (5) fifth, to pay any Carrying Charges (other than Carrying Charges provided for above) to the Persons to whom such amounts are owed, an amount equal to the Series 2005-2 Percentage as of the beginning of such Series 2005-2 Interest Period of such Carrying Charges (other than Carrying Charges provided for above) for such Series 2005-2 Interest Period, (6) sixth, to each Series 2005-2 Interest Rate Swap Counterparty, any amounts due and owing under the applicable Series 2005-2 Interest Rate Swap (other than any Fixed Rate Payment) and (7) seventh, the balance, if any ("Excess Collections"), shall be withdrawn by the Paying Agent from the Series 2005-2 Collection Account and deposited in the Series 2005-2 Excess Collection Account; and

(ii) on each Distribution Date during the Series 2005-2 Rapid Amortization Period, (1) first, to each Series 2005-2 Interest Rate Swap Counterparty, an amount equal to the Fixed Rate Payment for such Distribution Date due and owing to such Series 2005-2 Interest Rate Swap Counterparty, (2) second, to the Surety Provider, in an amount equal to (x) the Surety Provider Fee for the related Series 2005-2 Interest Period and, without duplication, (y) any Surety Provider Reimbursement Amounts then due and owing, (3) third, to the Trustee, an amount equal to the Series 2005-2 Percentage as of the beginning of such Series 2005-2 Interest Period ending on the day preceding such Distribution Date of the fees owing to the Trustee under the Indenture for such Series 2005-2 Interest Period, (4) fourth, to the Administrator, an amount equal to the Series 2005-2 Percentage as of the beginning of such Series 2005-2 Interest Period of the portion of the Monthly Administration Fee (as specified in clause (iii) of the definition thereof) payable by CRCF for such Series 2005-2 Interest Period, (5) fifth, to pay any Carrying Charges (other than Carrying Charges provided for above) to the Persons to whom such amounts are owed, an amount equal to the Series 2005-2 Percentage as of the beginning of such Series 2005-2 Interest Period of such Carrying Charges (other than Carrying Charges provided for above) for such Series 2005-2 Interest Period, (6) sixth, so long as the Series 2005-2 Invested Amount is greater than the Monthly Total Principal Allocations for the Related Month, an amount equal to the excess of the Series 2005-2 Invested Amount over the Monthly Total Principal Allocations for the Related Month shall be treated as Principal Collections and (7) seventh, to each Series 2005-2 Interest Rate Swap Counterparty, any amounts due and owing under the applicable Series 2005-2 Interest Rate Swap (other than any Fixed Rate Payment).

(g) Shortfalls. If the amounts described in Section 2.3 are insufficient to pay the Series 2005-2 Monthly Interest on any Distribution Date, payments of interest to the Series 2005-2 Noteholders will be reduced on a pro rata basis by the amount of such deficiency. The aggregate amount, if any, of such deficiency on any Distribution Date shall be referred to as the "Series 2005-2 Shortfall." Interest shall accrue on any Series 2005-2 Shortfall at the Series 2005-2 Note Rate.

(h) Listing Information Requirement. From the time of the Administrator's written notice to the Trustee that the Series 2005-2 Notes are listed on the Luxembourg Stock Exchange until the Administrator shall give the Trustee written notice that the Series 2005-2 Notes are not listed on the Luxembourg Stock Exchange, the Trustee shall, or shall instruct the Paying Agent to, cause each of (i) the Series 2005-2 Note Rate for the next succeeding Series 2005-2 Interest Period, (ii) the number of days in such Series 2005-2 Interest Period, (iii) the Distribution Date for such Series 2005-2 Interest Period and (iv) the amount of interest payable on the Series 2005-2 Notes on such Distribution Date to be (A) communicated to DTC, Euroclear, Clearstream, the Paying Agent in Luxembourg and the Luxembourg Stock Exchange no later than 11:00 a.m. (London time) on the Business Day immediately following each LIBOR Determination Date and (B) if the rules of the Luxembourg Stock Exchange so require, as notified by the Administrator to the Trustee in writing, published at CRCF's expense in the Authorized Newspaper as soon as possible after the determination of the Series 2005-2 Note Rate for the applicable Series 2005-2 Interest Period unless the Administrator notifies the Trustee in writing that such publication is no longer required.

Section 2.4 Payment of Note Interest. On each Distribution Date, subject to Section 9.8 of the Base Indenture, the Paying Agent shall, in accordance with Section 6.1 of the Base Indenture, pay to the Series 2005-2 Noteholders from the Series 2005-2 Distribution Account the amount due to the Series 2005-2 Noteholders deposited in the Series 2005-2 Distribution Account pursuant to Section 2.3.

Section 2.5 Payment of Note Principal. (a) Monthly Payments During Controlled Amortization Period or Rapid Amortization Period. Commencing on the second Determination Date during the Series 2005-2 Controlled Amortization Period or the first Determination Date after the commencement of the Series 2005-2 Rapid Amortization Period, the Administrator shall instruct the Trustee and the Paying Agent in writing pursuant to the Administration Agreement and in accordance with this Section 2.5 as to (i) the amount allocated to the Series 2005-2 Notes during the Related Month pursuant to Section 2.2(b)(ii), (c)(ii) or (d)(ii), as the case may be, (ii) any amounts to be drawn on the Series 2005-2 Demand Notes and/or on the Series 2005-2 Letters of Credit (or withdrawn from the Series 2005-2 Cash Collateral Account), (iii) any amounts to be withdrawn from the Series 2005-2 Reserve Account and deposited into the Series 2005-2 Distribution Account and (iv) the amount of any demand on the Surety Bond in accordance with the terms thereof. On the Distribution Date following each such Determination Date, the Trustee shall withdraw the amount allocated to the Series 2005-2 Notes during the Related Month pursuant to Section 2.2(b)(ii), (c)(ii) or (d)(ii), as the case may be, from the Series 2005-2 Collection Account and deposit such amount in the Series 2005-2 Distribution Account, to be paid to the holders of the Series 2005-2 Notes.

(b) Principal Draws on Series 2005-2 Letters of Credit. If the Administrator determines on any Distribution Date during the Series 2005-2 Rapid Amortization Period that there exists a Series 2005-2 Lease Principal Payment Deficit, the Administrator shall instruct the Trustee in writing to draw on the Series 2005-2 Letters of Credit, if any, as provided below; provided, however, that the Administrator shall not instruct the Trustee to draw on the Series 2005-2 Letters of Credit in respect of a Series 2005-2 Lease Principal Payment Deficit on or after the date of the filing by any of the Lessees of a petition for relief under Chapter 11 of the Bankruptcy Code unless and until the date on which each of the Lessees shall have resumed making all payments of the portion of Monthly Base Rent relating to Loan Interest required to be made under the AESOP I Operating Lease. Upon receipt of a notice by the Trustee from the Administrator in respect of a Series 2005-2 Lease Principal Payment Deficit on or prior to 11:00 a.m. (New York City time) on a Distribution Date, the Trustee shall, by 12:00 noon (New York City time) on such Distribution Date draw an amount as set forth in such notice equal to the lesser of (i) such Series 2005-2 Lease Principal Payment Deficit and (ii) the Series 2005-2 Letter of Credit Liquidity Amount on the Series 2005-2 Letters of Credit by presenting to each Series 2005-2 Letter of Credit Provider a draft accompanied by a Certificate of Lease Deficit Demand and shall cause the Lease Deficit Disbursements to be deposited in the Series 2005-2 Distribution Account on such Distribution Date; provided, however, that if the Series 2005-2 Cash Collateral Account has been established and funded, the Trustee shall withdraw from the Series 2005-2 Cash Collateral Account and deposit in the Series 2005-2 Distribution Account an amount equal to the lesser of (x) the Series 2005-2 Cash Collateral Percentage on such Distribution Date of the

Series 2005-2 Lease Principal Payment Deficit and (y) the Series 2005-2 Available Cash Collateral Account Amount on such Distribution Date and draw an amount equal to the remainder of such amount on the Series 2005-2 Letters of Credit.

(c) Final Distribution Date. The entire Series 2005-2 Invested Amount shall be due and payable on the Series 2005-2 Final Distribution Date. In connection therewith:

(i) Demand Note Draw. If the amount to be deposited in the Series 2005-2 Distribution Account in accordance with Section 2.5(a) together with any amounts to be deposited therein in accordance with Section 2.5(b) on the Series 2005-2 Final Distribution Date is less than the Series 2005-2 Invested Amount, and there are any Series 2005-2 Letters of Credit on such date, then, prior to 10:00 a.m. (New York City time) on the second Business Day prior to such Series 2005-2 Final Distribution Date, the Administrator shall instruct the Trustee in writing (with a copy to the Surety Provider) to make a demand (a "Demand Notice") substantially in the form attached hereto as Exhibit F on the Demand Note Issuers for payment under the Series 2005-2 Demand Notes in an amount equal to the lesser of (i) such insufficiency and (ii) the Series 2005-2 Letter of Credit Amount. The Trustee shall, prior to 12:00 noon (New York City time) on the second Business Day preceding such Series 2005-2 Final Distribution Date, deliver such Demand Notice to the Demand Note Issuers; provided, however, that if an Event of Bankruptcy (or the occurrence of an event described in clause (a) of the definition thereof, without the lapse of a period of 60 consecutive days) with respect to a Demand Note Issuer shall have occurred and be continuing, the Trustee shall not be required to deliver such Demand Notice to such Demand Note Issuer. The Trustee shall cause the proceeds of any demand on the Series 2005-2 Demand Notes to be deposited into the Series 2005-2 Distribution Account.

(ii) Letter of Credit Draw. In the event that either (x) on or prior to 10:00 a.m. (New York City time) on the Business Day immediately preceding any Distribution Date next succeeding any date on which a Demand Notice has been transmitted by the Trustee to the Demand Note Issuers pursuant to clause (i) of this Section 2.5(c), any Demand Note Issuer shall have failed to pay to the Trustee or deposit into the Series 2005-2 Distribution Account the amount specified in such Demand Notice in whole or in part or (y) due to the occurrence of an Event of Bankruptcy (or the occurrence of an event described in clause (a) of the definition thereof, without the lapse of a period of 60 consecutive days) with respect to one or more of the Demand Note Issuers, the Trustee shall not have delivered such Demand Notice to any Demand Note Issuer on the second Business Day preceding such Series 2005-2 Final Distribution Date, then, in the case of (x) or (y) the Trustee shall draw on the Series 2005-2 Letters of Credit by 12:00 noon (New York City time) on such Business Day an amount equal to the lesser of (a) the amount that the Demand Note Issuers failed to pay under the Series 2005-2 Demand Notes (or, the amount that the Trustee failed to demand for payment thereunder) and (b) the Series 2005-2 Letter of Credit Amount on such Business Day by presenting to each Series 2005-2 Letter of Credit Provider (with a copy to the Surety Provider) a draft accompanied by a Certificate of Unpaid Demand Note Demand; provided, however, that if the Series 2005-2 Cash Collateral Account has been established and funded, the Trustee shall withdraw from the Series 2005-2 Cash Collateral Account and deposit in

the Series 2005-2 Distribution Account an amount equal to the lesser of (x) the Series 2005-2 Cash Collateral Percentage on such Business Day of the amount that the Demand Note Issuers failed to pay under the Series 2005-2 Demand Notes (or, the amount that the Trustee failed to demand for payment thereunder) and (y) the Series 2005-2 Available Cash Collateral Account Amount on such Business Day and draw an amount equal to the remainder of the amount that the Demand Note Issuers failed to pay under the Series 2005-2 Demand Notes (or, the amount that the Trustee failed to demand for payment thereunder) on the Series 2005-2 Letters of Credit. The Trustee shall deposit, or cause the deposit of, the proceeds of any draw on the Series 2005-2 Letters of Credit and the proceeds of any withdrawal from the Series 2005-2 Cash Collateral Account to be deposited in the Series 2005-2 Distribution Account.

(iii) Reserve Account Withdrawal. If, after giving effect to the deposit into the Series 2005-2 Distribution Account of the amount to be deposited in accordance with Section 2.5(a) and the amounts described in clauses (i) and (ii) of this Section 2.5(c), the amount to be deposited in the Series 2005-2 Distribution Account with respect to a Series 2005-2 Final Distribution Date is or will be less than the Series 2005-2 Invested Amount, then, prior to 12:00 noon (New York City time) on the second Business Day prior to such Series 2005-2 Final Distribution Date, the Administrator shall instruct the Trustee in writing to withdraw from the Series 2005-2 Reserve Account, an amount equal to the lesser of the Series 2005-2 Available Reserve Account Amount and such remaining insufficiency and deposit it in the Series 2005-2 Distribution Account on such Series 2005-2 Final Distribution Date.

(iv) Demand on Surety Bond. If after giving effect to the deposit into the Series 2005-2 Distribution Account of the amount to be deposited in accordance with Section 2.5(a) and all other amounts described in clauses (i), (ii) and (iii) of this Section 2.5(c), the amount to be deposited in the Series 2005-2 Distribution Account with respect to such Series 2005-2 Final Distribution Date is or will be less than the Series 2005-2 Outstanding Principal Amount, then the Trustee shall make a demand on the Surety Bond by 12:00 noon (New York City time) on the second Business Day preceding such Distribution Date in an amount equal to such insufficiency in accordance with the terms thereof and shall cause the proceeds thereof to be deposited in the Series 2005-2 Distribution Account.

(d) Principal Deficit Amount. On each Distribution Date, other than the Series 2005-2 Final Distribution Date, on which the Principal Deficit Amount is greater than zero, amounts shall be transferred to the Series 2005-2 Distribution Account as follows:

(i) Demand Note Draw. If on any Determination Date, the Administrator determines that the Principal Deficit Amount with respect to the next succeeding Distribution Date will be greater than zero and there are any Series 2005-2 Letters of Credit on such date, prior to 10:00 a.m. (New York City time) on the second Business Day prior to such Distribution Date, the Administrator shall instruct the Trustee in writing (with a copy to the Surety Provider) to deliver a Demand Notice to the Demand Note Issuers demanding payment of an amount equal to the lesser of (A) the Principal Deficit Amount and (B) the Series 2005-2 Letter of Credit Amount. The Trustee shall,

prior to 12:00 noon (New York City time) on the second Business Day preceding such Distribution Date, deliver such Demand Notice to the Demand Note Issuers; provided, however, that if an Event of Bankruptcy (or the occurrence of an event described in clause (a) of the definition thereof, without the lapse of a period of 60 consecutive days) with respect to a Demand Note Issuer shall have occurred and be continuing, the Trustee shall not be required to deliver such Demand Notice to such Demand Note Issuer. The Trustee shall cause the proceeds of any demand on the Series 2005-2 Demand Note to be deposited into the Series 2005-2 Distribution Account.

(ii) Letter of Credit Draw. In the event that either (x) on or prior to 10:00 a.m. (New York City time) on the Business Day prior to such Distribution Date, any Demand Note Issuer shall have failed to pay to the Trustee or deposit into the Series 2005-2 Distribution Account the amount specified in such Demand Notice in whole or in part or (y) due to the occurrence of an Event of Bankruptcy (or the occurrence of an event described in clause (a) of the definition thereof, without the lapse of a period of 60 consecutive days) with respect to any Demand Note Issuer, the Trustee shall not have delivered such Demand Notice to any Demand Note Issuer on the second Business Day preceding such Distribution Date, then, in the case of (x) or (y) the Trustee shall on such Business Day draw on the Series 2005-2 Letters of Credit an amount equal to the lesser of (i) Series 2005-2 Letter of Credit Amount and (ii) the aggregate amount that the Demand Note Issuers failed to pay under the Series 2005-2 Demand Notes (or, the amount that the Trustee failed to demand for payment thereunder) by presenting to each Series 2005-2 Letter of Credit Provider (with a copy to the Surety Provider) a draft accompanied by a Certificate of Unpaid Demand Note Demand; provided, however, that if the Series 2005-2 Cash Collateral Account has been established and funded, the Trustee shall withdraw from the Series 2005-2 Cash Collateral Account and deposit in the Series 2005-2 Distribution Account an amount equal to the lesser of (x) the Series 2005-2 Cash Collateral Percentage on such Business Day of the aggregate amount that the Demand Note Issuers failed to pay under the Series 2005-2 Demand Notes (or, the amount that the Trustee failed to demand for payment thereunder) and (y) the Series 2005-2 Available Cash Collateral Account Amount on such Business Day and draw an amount equal to the remainder of the aggregate amount that the Demand Note Issuers failed to pay under the Series 2005-2 Demand Notes (or, the amount that the Trustee failed to demand for payment thereunder) on the Series 2005-2 Letters of Credit. The Trustee shall deposit into, or cause the deposit of, the proceeds of any draw on the Series 2005-2 Letters of Credit and the proceeds of any withdrawal from the Series 2005-2 Cash Collateral Account to be deposited in the Series 2005-2 Distribution Account.

(iii) Reserve Account Withdrawal. If the Series 2005-2 Letter of Credit Amount will be less than the Principal Deficit Amount on any Distribution Date, then, prior to 12:00 noon (New York City time) on the second Business Day prior to such Distribution Date, the Administrator shall instruct the Trustee in writing to withdraw from the Series 2005-2 Reserve Account, an amount equal to the lesser of (x) the Series 2005-2 Available Reserve Account Amount and (y) the amount by which the Principal Deficit Amount exceeds the amounts to be deposited in the Series 2005-2 Distribution Account in accordance with clauses (i) and (ii) of this Section 2.5(d) and deposit it in the Series 2005-2 Distribution Account on such Distribution Date.

(iv) Demand on Surety Bond. If the sum of the Series 2005-2 Letter of Credit Amount and the Series 2005-2 Available Reserve Account Amount will be less than the Principal Deficit Amount on any Distribution Date, then the Trustee shall make a demand on the Surety Bond by 12:00 noon (New York City time) on the second Business Day preceding such Distribution Date in an amount equal to the Insured Principal Deficit Amount and shall cause the proceeds thereof to be deposited in the Series 2005-2 Distribution Account.

(e) Distribution. On each Distribution Date occurring on or after the date a withdrawal is made from the Series 2005-2 Collection Account pursuant to Section 2.5(a) or amounts are deposited in the Series 2005-2 Distribution Account pursuant to Section 2.5(b), (c) or (d) the Paying Agent shall, in accordance with Section 6.1 of the Base Indenture, pay pro rata to each Series 2005-2 Noteholder from the Series 2005-2 Distribution Account the amount deposited therein pursuant to Section 2.5(a), (b), (c) or (d), to the extent necessary to pay the Series 2005-2 Controlled Amortization Amount during the Series 2005-2 Controlled Amortization Period, or to the extent necessary to pay the Series 2005-2 Invested Amount during the Series 2005-2 Rapid Amortization Period.

Section 2.6 Administrator's Failure to Instruct the Trustee to Make a Deposit or Payment. If the Administrator fails to give notice or instructions to make any payment from or deposit into the Collection Account required to be given by the Administrator, at the time specified in the Administration Agreement or any other Related Document (including applicable grace periods), the Trustee shall make such payment or deposit into or from the Collection Account without such notice or instruction from the Administrator, provided that the Administrator, upon request of the Trustee, promptly provides the Trustee with all information necessary to allow the Trustee to make such a payment or deposit. When any payment or deposit hereunder or under any other Related Document is required to be made by the Trustee or the Paying Agent at or prior to a specified time, the Administrator shall deliver any applicable written instructions with respect thereto reasonably in advance of such specified time.

Section 2.7 Series-2005-2 Reserve Account. (a) Establishment of Series 2005-2 Reserve Account. CRCF shall establish and maintain in the name of the Series 2005-2 Agent for the benefit of the Series 2005-2 Noteholders, each Series 2005-2 Interest Rate Swap Counterparty and the Surety Provider, or cause to be established and maintained, an account (the "Series 2005-2 Reserve Account"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Series 2005-2 Noteholders, each Series 2005-2 Interest Rate Swap Counterparty and the Surety Provider. The Series 2005-2 Reserve Account shall be maintained (i) with a Qualified Institution, or (ii) as a segregated trust account with the corporate trust department of a depository institution or trust company having corporate trust powers and acting as trustee for funds deposited in the Series 2005-2 Reserve Account; provided that, if at any time such Qualified Institution is no longer a Qualified Institution or the credit rating of any securities issued by such depositary institution or trust company shall be reduced to below "BBB-" by Standard & Poor's or "Baa2" by Moody's, then CRCF shall, within 30 days of such reduction, establish a new Series 2005-2 Reserve Account with a new Qualified Institution. If the Series 2005-2 Reserve Account is not maintained in accordance with the previous sentence, CRCF shall establish a new Series 2005-2 Reserve Account, within ten (10) Business Days after obtaining knowledge of such fact, which complies with such sentence, and shall

instruct the Series 2005-2 Agent in writing to transfer all cash and investments from the non-qualifying Series 2005-2 Reserve Account into the new Series 2005-2 Reserve Account. Initially, the Series 2005-2 Reserve Account will be established with The Bank of New York.

(b) Administration of the Series 2005-2 Reserve Account. The Administrator may instruct the institution maintaining the Series 2005-2 Reserve Account to invest funds on deposit in the Series 2005-2 Reserve Account from time to time in Permitted Investments; provided, however, that any such investment shall mature not later than the Business Day prior to the Distribution Date following the date on which such funds were received, unless any Permitted Investment held in the Series 2005-2 Reserve Account is held with the Paying Agent, then such investment may mature on such Distribution Date and such funds shall be available for withdrawal on or prior to such Distribution Date. All such Permitted Investments will be credited to the Series 2005-2 Reserve Account and any such Permitted Investments that constitute (i) physical property (and that is not either a United States security entitlement or a security entitlement) shall be physically delivered to the Trustee; (ii) United States security entitlements or security entitlements shall be controlled (as defined in Section 8-106 of the New York UCC) by the Trustee pending maturity or disposition, and (iii) uncertificated securities (and not United States security entitlements) shall be delivered to the Trustee by causing the Trustee to become the registered holder of such securities. The Trustee shall, at the expense of CRCF, take such action as is required to maintain the Trustee's security interest in the Permitted Investments credited to the Series 2005-2 Reserve Account. CRCF shall not direct the Trustee to dispose of (or permit the disposal of) any Permitted Investments prior to the maturity thereof to the extent such disposal would result in a loss of the purchase price of such Permitted Investments. In the absence of written investment instructions hereunder, funds on deposit in the Series 2005-2 Reserve Account shall remain uninvested.

(c) Earnings from Series 2005-2 Reserve Account. All interest and earnings (net of losses and investment expenses) paid on funds on deposit in the Series 2005-2 Reserve Account shall be deemed to be on deposit therein and available for distribution.

(d) Series 2005-2 Reserve Account Constitutes Additional Collateral for Series 2005-2 Notes. In order to secure and provide for the repayment and payment of the CRCF Obligations with respect to the Series 2005-2 Notes, CRCF hereby grants a security interest in and assigns, pledges, grants, transfers and sets over to the Trustee, for the benefit of the Series 2005-2 Noteholders, each Series 2005-2 Interest Rate Swap Counterparty and the Surety Provider, all of CRCF's right, title and interest in and to the following (whether now or hereafter existing or acquired): (i) the Series 2005-2 Reserve Account, including any security entitlement thereto; (ii) all funds on deposit therein from time to time; (iii) all certificates and instruments, if any, representing or evidencing any or all of the Series 2005-2 Reserve Account or the funds on deposit therein from time to time; (iv) all investments made at any time and from time to time with monies in the Series 2005-2 Reserve Account, whether constituting securities, instruments, general intangibles, investment property, financial assets or other property; (v) all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for the Series 2005-2 Reserve Account, the funds on deposit therein from time to time or the investments made with such funds; and (vi) all proceeds of any and all of the foregoing, including, without limitation, cash (the items in the foregoing clauses (i) through (vi) are referred to, collectively, as the "Series 2005-2 Reserve

Account Collateral"). The Trustee shall possess all right, title and interest in and to all funds on deposit from time to time in the Series 2005-2 Reserve Account and in all proceeds thereof, and shall be the only person authorized to originate entitlement orders in respect of the Series 2005-2 Reserve Account. The Series 2005-2 Reserve Account Collateral shall be under the sole dominion and control of the Trustee for the benefit of the Series 2005-2 Noteholders, each Series 2005-2 Interest Rate Swap Counterparty and the Surety Provider. The Series 2005-2 Agent hereby agrees (i) to act as the securities intermediary (as defined in Section 8-102(a)(14) of the New York UCC) with respect to the Series 2005-2 Reserve Account; (ii) that its jurisdiction as securities intermediary is New York; (iii) that each item of property (whether investment property, financial asset, security, instrument or cash) credited to the Series 2005-2 Reserve Account shall be treated as a financial asset (as defined in Section 8-102(a)(9) of the New York UCC) and (iv) to comply with any entitlement order (as defined in Section 8-102(a)(8) of the New York UCC) issued by the Trustee.

(e) Series 2005-2 Reserve Account Surplus. In the event that the Series 2005-2 Reserve Account Surplus on any Distribution Date, after giving effect to all withdrawals from the Series 2005-2 Reserve Account, is greater than zero, if no Series 2005-2 Enhancement Deficiency or AESOP I Operating Lease Vehicle Deficiency would result therefrom or exist thereafter, the Trustee, acting in accordance with the written instructions of the Administrator (with a copy of such written instructions to be provided by the Administrator to the Surety Provider) pursuant to the Administration Agreement, shall withdraw from the Series 2005-2 Reserve Account an amount equal to the Series 2005-2 Reserve Account Surplus and shall pay such amount to CRCF.

(f) Termination of Series 2005-2 Reserve Account. Upon the termination of the Indenture pursuant to Section 11.1 of the Base Indenture, the Trustee, acting in accordance with the written instructions of the Administrator, after the prior payment of all amounts owing to the Series 2005-2 Noteholders and to the Surety Provider and payable from the Series 2005-2 Reserve Account as provided herein, shall withdraw from the Series 2005-2 Reserve Account all amounts on deposit therein for payment to CRCF.

Section 2.8 Series 2005-2 Letters of Credit and Series 2005-2 Cash Collateral Account. (a) Series 2005-2 Letters of Credit and Series 2005-2 Cash Collateral Account Constitute Additional Collateral for Series 2005-2 Notes. In order to secure and provide for the repayment and payment of the CRCF Obligations with respect to the Series 2005-2 Notes, CRCF hereby grants a security interest in and assigns, pledges, grants, transfers and sets over to the Trustee, for the benefit of the Series 2005-2 Noteholders, each Series 2005-2 Interest Rate Swap Counterparty and the Surety Provider, all of CRCF's right, title and interest in and to the following (whether now or hereafter existing or acquired): (i) each Series 2005-2 Letter of Credit; (ii) the Series 2005-2 Cash Collateral Account, including any security entitlement thereto; (iii) all funds on deposit in the Series 2005-2 Cash Collateral Account from time to time; (iv) all certificates and instruments, if any, representing or evidencing any or all of the Series 2005-2 Cash Collateral Account or the funds on deposit therein from time to time; (v) all investments made at any time and from time to time with monies in the Series 2005-2 Cash Collateral Account, whether constituting securities, instruments, general intangibles, investment property, financial assets or other property; (vi) all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in

exchange for the Series 2005-2 Cash Collateral Account, the funds on deposit therein from time to time or the investments made with such funds; and (vii) all proceeds of any and all of the foregoing, including, without limitation, cash (the items in the foregoing clauses (ii) through (vii) are referred to, collectively, as the "Series 2005-2 Cash Collateral Account Collateral"). The Trustee shall, for the benefit of the Series 2005-2 Noteholders, each Series 2005-2 Interest Rate Swap Counterparty and the Surety Provider, possess all right, title and interest in all funds on deposit from time to time in the Series 2005-2 Cash Collateral Account and in all proceeds thereof, and shall be the only person authorized to originate entitlement orders in respect of the Series 2005-2 Cash Collateral Account. The Series 2005-2 Cash Collateral Account shall be under the sole dominion and control of the Trustee for the benefit of the Series 2005-2 Noteholders, each Series 2005-2 Interest Rate Swap Counterparty and the Surety Provider. The Series 2005-2 Agent hereby agrees (i) to act as the securities intermediary (as defined in Section 8-102(a)(14) of the New York UCC) with respect to the Series 2005-2 Cash Collateral Account; (ii) that its jurisdiction as securities intermediary is New York, (iii) that each item of property (whether investment property, financial asset, security, instrument or cash) credited to the Series 2005-2 Cash Collateral Account shall be treated as a financial asset (as defined in Section 8-102(a)(9) of the New York UCC) and (iv) to comply with any entitlement order (as defined in Section 8-102(a)(8) of the New York UCC) issued by the Trustee.

(b) Series 2005-2 Letter of Credit Expiration Date. If prior to the date which is ten (10) days prior to the then - scheduled Series 2005-2 Letter of Credit Expiration Date with respect to any Series 2005-2 Letter of Credit, excluding the amount available to be drawn under such Series 2005-2 Letter of Credit but taking into account each substitute Series 2005-2 Letter of Credit which has been obtained from a Series 2005-2 Eligible Letter of Credit Provider and is in full force and effect on such date, the Series 2005-2 Enhancement Amount would be equal to or more than the Series 2005-2 Required Enhancement Amount and the Series 2005-2 Liquidity Amount would be equal to or greater than the Series 2005-2 Required Liquidity Amount, then the Administrator shall notify the Trustee and the Surety Provider (with the Surety Provider to be provided supporting calculations in reasonable detail) in writing no later than two (2) Business Days prior to such Series 2005-2 Letter of Credit Expiration Date of such determination. If prior to the date which is ten (10) days prior to the then-scheduled Series 2005-2 Letter of Credit Expiration Date with respect to any Series 2005-2 Letter of Credit, excluding the amount available to be drawn under such Series 2005-2 Letter of Credit but taking into account a substitute Series 2005-2 Letter of Credit which has been obtained from a Series 2005-2 Eligible Letter of Credit Provider and is in full force and effect on such date, the Series 2005-2 Enhancement Amount would be less than the Series 2005-2 Required Enhancement Amount or the Series 2005-2 Liquidity Amount would be less than the Series 2005-2 Required Liquidity Amount, then the Administrator shall notify the Trustee and the Surety Provider (with the Surety Provider to be provided supporting calculations in reasonable detail) in writing no later than two (2) Business Days prior to such Series 2005-2 Letter of Credit Expiration Date of (x) the greater of (A) the excess, if any, of the Series 2005-2 Required Enhancement Amount over the Series 2005-2 Enhancement Amount, excluding the available amount under such expiring Series 2005-2 Letter of Credit but taking into account any substitute Series 2005-2 Letter of Credit which has been obtained from a Series 2005-2 Eligible Letter of Credit Provider and is in full force and effect, on such date, and (B) the excess, if any, of the Series 2005-2 Required Liquidity Amount over the Series 2005-2 Liquidity Amount, excluding the available amount under such expiring Series 2005-2 Letter of Credit but taking into account any substitute Series 2005-2 Letter of

Credit which has been obtained from a Series 2005-2 Eligible Letter of Credit Provider and is in full force and effect, on such date, and (y) the amount available to be drawn on such expiring Series 2005-2 Letter of Credit on such date. Upon receipt of such notice by the Trustee on or prior to 10:00 a.m. (New York City time) on any Business Day, the Trustee shall, by 12:00 noon (New York City time) on such Business Day (or, in the case of any notice given to the Trustee after 10:00 a.m. (New York City time), by 12:00 noon (New York City time) on the next following Business Day), draw the lesser of the amounts set forth in clauses (x) and (y) above on such expiring Series 2005-2 Letter of Credit by presenting a draft (with a copy to the Surety Provider) accompanied by a Certificate of Termination Demand and shall cause the Termination Disbursement to be deposited in the Series 2005-2 Cash Collateral Account.

If the Trustee does not receive the notice from the Administrator described in the first paragraph of this Section 2.8(b) on or prior to the date that is two (2) Business Days prior to each Series 2005-2 Letter of Credit Expiration Date, the Trustee shall, by 12:00 noon (New York City time) on such Business Day draw the full amount of such Series 2005-2 Letter of Credit by presenting a draft accompanied by a Certificate of Termination Demand and shall cause the Termination Disbursement to be deposited in the Series 2005-2 Cash Collateral Account.

(c) Series 2005-2 Letter of Credit Providers. The Administrator shall notify the Trustee and the Surety Provider in writing within one (1) Business Day of becoming aware that (i) the long-term senior unsecured debt credit rating of any Series 2005-2 Letter of Credit Provider has fallen below "A+" as determined by Standard & Poor's or "Al" as determined by Moody's or (ii) the short-term senior unsecured debt credit rating of any Series 2005-2 Letter of Credit Provider has fallen below "A-1" as determined by Standard & Poor's or "P-1" as determined by Moody's. At such time the Administrator shall also notify the Trustee of (i) the greater of (A) the excess, if any, of the Series 2005-2 Required Enhancement Amount over the Series 2005-2 Enhancement Amount, excluding the available amount under the Series 2005-2 Letter of Credit issued by such Series 2005-2 Letter of Credit Provider, on such date, and (B) the excess, if any, of the Series 2005-2 Required Liquidity Amount over the Series 2005-2 Liquidity Amount, excluding the available amount under such Series 2005-2 Letter of Credit, on such date, and (ii) the amount available to be drawn on such Series 2005-2 Letter of Credit on such date. Upon receipt of such notice by the Trustee on or prior to 10:00 a.m. (New York City time) on any Business Day, the Trustee shall, by 12:00 noon (New York City time) on such Business Day (or, in the case of any notice given to the Trustee after 10:00 a.m. (New York City time), by 12:00 noon (New York City time) on the next following Business Day), draw on such Series 2005-2 Letter of Credit in an amount equal to the lesser of the amounts in clause (i) and clause (ii) of the immediately preceding sentence on such Business Day by presenting a draft accompanied by a Certificate of Termination Demand and shall cause the Termination Disbursement to be deposited in the Series 2005-2 Cash Collateral Account.

(d) Termination Date Demands on the Series 2005-2 Letters of Credit. Prior to 10:00 a.m. (New York City time) on the Business Day immediately succeeding the Series 2005-2 Letter of Credit Termination Date, the Administrator shall determine the Series 2005-2 Demand Note Payment Amount, if any, as of the Series 2005-2 Letter of Credit Termination Date and, if the Series 2005-2 Demand Note Payment Amount is greater than zero, instruct the Trustee in writing to draw on the Series 2005-2 Letters of Credit. Upon receipt of any such notice by the Trustee on or prior to 11:00 a.m. (New York City time) on a Business Day, the

Trustee shall, by 12:00 noon (New York City time) on such Business Day draw an amount equal to the lesser of (i) the Series 2005-2 Demand Note Payment Amount and (ii) the Series 2005-2 Letter of Credit Liquidity Amount on the Series 2005-2 Letters of Credit by presenting to each Series 2005-2 Letter of Credit Provider (with a copy to the Surety Provider) a draft accompanied by a Certificate of Termination Date Demand and shall cause the Termination Date Disbursement to be deposited in the Series 2005-2 Cash Collateral Account; provided, however, that if the Series 2005-2 Cash Collateral Account has been established and funded, the Trustee shall draw an amount equal to the product of (a) 100% minus the Series 2005-2 Cash Collateral Percentage and (b) the lesser of the amounts referred to in clause (i) and (ii) on such Business Day on the Series 2005-2 Letters of Credit as calculated by the Administrator and provided in writing to the Trustee and the Surety Provider.

(e) Draws on the Series 2005-2 Letters of Credit. If there is more than one Series 2005-2 Letter of Credit on the date of any draw on the Series 2005-2 Letters of Credit pursuant to the terms of this Supplement, the Administrator shall instruct the Trustee, in writing, to draw on each Series 2005-2 Letter of Credit in an amount equal to the Pro Rata Share of the Series 2005-2 Letter of Credit Provider issuing such Series 2005-2 Letter of Credit of the amount of such draw on the Series 2005-2 Letters of Credit.

(f) Establishment of Series 2005-2 Cash Collateral Account. On or prior to the date of any drawing under a Series 2005-2 Letter of Credit pursuant to Section 2.8(b), (c) or (d) above, CRCF shall establish and maintain in the name of the Trustee for the benefit of the Series 2005-2 Noteholders, each Series 2005-2 Interest Rate Swap Counterparty and the Surety Provider, or cause to be established and maintained, an account (the "Series 2005-2 Cash Collateral Account"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Series 2005-2 Noteholders, each Series 2005-2 Interest Rate Swap Counterparty and the Surety Provider. The Series 2005-2 Cash Collateral Account shall be maintained (i) with a Qualified Institution, or (ii) as a segregated trust account with the corporate trust department of a depository institution or trust company having corporate trust powers and acting as trustee for funds deposited in the Series 2005-2 Cash Collateral Account; provided, however, that if at any time such Qualified Institution is no longer a Qualified Institution or the credit rating of any securities issued by such depository institution or trust company shall be reduced to below "BBB-" by Standard & Poor's or "Baa3" by Moody's, then CRCF shall, within 30 days of such reduction, establish a new Series 2005-2 Cash Collateral Account with a new Qualified Institution or a new segregated trust account with the corporate trust department of a depository institution or trust company having corporate trust powers and acting as trustee for funds deposited in the Series 2005-2 Cash Collateral Account. If a new Series 2005-2 Cash Collateral Account is established, CRCF shall instruct the Trustee in writing to transfer all cash and investments from the non-qualifying Series 2005-2 Cash Collateral Account into the new Series 2005-2 Cash Collateral Account.

(g) Administration of the Series 2005-2 Cash Collateral Account. CRCF may instruct (by standing instructions or otherwise) the institution maintaining the Series 2005-2 Cash Collateral Account to invest funds on deposit in the Series 2005-2 Cash Collateral Account from time to time in Permitted Investments; provided, however, that any such investment shall mature not later than the Business Day prior to the Distribution Date following the date on which such funds were received, unless any Permitted Investment held in the Series 2005-2 Cash Collateral

Account is held with the Paying Agent, in which case such investment may mature on such Distribution Date so long as such funds shall be available for withdrawal on or prior to such Distribution Date. All such Permitted Investments will be credited to the Series 2005-2 Cash Collateral Account and any such Permitted Investments that constitute (i) physical property (and that is not either a United States security entitlement or a security entitlement) shall be physically delivered to the Trustee; (ii) United States security entitlements or security entitlements shall be controlled (as defined in Section 8-106 of the New York UCC) by the Trustee pending maturity or disposition, and (iii) uncertificated securities (and not United States security entitlements) shall be delivered to the Trustee by causing the Trustee to become the registered holder of such securities. The Trustee shall, at the expense of CRCF, take such action as is required to maintain the Trustee's security interest in the Permitted Investments credited to the Series 2005-2 Cash Collateral Account. CRCF shall not direct the Trustee to dispose of (or permit the disposal of) any Permitted Investments prior to the maturity thereof to the extent such disposal would result in a loss of the purchase price of such Permitted Investments. In the absence of written investment instructions hereunder, funds on deposit in the Series 2005-2 Cash Collateral Account shall remain uninvested.

(h) Earnings from Series 2005-2 Cash Collateral Account. All interest and earnings (net of losses and investment expenses) paid on funds on deposit in the Series 2005-2 Cash Collateral Account shall be deemed to be on deposit therein and available for distribution.

(i) Series 2005-2 Cash Collateral Account Surplus. In the event that the Series 2005-2 Cash Collateral Account Surplus on any Distribution Date (or, after the Series 2005-2 Letter of Credit Termination Date, on any date) is greater than zero, the Trustee, acting in accordance with the written instructions (a copy of which shall be provided by the Administrator to the Surety Provider) of the Administrator, shall withdraw from the Series 2005-2 Cash Collateral Account an amount equal to the Series 2005-2 Cash Collateral Account Surplus and shall pay such amount: first, to the Series 2005-2 Letter of Credit Providers to the extent of any unreimbursed drawings under the related Series 2005-2 Reimbursement Agreement, for application in accordance with the provisions of the related Series 2005-2 Reimbursement Agreement, and, second, to CRCF any remaining amount.

(j) Post-Series 2005-2 Letter of Credit Termination Date Withdrawals from the Series 2005-2 Cash Collateral Account. If the Surety Provider notifies the Trustee in writing that the Surety Provider shall have paid a Preference Amount (as defined in the Surety Bond) under the Surety Bond, subject to the satisfaction of the conditions set forth in the next succeeding sentence, the Trustee shall withdraw from the Series 2005-2 Cash Collateral Account and pay to the Surety Provider an amount equal to the lesser of (i) the Series 2005-2 Available Cash Collateral Account Amount on such date and (ii) such Preference Amount. Prior to any withdrawal from the Series 2005-2 Cash Collateral Account pursuant to this Section 2.8(j), the Trustee shall have received a certified copy of the order requiring the return of such Preference Amount.

(k) Termination of Series 2005-2 Cash Collateral Account. Upon the termination of this Supplement in accordance with its terms, the Trustee, acting in accordance with the written instructions of the Administrator, after the prior payment of all amounts owing to the Series 2005-2 Noteholders and to the Surety Provider and payable from the Series 2005-2 Cash

Collateral Account as provided herein, shall withdraw from the Series 2005-2 Cash Collateral Account all amounts on deposit therein (to the extent not withdrawn pursuant to Section 2.8(i) above) and shall pay such amounts: first, to the Series 2005-2 Letter of Credit Providers to the extent of any unreimbursed drawings under the related Series 2005-2 Reimbursement Agreement, for application in accordance with the provisions of the related Series 2005-2 Reimbursement Agreement, and, second, to CRCF any remaining amount.

Section 2.9 Series 2005-2 Distribution Account. (a) Establishment of Series 2005-2 Distribution Account. CRCF shall establish and maintain in the name of the Trustee for the benefit of the Series 2005-2 Noteholders, each Series 2005-2 Interest Rate Swap Counterparty and the Surety Provider, or cause to be established and maintained, an account (the "Series 2005-2 Distribution Account"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Series 2005-2 Noteholders, each Series 2005-2 Interest Rate Swap Counterparty and the Surety Provider. The Series 2005-2 Distribution Account shall be maintained (i) with a Qualified Institution, or (ii) as a segregated trust account with the corporate trust department of a depository institution or trust company having corporate trust powers and acting as trustee for funds deposited in the Series 2005-2 Distribution Account; provided, however, that if at any time such Qualified Institution is no longer a Qualified Institution or the credit rating of any securities issued by such depositary institution or trust company shall be reduced to below "BBB-" by Standard & Poor's or "Baa3" by Moody's, then CRCF shall, within 30 days of such reduction, establish a new Series 2005-2 Distribution Account with a new Qualified Institution. If the Series 2005-2 Distribution Account is not maintained in accordance with the previous sentence, CRCF shall establish a new Series 2005-2 Distribution Account, within ten (10) Business Days after obtaining knowledge of such fact, which complies with such sentence, and shall instruct the Series 2005-2 Agent in writing to transfer all cash and investments from the non-qualifying Series 2005-2 Distribution Account into the new Series 2005-2 Distribution Account. Initially, the Series 2005-2 Distribution Account will be established with The Bank of New York.

(b) Administration of the Series 2005-2 Distribution Account. The Administrator may instruct the institution maintaining the Series 2005-2 Distribution Account to invest funds on deposit in the Series 2005-2 Distribution Account from time to time in Permitted Investments; provided, however, that any such investment shall mature not later than the Business Day prior to the Distribution Date following the date on which such funds were received, unless any Permitted Investment held in the Series 2005-2 Distribution Account is held with the Paying Agent, then such investment may mature on such Distribution Date and such funds shall be available for withdrawal on or prior to such Distribution Date. All such Permitted Investments will be credited to the Series 2005-2 Distribution Account and any such Permitted Investments that constitute (i) physical property (and that is not either a United States security entitlement or a security entitlement) shall be physically delivered to the Trustee; (ii) United States security entitlements or security entitlements shall be controlled (as defined in Section 8-106 of the New York UCC) by the Trustee pending maturity or disposition, and (iii) uncertificated securities (and not United States security entitlements) shall be delivered to the Trustee by causing the Trustee to become the registered holder of such securities. The Trustee shall, at the expense of CRCF, take such action as is required to maintain the Trustee's security interest in the Permitted Investments credited to the Series 2005-2 Distribution Account. CRCF shall not direct the Trustee to dispose of (or permit the disposal of) any Permitted

Investments prior to the maturity thereof to the extent such disposal would result in a loss of the purchase price of such Permitted Investments. In the absence of written investment instructions hereunder, funds on deposit in the Series 2005-2 Distribution Account shall remain uninvested.

(c) Earnings from Series 2005-2 Distribution Account. All interest and earnings (net of losses and investment expenses) paid on funds on deposit in the Series 2005-2 Distribution Account shall be deemed to be on deposit and available for distribution.

(d) Series 2005-2 Distribution Account Constitutes Additional Collateral for Series 2005-2 Notes. In order to secure and provide for the repayment and payment of the CRCF Obligations with respect to the Series 2005-2 Notes, CRCF hereby grants a security interest in and assigns, pledges, grants, transfers and sets over to the Trustee, for the benefit of the Series 2005-2 Noteholders, each Series 2005-2 Interest Rate Swap Counterparty and the Surety Provider, all of CRCF's right, title and interest in and to the following (whether now or hereafter existing or acquired): (i) the Series 2005-2 Distribution Account, including any security entitlement thereto; (ii) all funds on deposit therein from time to time; (iii) all certificates and instruments, if any, representing or evidencing any or all of the Series 2005-2 Distribution Account or the funds on deposit therein from time to time; (iv) all investments made at any time and from time to time with monies in the Series 2005-2 Distribution Account, whether constituting securities, instruments, general intangibles, investment property, financial assets or other property; (v) all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for the Series 2005-2 Distribution Account, the funds on deposit therein from time to time or the investments made with such funds; and (vi) all proceeds of any and all of the foregoing, including, without limitation, cash (the items in the foregoing clauses (i) through (vi) are referred to, collectively, as the "Series 2005-2 Distribution Account Collateral"). The Trustee shall possess all right, title and interest in all funds on deposit from time to time in the Series 2005-2 Distribution Account and in and to all proceeds thereof, and shall be the only person authorized to originate entitlement orders in respect of the Series 2005-2 Distribution Account. The Series 2005-2 Distribution Account Collateral shall be under the sole dominion and control of the Trustee for the benefit of the Series 2005-2 Noteholders, each Series 2005-2 Interest Rate Swap Counterparty and the Surety Provider. The Series 2005-2 Agent hereby agrees (i) to act as the securities intermediary (as defined in Section 8-102(a)(14) of the New York UCC) with respect to the Series 2005-2 Distribution Account; (ii) that its jurisdiction as securities intermediary is New York, (iii) that each item of property (whether investment property, financial asset, security, instrument or cash) credited to the Series 2005-2 Distribution Account shall be treated as a financial asset (as defined in Section 8-102(a)(9) of the New York UCC) and (iv) to comply with any entitlement order (as defined in Section 8-102(a)(8) of the New York UCC) issued by the Trustee.

Section 2.10 Series 2005-2 Interest Rate Swaps. (a) On the Series 2005-2 Closing Date, CRCF shall enter into one or more interest rate swaps acceptable to the Surety Provider (in the exercise of its reasonable judgment) in respect of the Series 2005-2 Notes with a Qualified Interest Rate Swap Counterparty (each a "Series 2005-2 Interest Rate Swap"), which shall have an aggregate initial notional amount equal to the Series 2005-2 Initial Invested Amount. The aggregate notional amount of such Series 2005-2 Interest Rate Swaps shall be reduced pursuant to the terms of such Series 2005-2 Interest Rate Swaps but shall not at any time be less than the Series 2005-2 Invested Amount. The fixed rate payable by CRCF under such Series 2005-2 Interest Rate Swaps and any replacement thereof shall not be greater than 5.50%.

(b) Replacement of Any Series 2005-2 Interest Rate Swap. If, at any time, a Series 2005-2 Interest Rate Swap Counterparty does not have (i) a long-term senior, unsecured debt, deposit, claims paying or credit (as the case may be) rating above "A-" from Standard & Poor's and above "A3" from Moody's, (ii) a short-term senior, unsecured debt, deposit, claims paying or credit (as the case may be) rating of at least "A-1", or if such Series 2005-2 Interest Rate Swap Counterparty does not have a short-term senior, unsecured debt rating, then a long-term senior, unsecured debt, deposit, claims paying or credit (as the case may be) rating of at least "A+", in each case, from Standard & Poor's and (iii) a short-term senior, unsecured debt, deposit, claims paying or credit (as the case may be) rating of "P-1", or if such Series 2005-2 Interest Rate Swap Counterparty does not have a short-term senior, unsecured debt rating, then a long-term senior, unsecured debt, deposit, claims paying or credit (as the case may be) rating of at least "A1", in each case, from Moody's, then CRCF shall cause the Series 2005-2 Interest Rate Swap Counterparty within 30 days following such occurrence, at the Series 2005-2 Interest Rate Swap Counterparty's expense, to do one of the following (the choice of such action to be determined by the Series 2005-2 Interest Rate Swap Counterparty) (i) obtain a replacement interest rate swap on substantially the same terms as the replaced Series 2005-2 Interest Rate Swap from a Qualified Interest Rate Swap Provider and terminate the applicable Series 2005-2 Interest Rate Swap, (ii) collateralize its obligations under the Series 2005-2 Interest Rate Swap in a manner acceptable to the Rating Agencies and the Surety Provider (in the exercise of its reasonable judgment) in an amount and with collateral which is sufficient to maintain or restore the immediately prior ratings (without giving effect to the Policy) of the Series 2005-2 Notes or (iii) enter into any other arrangement satisfactory to Standard & Poor's, Moody's and the Surety Provider (in the exercise of its reasonable judgment), which is sufficient to maintain or restore the immediately prior ratings (without giving effect to the Surety Bond) of the Series 2005-2 Notes; provided that no termination of any Series 2005-2 Interest Rate Swap shall occur until CRCF has entered into a replacement interest rate swap or shall have entered any other arrangement satisfactory to Standard & Poor's, Moody's and the Surety Provider (in the exercise of its reasonable judgment).

(c) To secure payment of all CRCF Obligations with respect to the Series 2005-2 Notes, CRCF grants a security interest in, and assigns, pledges, grants, transfers and sets over to the Trustee, for the benefit of the Series 2005-2 Noteholders and the Surety Provider, all of CRCF's right, title and interest in the Series 2005-2 Interest Rate Swaps and all proceeds thereof (the "Series 2005-2 Interest Rate Swap Collateral"). CRCF shall require all Series 2005-2 Interest Rate Swap Proceeds to be paid to, and the Trustee shall allocate all Series 2005-2 Interest Rate Swap Proceeds to, the Series 2005-2 Accrued Interest Account of the Series 2005-2 Collection Account.

(d) The failure of CRCF to comply with its covenants contained in this Section 2.10 shall not constitute an Amortization Event with respect to the Series 2005-2 Notes.

Section 2.11 Series 2005-2 Accounts Permitted Investments. CRCF shall not, and shall not permit, funds on deposit in the Series 2005-2 Accounts to be invested in:

(i) Permitted Investments that do not mature at least one Business Day before the next Distribution Date;

(ii) demand deposits, time deposits or certificates of deposit with a maturity in excess of 360 days;

(iii) commercial paper which is not rated "P-1" by Moody's;

(iv) money market funds or eurodollar time deposits which are not rated at least "AAA" by Standard & Poor's;

(v) eurodollar deposits that are not rated "P-1" by Moody's or that are with financial institutions not organized under the laws of a G-7 nation; or

(vi) any investment, instrument or security not otherwise listed in clause (i) through (vi) of the definition of "Permitted Investments" in the Base Indenture that is not approved in writing by the Surety Provider.

Section 2.12 Series 2005-2 Demand Notes Constitute Additional Collateral for Series 2005-2 Notes. In order to secure and provide for the repayment and payment of the CRCF Obligations with respect to the Series 2005-2 Notes, CRCF hereby grants a security interest in and assigns, pledges, grants, transfers and sets over to the Trustee, for the benefit of the Series 2005-2 Noteholders, each Series 2005-2 Interest Rate Swap Counterparty and the Surety Provider, all of CRCF's right, title and interest in and to the following (whether now or hereafter existing or acquired): (i) the Series 2005-2 Demand Notes; (ii) all certificates and instruments, if any, representing or evidencing the Series 2005-2 Demand Notes; and (iii) all proceeds of any and all of the foregoing, including, without limitation, cash. On the date hereof, CRCF shall deliver to the Trustee, for the benefit of the Series 2005-2 Noteholders, each Series 2005-2 Interest Rate Swap Counterparty and the Surety Provider, each Series 2005-2 Demand Note, endorsed in blank. The Trustee, for the benefit of the Series 2005-2 Noteholders, each Series 2005-2 Interest Rate Swap Counterparty and the Surety Provider, shall be the only Person authorized to make a demand for payments on the Series 2005-2 Demand Notes.

ARTICLE III

AMORTIZATION EVENTS

In addition to the Amortization Events set forth in Section 9.1 of the Base Indenture, any of the following shall be an Amortization Event with respect to the Series 2005-2 Notes and collectively shall constitute the Amortization Events set forth in Section 9.1(n) of the Base Indenture with respect to the Series 2005-2 Notes (without notice or other action on the part of the Trustee or any holders of the Series 2005-2 Notes):

(a) a Series 2005-2 Enhancement Deficiency shall occur and continue for at least two (2) Business Days; provided, however, that such event or condition shall not be an Amortization Event if during such two (2) Business Day period such Series 2005-2 Enhancement Deficiency shall have been cured in accordance with the terms and conditions of the Indenture and the Related Documents;

(b) the Series 2005-2 Liquidity Amount shall be less than the Series 2005-2 Required Liquidity Amount for at least two (2) Business Days; provided, however, that such event or condition shall not be an Amortization Event if during such two (2) Business Day period such insufficiency shall have been cured in accordance with the terms and conditions of the Indenture and the Related Documents;

(c) the Collection Account, the Series 2005-2 Collection Account, the Series 2005-2 Excess Collection Account or the Series 2005-2 Reserve Account shall be subject to an injunction, estoppel or other stay or a Lien (other than Liens permitted under the Related Documents);

(d) all principal of and interest on the Series 2005-2 Notes is not paid in full on or before the Series 2005-2 Expected Final Distribution Date;

(e) the Trustee shall make a demand for payment under the Surety Bond;

(f) the occurrence of an Event of Bankruptcy with respect to the Surety Provider;

(g) the Surety Provider fails to pay a demand for payment in accordance with the requirements of the Surety Bond;

(h) any Series 2005-2 Letter of Credit shall not be in full force and effect for at least two (2) Business Days and (x) either a Series 2005-2 Enhancement Deficiency would result from excluding such Series 2005-2 Letter of Credit from the Series 2005-2 Enhancement Amount or (y) the Series 2005-2 Liquidity Amount, excluding therefrom the available amount under such Series 2005-2 Letter of Credit, would be less than the Series 2005-2 Required Liquidity Amount;

(i) from and after the funding of the Series 2005-2 Cash Collateral Account, the Series 2005-2 Cash Collateral Account shall be subject to an injunction, estoppel or other stay or a Lien (other than Liens permitted under the Related Documents) for at least two (2) Business Days and either (x) a Series 2005-2 Enhancement Deficiency would result from excluding the Series 2005-2 Available Cash Collateral Account Amount from the Series 2005-2 Enhancement Amount or (y) the Series 2005-2 Liquidity Amount, excluding therefrom the Series 2005-2 Available Cash Collateral Amount, would be less than the Series 2005-2 Required Liquidity Amount; and

(j) an Event of Bankruptcy shall have occurred with respect to any Series 2005-2 Letter of Credit Provider or any Series 2005-2 Letter of Credit Provider repudiates its Series 2005-2 Letter of Credit or refuses to honor a proper draw thereon and either (x) a Series 2005-2 Enhancement Deficiency would result from excluding such Series 2005-2 Letter of Credit from the Series 2005-2 Enhancement Amount or (y) the Series 2005-2 Liquidity Amount, excluding therefrom the available amount under such Series 2005-2 Letter of Credit, would be less than the Series 2005-2 Required Liquidity Amount.

ARTICLE IV

RIGHT TO WAIVE PURCHASE RESTRICTIONS

Notwithstanding any provision to the contrary in the Indenture or the Related Documents, but subject in all respects to the Surety Provider's rights under Section 6.11, upon the Trustee's receipt of notice from any Lessee, any Borrower or CRCF (i) to the effect that a Manufacturer Program is no longer an Eligible Manufacturer Program and that, as a result, the Series 2005-2 Maximum Non-Program Vehicle Amount is or will be exceeded or (ii) that the Lessees, the Borrowers and CRCF have determined to increase any Series 2005-2 Maximum Amount, (such notice, a "Waiver Request"), each Series 2005-2 Noteholder may, at its option, waive the Series 2005-2 Maximum Non-Program Vehicle Amount or any other Series 2005-2 Maximum Amount (collectively, a "Waivable Amount") if (i) no Amortization Event exists, (ii) the Requisite Noteholders and the Surety Provider consent to such waiver and (iii) 60 days' prior written notice of such proposed waiver is provided to the Rating Agencies by the Trustee.

Upon receipt by the Trustee of a Waiver Request (a copy of which the Trustee shall promptly provide to the Rating Agencies), all amounts which would otherwise be allocated to the Series 2005-2 Excess Collection Account (collectively, the "Designated Amounts") from the date the Trustee receives a Waiver Request through the Consent Period Expiration Date will be held by the Trustee in the Series 2005-2 Collection Account for ratable distribution as described below.

Within ten (10) Business Days after the Trustee receives a Waiver Request, the Trustee shall furnish notice thereof to the Series 2005-2 Noteholders and the Surety Provider, which notice shall be accompanied by a form of consent (each a "Consent") in the form of Exhibit B by which the Series 2005-2 Noteholders may, on or before the Consent Period Expiration Date, consent to waiver of the applicable Waivable Amount. If the Trustee receives the consent of the Surety Provider and Consents from the Requisite Noteholders agreeing to waiver of the applicable Waivable Amount within forty-five (45) days after the Trustee notifies the Series 2005-2 Noteholders of a Waiver Request (the day on which such forty-five (45) day period expires, the "Consent Period Expiration Date"), (i) the applicable Waivable Amount shall be deemed waived by the consenting Series 2005-2 Noteholders, (ii) the Trustee will distribute the Designated Amounts as set forth below and (iii) the Trustee shall promptly (but in any event within two days) provide the Rating Agency with notice of such waiver. Any Series 2005-2 Noteholder from whom the Trustee has not received a Consent on or before the Consent Period Expiration Date will be deemed not to have consented to such waiver.

If the Trustee receives Consents from the Requisite Noteholders on or before the Consent Period Expiration Date, then on the immediately following Distribution Date, the Trustee will pay the Designated Amounts as follows:

(i) to the non-consenting Series 2005-2 Noteholders, if any, pro rata up to the amount required to pay all Series 2005-2 Notes held by such non-consenting Series 2005-2 Noteholders in full; and

(ii) any remaining Designated Amounts to the Series 2005-2 Excess Collection Account.

If the amount paid pursuant to clause (i) of the preceding paragraph is not paid in full on the date specified therein, then on each day following such Distribution Date, the Administrator will allocate to the Series 2005-2 Collection Account on a daily basis all Designated Amounts collected on such day. On each following Distribution Date, the Trustee will withdraw a portion of such Designated Amounts from the Series 2005-2 Collection Account and deposit the same in the Series 2005-2 Distribution Account for distribution as follows:

(a) to the non-consenting Series 2005-2 Noteholders, if any, pro rata an amount equal to the Designated Amounts in the Series 2005-2 Collection Account as of the applicable Determination Date up to the aggregate outstanding principal balance of the Series 2005-2 Notes held by the non-consenting Series 2005-2 Noteholders; and

(b) any remaining Designated Amounts to the Series 2005-2 Excess Collection Account.

If the Requisite Noteholders or the Surety Provider do not timely consent to such waiver, the Designated Amounts will be re-allocated to the Series 2005-2 Excess Collection Account for allocation and distribution in accordance with the terms of the Indenture and the Related Documents.

In the event that the Series 2005-2 Rapid Amortization Period shall commence after receipt by the Trustee of a Waiver Request, all such Designated Amounts will thereafter be considered Principal Collections allocated to the Series 2005-2 Noteholders.

ARTICLE V

FORM OF SERIES 2005-2 NOTES

Section 5.1 Restricted Global Series 2005-2 Notes. The Series 2005-2 Notes to be issued in the United States will be issued in book-entry form and represented by one or more permanent global Notes in fully registered form without interest coupons (each, a "Restricted Global Series 2005-2 Note"), substantially in the form set forth in Exhibit A-1, with such legends as may be applicable thereto as set forth in the Base Indenture, and will be sold only in the United States (1) initially to institutional accredited investors within the meaning of Regulation D under the Securities Act in reliance on an exemption from the registration requirements of the Securities Act and (2) thereafter to qualified institutional buyers within the meaning of, and in reliance on, Rule 144A under the Securities Act and shall be deposited on behalf of the purchasers of the Series 2005-2 Notes represented thereby, with the Trustee as custodian for DTC, and registered in the name of Cede as DTC's nominee, duly executed by CRCF and authenticated by the Trustee in the manner set forth in Section 2.4 of the Base Indenture.

Section 5.2 Temporary Global Series 2005-2 Notes; Permanent Global Series 2005-2 Notes. The Series 2005-2 Notes to be issued outside the United States will be issued and sold in transactions outside the United States in reliance on Regulation S under the Securities Act, as provided in the applicable note purchase agreement, and shall initially be issued in the form of one or more temporary notes in registered form without interest coupons (each, a "Temporary Global Series 2005-2 Note"), substantially in the form set forth in Exhibit A-2, which shall be deposited on behalf of the purchasers of the Series 2005-2 Notes represented thereby with a custodian for, and registered in the name of a nominee of DTC, for the account of Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") or for Clearstream Banking, société anonyme ("Clearstream"), duly executed by CRCF and authenticated by the Trustee in the manner set forth in Section 2.4 of the Base Indenture. Interests in a Temporary Global Series 2005-2 Note will be exchangeable, in whole or in part, for interests in one or more permanent global notes in registered form without interest coupons (each, a "Permanent Global Series 2005-2 Note"), substantially in the form of Exhibit A-3, in accordance with the provisions of such Temporary Global Series 2005-2 Note and the Base Indenture (as modified by this Supplement). Interests in a Permanent Global Series 2005-2 Note will be exchangeable for definitive a Series 2005-2 Note in accordance with the provisions of such Permanent Global Series 2005-2 Note and the Base Indenture (as modified by this Supplement).

ARTICLE VI

GENERAL

Section 6.1 Optional Repurchase. The Series 2005-2 Notes shall be subject to repurchase by CRCF at its option in accordance with Section 6.3 of the Base Indenture on any Distribution Date after the Series 2005-2 Invested Amount is reduced to an amount less than or equal to 10% of the Series 2005-2 Initial Invested Amount (the "Series 2005-2 Repurchase Amount"); provided, however, that as a condition precedent to any such optional repurchase on any Distribution Date on which no Surety Default has occurred and is continuing, CRCF shall have received the consent of the Surety Provider. The repurchase price for any Series 2005-2 Note shall equal the aggregate outstanding principal balance of such Series 2005-2 Note (determined after giving effect to any payments of principal and interest on such Distribution Date), plus accrued and unpaid interest on such outstanding principal balance.

Section 6.2 Information. The Trustee shall provide to the Series 2005-2 Noteholders, or their designated agent, and the Surety Provider copies of all information furnished to the Trustee or CRCF pursuant to the Related Documents, as such information relates to the Series 2005-2 Notes or the Series 2005-2 Collateral. In connection with any Preference Amount payable under the Surety Bond, the Trustee shall furnish to the Surety Provider its records evidencing the distributions of principal of and interest on the Series 2005-2 Notes that have been made and subsequently recovered from Series 2005-2 Noteholders and the dates on which such payments were made.

Section 6.3 Exhibits. The following exhibits attached hereto supplement the exhibits included in the Indenture.

Exhibit A-1:	Form of Restricted Global Series 2005-2 Note
Exhibit A-2:	Form of Temporary Global Series 2005-2 Note
Exhibit A-3:	Form of Permanent Global Series 2005-2 Note
Exhibit B:	Form of Consent
Exhibit C:	Form of Series 2005-2 Demand Note
Exhibit D:	Form of Letter of Credit
Exhibit E:	Form of Lease Payment Deficit Notice
Exhibit F:	Form of Demand Notice

Section 6.4 Ratification of Base Indenture. As supplemented by this Supplement, the Base Indenture is in all respects ratified and confirmed and the Base Indenture as so supplemented by this Supplement shall be read, taken, and construed as one and the same instrument.

Section 6.5 Counterparts. This Supplement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument.

Section 6.6 Governing Law. This Supplement shall be construed in accordance with the law of the State of New York, and the obligations, rights and remedies of the parties hereto shall be determined in accordance with such law.

Section 6.7 Amendments. This Supplement may be modified or amended from time to time with the consent of the Surety Provider and in accordance with the terms of the Base Indenture; provided, however, that if, pursuant to the terms of the Base Indenture or this Supplement, the consent of the Required Noteholders is required for an amendment or modification of this Supplement, such requirement shall be satisfied if such amendment or modification is consented to by the Series 2005-2 Noteholders representing more than 50% of the aggregate outstanding principal amount of the Series 2005-2 Notes.

Section 6.8 Discharge of Indenture. Notwithstanding anything to the contrary contained in the Base Indenture, no discharge of the Indenture pursuant to Section 11.1(b) of the Base Indenture will be effective as to the Series 2005-2 Notes without the consent of the Required Noteholders and, to the extent there are any amounts due to a Series 2005-2 Interest Rate Swap Counterparty, each such Series 2005-2 Interest Rate Swap Counterparty.

Section 6.9 Notice to Surety Provider, Rating Agencies and each Series 2005-2 Interest Rate Swap Counterparty. The Trustee shall provide to the Surety Provider, each Rating Agency and each Series 2005-2 Interest Rate Swap Counterparty a copy of each notice, opinion of counsel, certificate or other item delivered to, or required to be provided by, the Trustee pursuant to this Supplement or any other Related Document. Each such opinion of counsel shall be addressed to the Surety Provider and each Series 2005-2 Interest Rate Swap Counterparty, shall be from counsel reasonably acceptable to the Surety Provider and each Series 2005-2 Interest Rate Swap Counterparty and shall be in form and substance reasonably acceptable to the Surety Provider and each Series 2005-2 Interest Rate Swap Counterparty. All such notices, opinions, certificates or other items delivered to the Surety Provider shall be forwarded to Financial Guaranty Insurance Company, 125 Park Avenue, New York, New York 10017, Attention: General Counsel, Telephone: (212) 312-3077.

Section 6.10 Certain Rights of Surety Provider. The Surety Provider shall be deemed to be an Enhancement Provider entitled to receive confirmation of the rating on the Series 2005-2 Notes (without regard to the Surety Bond) pursuant to the definition of "Rating Agency Confirmation Condition." In addition, the Surety Provider shall be deemed to be an Enhancement Provider entitled to exercise the consent rights described in clause (ii) of the definition of "Rating Agency Consent Condition."

Section 6.11 Surety Provider Deemed Noteholder and Secured Party. Except for any period during which a Surety Default is continuing, the Surety Provider shall be deemed to be the holder of 100% of the Series 2005-2 Notes for the purposes of giving any and all consents, waivers (including, without limitation, pursuant to Article III (other than an Amortization Event described in clauses (f) and (g) thereof) Article IV and Section 6.7), approvals, instructions, directions, requests, declarations and/or notices pursuant to the Base Indenture and this Supplement. Any reference in the Base Indenture or the Related Documents (including, without limitation, in Sections 2.3, 8.14, 9.1, 9.2 or 12.1 of the Base Indenture) to materially, adversely, or detrimentally affecting the rights or interests of the Noteholders, or words of similar meaning, shall be deemed, for purposes of the Series 2005-2 Notes, to refer to the rights or interests of the Surety Provider. The Surety Provider shall constitute an "Enhancement Provider" with respect to the Series 2005-2 Notes for all purposes under the Indenture and the other Related Documents. Furthermore, the Surety Provider shall be deemed to be a "Secured Party" under the Base Indenture and the Related Documents to the extent of amounts payable to the Surety Provider pursuant to this Supplement and the Insurance Agreement shall constitute an "Enhancement Agreement" with respect to the Series 2005-2 Notes for all purposes under the Indenture and the Related Documents. Moreover, wherever in the Related Documents money or other property is assigned, conveyed, granted or held for, a filing is made for, action is taken for or agreed to be taken for, or a representation or warranty is made for the benefit of the Noteholders, the Surety Provider shall be deemed to be the Noteholder with respect to 100% of the Series 2005-2 Notes for such purposes.

Section 6.12 Capitalization of CRCF. CRCF agrees that on the Series 2005-2 Closing Date it will have capitalization in an amount equal to or greater than 3% of the sum of (x) the Series 2005-2 Invested Amount and (y) the invested amount of the Series 1998-1 Notes, Series 2000-2 Notes, the Series 2000-4 Notes, the Series 2001-2 Notes, the Series 2002-1 Notes, Series 2002-2 Notes, Series 2002-3 Notes, Series 2003-1 Notes, Series 2003-2 Notes, Series 2003-3 Notes, Series 2003-4 Notes, Series 2003-5 Notes, Series 2004-1 Notes, Series 2004-2 Notes, Series 2004-4 Notes, Series 2004-5 Notes and the Series 2005-1 Notes.

Section 6.13 Series 2005-2 Required Non-Program Enhancement Percentage. CRCF agrees that it will not make any Loan under any Loan Agreement to finance the acquisition of any Vehicle by AESOP Leasing, AESOP Leasing II, CCRG, BRAC or ARAC, as the case may be, if, after giving effect to the making of such Loan, the acquisition of such Vehicle and the inclusion of such Vehicle under the relevant Lease, the Series 2005-2 Required Non-Program Enhancement Percentage would exceed 25.0%.

Section 6.14 Third Party Beneficiary. The Surety Provider and each Series 2005-2 Interest Rate Swap Counterparty is an express third party beneficiary of (i) the Base Indenture to the extent of provisions relating to any Enhancement Provider and (ii) this Supplement.

Section 6.15 Prior Notice by Trustee to Surety Provider. Subject to Section 10.1 of the Base Indenture, the Trustee agrees that, so long as no Amortization Event shall have occurred and be continuing with respect to any Series of Notes other than the Series 2005-2 Notes, it shall not exercise any rights or remedies available to it as a result of the occurrence of an Amortization Event with respect to the Series 2005-2 Notes (except those set forth in clauses (f) and (g) of Article III) or a Series 2005-2 Limited Liquidation Event of Default until after the Trustee has given prior written notice thereof to the Surety Provider and each Series 2005-2 Interest Rate Swap Counterparty and obtained the direction of the Required Noteholders with respect to the Series 2005-2 Notes. The Trustee agrees to notify the Surety Provider promptly following any exercise of rights or remedies available to it as a result of the occurrence of any Amortization Event or a Series 2005-2 Limited Liquidation Event of Default.

Section 6.16 Effect of Payments by the Surety Provider. Anything herein to the contrary notwithstanding, any distribution of principal of or interest on the Series 2005-2 Notes that is made with moneys received pursuant to the terms of the Surety Bond shall not (except for the purpose of calculating the Principal Deficit Amount) be considered payment of the Series 2005-2 Notes by CRCF. The Trustee acknowledges that, without the need for any further action on the part of the Surety Provider, (i) to the extent the Surety Provider makes payments, directly or indirectly, on account of principal of or interest on the Series 2005-2 Notes to the Trustee for the benefit of the Series 2005-2 Noteholders or to the Series 2005-2 Noteholders (including any Preference Amounts as defined in the Surety Bond), the Surety Provider will be fully subrogated to the rights of such Series 2005-2 Noteholders to receive such principal and interest and will be deemed to the extent of the payments so made to be a Series 2005-2 Noteholder and (ii) the Surety Provider shall be paid principal and interest in its capacity as a Series 2005-2 Noteholder until all such payments by the Surety Provider have been fully reimbursed, but only from the sources and in the manner provided herein for the distribution of such principal and interest and in each case only after the Series 2005-2 Noteholders have received all payments of principal and interest due to them hereunder on the related Distribution Date.

Section 6.17 Series 2005-2 Demand Notes. Other than pursuant to a demand thereon pursuant to Section 2.5, CRCF shall not reduce the amount of the Series 2005-2 Demand Notes or forgive amounts payable thereunder so that the outstanding principal amount of the Series 2005-2 Demand Notes after such reduction or forgiveness is less than the Series 2005-2 Letter of Credit Liquidity Amount. CRCF shall not agree to any amendment of the Series 2005-2 Demand Notes without first satisfying the Rating Agency Confirmation Condition and the Rating Agency Consent Condition.

Section 6.18 Subrogation. In furtherance of and not in limitation of the Surety Provider's equitable right of subrogation, each of the Trustee and CRCF acknowledge that, to the extent of any payment made by the Surety Provider under the Surety Bond with respect to interest on or principal of the Series 2005-2 Notes, including any Preference Amount, as defined in the Surety Bond, the Surety Provider is to be fully subrogated to the extent of such payment and any additional interest due on any late payment, to the rights of the Series 2005-2 Noteholders under the Indenture. Each of CRCF and the Trustee agree to such subrogation and, further, agree to take such actions as the Surety Provider may reasonably request in writing to evidence such subrogation.

Section 6.19 Termination of Supplement. This Supplement shall cease to be of further effect when all outstanding Series 2005-2 Notes theretofore authenticated and issued have been delivered (other than destroyed, lost, or stolen Series 2005-2 Notes which have been replaced or paid) to the Trustee for cancellation, CRCF has paid all sums payable hereunder, the Surety Provider has been paid all Surety Provider Fees and all other Surety Provider Reimbursement Amounts due under the Insurance Agreement, the Series 2005-2 Interest Rate Swaps have been terminated and there are no amounts due and owing thereunder and, if the Series 2005-2 Demand Note Payment Amount on the Series 2005-2 Letter of Credit Termination Date was greater than zero, all amounts have been withdrawn from the Series 2005-2 Cash Collateral Account in accordance with Section 2.8(i).

Section 6.20 Condition to Termination of CRCF's Obligations. Notwithstanding anything to the contrary in Section 11.1 of the Base Indenture, so long as this Supplement is in effect, CRCF may not terminate its obligations under the Indenture unless CRCF shall have delivered to the Surety Provider and each Series 2005-2 Interest Rate Swap Counterparty an Opinion of Counsel, in form and substance acceptable to the Surety Provider and each Series 2005-2 Interest Rate Swap Counterparty, to the effect that, in the event of a bankruptcy proceeding under the Bankruptcy Code in respect of CRCF, the Lessor or any Lessee, the bankruptcy court would not avoid any amounts distributed to the Series 2005-2 Noteholders, the Surety Provider or any Series 2005-2 Interest Rate Swap Counterparty in connection with such termination.

Section 6.21 Confidential Information. (a) The Trustee and each Series 2005-2 Note Owner agrees, by its acceptance and holding of a beneficial interest in a Series 2005-2 Note, to maintain the confidentiality of all Confidential Information in accordance with procedures adopted by the Trustee or such Series 2005-2 Note Owner in good faith to protect confidential information of third parties delivered to such Person; provided, that such Person may deliver or disclose Confidential Information to: (i) such Person's directors, trustees, officers, employees, agents, attorneys, independent or internal auditors and affiliates who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section 6.21; (ii) such Person's financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section 6.21; (iii) any other Series 2005-2 Note Owner; (iv) any Person of the type that would be, to such Person's knowledge, permitted to acquire an interest in the Series 2005-2 Notes in accordance with the requirements of the Indenture to which such Person sells or offers to sell any such Series 2005-2 Note or any part thereof and that agrees to hold confidential the Confidential Information substantially in accordance with this Section 6.21 (or in accordance with such other confidentiality procedures as are acceptable to CRCF); (v) any federal or state or other regulatory, governmental or judicial authority having jurisdiction over such Person; (vi) the National Association of Insurance Commissioners or any similar organization, or any nationally recognized rating agency that requires access to information about the investment portfolio of such Person, (vii) any reinsurers or liquidity or credit providers that agree to hold confidential the Confidential Information substantially in accordance with this Section 6.21 (or in accordance with such other confidentiality procedures as are acceptable to CRCF); (viii) any other Person with the consent of CRCF; or (ix) any other Person to which such delivery or disclosure may be necessary or appropriate (A) to effect compliance with any law, rule, regulation, statute or order applicable to such Person, (B) in response to any subpoena or other legal process upon prior

notice to CRCF (unless prohibited by applicable law, rule, order or decree or other requirement having the force of law), (C) in connection with any litigation to which such Person is a party upon prior notice to CRCF (unless prohibited by applicable law, rule, order or decree or other requirement having the force of law) or (D) if an Amortization Event with respect to the Series 2005-2 Notes has occurred and is continuing, to the extent such Person may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under the Series 2005-2 Notes, the Indenture or any other Related Document; and provided, further, however, that delivery to any Series 2005-2 Note Owner of any report or information required by the terms of the Indenture to be provided to such Series 2005-2 Note Owner shall not be a violation of this Section 6.21. Each Series 2005-2 Note Owner agrees, by acceptance of a beneficial interest in a Series 2005-2 Note, except as set forth in clauses (v), (vi) and (ix) above, that it shall use the Confidential Information for the sole purpose of making an investment in the Series 2005-2 Notes or administering its investment in the Series 2005-2 Notes. In the event of any required disclosure of the Confidential Information by such Series 2005-2 Note Owner, such Series 2005-2 Note Owner agrees to use reasonable efforts to protect the confidentiality of the Confidential Information.

(b) For the purposes of this Section 6.21, "Confidential Information" means information delivered to the Trustee or any Series 2005-2 Note Owner by or on behalf of CRCF in connection with and relating to the transactions contemplated by or otherwise pursuant to the Indenture and the Related Documents; provided, that such term does not include information that: (i) was publicly known or otherwise known to the Trustee or such Series 2005-2 Note Owner prior to the time of such disclosure; (ii) subsequently becomes publicly known through no act or omission by the Trustee, any Series 2005-2 Note Owner or any person acting on behalf of the Trustee or any Series 2005-2 Note Owner; (iii) otherwise is known or becomes known to the Trustee or any Series 2005-2 Note Owner other than (x) through disclosure by CRCF or (y) as a result of the breach of a fiduciary duty to CRCF or a contractual duty to CRCF; or (iv) is allowed to be treated as non-confidential by consent of CRCF.

IN WITNESS WHEREOF, CRCF and the Trustee have caused this Supplement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

CENDANT RENTAL CAR FUNDING (AESOP) LLC

By: /s/ Lori Gebron
Title: Vice President

THE BANK OF NEW YORK, as Trustee

By: /s/: John Bobko
Title: Assistant Vice President

THE BANK OF NEW YORK, as Series 2005-2 Agent

By: /s/: John Bobko
Title: Assistant Vice President

Table of Contents

		Page
ARTICLE I DEFINITIONS		1
ARTICLE II SERIES 2005-2 ALLOCATIONS		18
Section 2.1	Establishment of Series 2005-2 Collection Account, Series 2005-2 Excess Collection Account and Series 2005-2 Accrued Interest Account	18
Section 2.2	Allocations with Respect to the Series 2005-2 Notes	18
Section 2.3	Payments to Noteholders and Each Series 2005-2 Interest Rate Swap Counterparty	22
Section 2.4	Payment of Note Interest	26
Section 2.5	Payment of Note Principal	26
Section 2.6	Administrator's Failure to Instruct the Trustee to Make a Deposit or Payment	30
Section 2.7	Series-2005-2 Reserve Account	30
Section 2.8	Series 2005-2 Letters of Credit and Series 2005-2 Cash Collateral Account	32
Section 2.9	Series 2005-2 Distribution Account	37
Section 2.10	Series 2005-2 Interest Rate Swaps	38
Section 2.11	Series 2005-2 Accounts Permitted Investments	39
Section 2.12	Series 2005-2 Demand Notes Constitute Additional Collateral for Series 2005-2 Notes	40
ARTICLE III AMORTIZATION EVENTS		40
ARTICLE IV RIGHT TO WAIVE PURCHASE RESTRICTIONS		42
ARTICLE V FORM OF SERIES 2005-2 NOTES		43
Section 5.1	Restricted Global Series 2005-2 Notes	43
Section 5.2	Temporary Global Series 2005-2 Notes; Permanent Global Series 2005-2 Notes	44
ARTICLE VI GENERAL		44
Section 6.1	Optional Repurchase	44
Section 6.2	Information	44
Section 6.3	Exhibits	44
Section 6.4	Ratification of Base Indenture	45
Section 6.5	Counterparts	45
Section 6.6	Governing Law	45
Section 6.7	Amendments	45
Section 6.8	Discharge of Indenture	45

		Page
Section 6.9	Notice to Surety Provider, Rating Agencies and each Series 2005-2 Interest Rate Swap Counterparty	45
Section 6.10	Certain Rights of Surety Provider	46
Section 6.11	Surety Provider Deemed Noteholder and Secured Party	46
Section 6.12	Capitalization of CRCF	46
Section 6.13	Series 2005-2 Required Non-Program Enhancement Percentage	46
Section 6.14	Third Party Beneficiary	46
Section 6.15	Prior Notice by Trustee to Surety Provider	47
Section 6.16	Effect of Payments by the Surety Provider	47
Section 6.17	Series 2005-2 Demand Notes	47
Section 6.18	Subrogation	47
Section 6.19	Termination of Supplement	48
Section 6.20	Condition to Termination of CRCF's Obligations	48
Section 6.21	Confidential Information.	48

Exhibit 10.25(b)

FIRST AMENDMENT TO THE SERIES 2005-2 SUPPLEMENT

This FIRST AMENDMENT (this "Amendment"), dated as of December 23, 2005, amends the Series 2005-2 Supplement (the "Series 2005-2 Supplement"), dated as of March 22, 2005 and is between CENDANT RENTAL CAR FUNDING (AESOP) LLC (formerly known as AESOP Funding II L.L.C.), a special purpose limited liability company established under the laws of Delaware ("CRCF"), THE BANK OF NEW YORK, a New York banking corporation, as trustee (in such capacity, the "Trustee") and as agent for the benefit of the Series 2005-2 Noteholders and the Surety Provider (in such capacity, the "Series 2005-2 Agent"), to the Second Amended and Restated Base Indenture, dated as of June 3, 2004, between CRCF 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 2005-2 Supplement, as applicable.

W I T N E S S E T H:

WHEREAS, pursuant to Section 12.2(i) of the Base Indenture, an amendment to any Supplement which amends the applicable amount of Enhancement requires the consent of CRCF, the Trustee and each affected Noteholder of the applicable Series of Notes;

WHEREAS, pursuant to Section 6.11 of the Series 2005-2 Supplement, the Surety Provider is deemed to be the sole holder of the Series 2005-2 Notes for the purpose of giving all consents, waivers and approvals under the Series 2005-2 Supplement and the Base Indenture on behalf of the Series 2005-2 Notes;

WHEREAS, the parties desire to amend the Series 2005-2 Supplement (1) to increase the Series 2005-2 Required Enhancement Percentage when an Event of Bankruptcy has occurred with respect to a Manufacturer of Program Vehicles, (2) to modify certain Series 2005-2 Maximum Manufacturer Amounts and (3) to make conforming changes; and

WHEREAS, CRCF has requested the Trustee, the Series 2005-2 Agent and each Noteholder to, and, upon this Amendment becoming effective, CRCF, the Trustee, the Series 2005-2 Agent and the Surety Provider voting as the sole Noteholder have agreed to, amend certain provisions of the Series 2005-2 Supplement as set forth herein;

NOW, THEREFORE, it is agreed:

1. Article I(b) of the Series 2005-2 Supplement is hereby amended to include the following definitions in appropriate alphabetical order:

"Series 2005-2 Bankrupt Manufacturer Vehicle Percentage" means, as of any date of determination, a fraction, expressed as a percentage, (i) the numerator of which is the aggregate Net Book Value of all Program Vehicles manufactured by a Bankrupt Manufacturer and leased under the AESOP I Operating Lease as of such date and (ii) the

denominator of which is the aggregate Net Book Value of all Vehicles leased under the AESOP I Operating Lease as of such date; provided that, solely for the purposes of clause (i) of this definition if a Bankrupt Manufacturer is the debtor in Chapter 11 Proceedings, until the thirtieth (30th) calendar day following commencement of such Chapter 11 Proceedings, the Net Book Value of all Program Vehicles Manufactured by such Bankrupt Manufacturer shall be deemed to be zero.

"Series 2005-2 Required Incremental Bankrupt Manufacturer Rate" means (i) as of any date following the occurrence of an Event of Bankruptcy with respect to a Manufacturer of Program Vehicles, the excess of (A) the Series 2005-2 Required Non-Program Enhancement Percentage as of such date over (B) 14.75% and (ii) as of any other date of determination, zero.

2. Each of the following defined terms, as set forth in Article I(b) of the Series 2005-2 Supplement, is hereby amended and restated in its entirety as follows:

"Series 2005-2 Maximum Aggregate Kia/Isuzu/Subaru/Hyundai/Suzuki Amount" means, as of any day, with respect to Kia, Isuzu, Subaru, Hyundai and Suzuki, in the aggregate, an amount equal to 20% of the aggregate Net Book Value of all Vehicles leased under the Leases on such day.

"Series 2005-2 Maximum Non-Program Vehicle Percentage" means, as of any date of determination, 40%; provided that the Series 2005-2 Maximum Non-Program Vehicle Percentage as of any date of determination shall be increased by a fraction, expressed as a percentage, the numerator of which is the aggregate Net Book Value of all Redesignated Vehicles manufactured by each Bankrupt Manufacturer and each other Manufacturer with respect to which a Manufacturer Event of Default has occurred and leased as of such date under the AESOP I Operating Lease or the Finance Lease as of such date and the denominator of which is the aggregate Net Book Value of all Vehicles leased under the Leases as of such date.

"Series 2005-2 Maximum Manufacturer Amount" means, as of any day, any of the Series 2005-2 Maximum Mitsubishi Amount, the Series 2005-2 Maximum Individual Kia/Isuzu/Subaru Amount, the Series 2005-2 Maximum Individual Hyundai/Suzuki Amount or the Series 2005-2 Maximum Aggregate Kia/Isuzu/Subaru/Hyundai/Suzuki Amount.

"Series 2005-2 Required Enhancement Amount" means, as of any date of determination, the sum of (i) the product of the Series 2005-2 Required Enhancement Percentage as of such date and the Series 2005-2 Invested Amount as of such date, (ii) the Series 2005-2 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the Non-Program Vehicle Amount as of such date over the Series 2005-2 Maximum Non-Program Vehicle Amount as of such date, (iii) the Series 2005-2 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the aggregate Net Book Value of all Vehicles manufactured by Mitsubishi and leased under the Leases as of such date over the Series 2005-2 Maximum Mitsubishi Amount as of such date, (iv) the

Series 2005-2 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the aggregate Net Book Value of all Vehicles manufactured by Kia, Isuzu or Subaru, individually, and leased under the Leases as of such date over the Series 2005-2 Maximum Individual Kia/Isuzu/Subaru Amount as of such date, (v) the Series 2005-2 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the aggregate Net Book Value of all Vehicles manufactured by Hyundai or Suzuki, individually, and leased under the Leases as of such date over the Series 2005-2 Maximum Individual Hyundai/Suzuki Amount as of such date, (vi) the Series 2005-2 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the aggregate Net Book Value of all Vehicles manufactured by Kia, Isuzu, Subaru, Hyundai or Suzuki, in the aggregate, and leased under the Leases as of such date over the Series 2005-2 Maximum Aggregate Kia/Isuzu/Subaru/Hyundai/Suzuki Amount as of such date, (vii) the Series 2005-2 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the Specified States Amount as of such date over the Series 2005-2 Maximum Specified States Amount as of such date, (viii) the Series 2005-2 AESOP I Operating Lease Vehicle Percentage as of the immediately preceding Business Day of the excess, if any, of the Non-Eligible Manufacturer Amount as of such date over the Series 2005-2 Maximum Non-Eligible Manufacturer Amount as of such date and (ix) the Series 2005-2 Percentage of any Aggregate Adjustment Amount.

"Series 2005-2 Required Enhancement Percentage" means, as of any date of determination, the sum of (i) the product of (A) 14.75% and (B) the Series 2005-2 Program Vehicle Percentage as of such date, (ii) the product of (A) the Series 2005-2 Required Non-Program Enhancement Percentage as of such date and (B) the Series 2005-2 Non-Program Vehicle Percentage as of such date, and (iii) the product of (A) the Series 2005-2 Required Incremental Bankrupt Manufacturer Rate as of such date and (B) the Series 2005-2 Bankrupt Manufacturer Vehicle Percentage as of such date.

3. Article I(b) of the Series 2005-2 Supplement is hereby amended by deleting the definition "Series 2005-2 Maximum Individual Kia/Isuzu/Subaru/Hyundai/Suzuki Amount" and inserting the following definitions in appropriate alphabetical order:

"Series 2005-2 Maximum Individual Kia/Isuzu/Subaru Amount" means, as of any day, with respect to Kia, Isuzu or Subaru, individually, an amount equal to 5% of the aggregate Net Book Value of all Vehicles leased under the Leases on such day.

"Series 2005-2 Maximum Individual Hyundai/Suzuki Amount" means, as of any day, with respect to Hyundai or Suzuki, individually, an amount equal to 7.5% of the aggregate Net Book Value of all Vehicles leased under the Leases on such day.

4. 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 2005-2 Supplement.

5. This Amendment shall become effective as of the date (the "Amendment Effective Date") on which each of the following have occurred: (i) each of the parties hereto shall have executed and delivered this Amendment to the Trustee, (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 shall have been delivered to the Trustee and (iv) the Surety Provider, as the Requisite Noteholders, shall have consented hereto.

6. From and after the Amendment Effective Date, all references to the Series 2005-2 Supplement shall be deemed to be references to the Series 2005-2 Supplement as amended hereby.

7. 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.

8. 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.

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.

CENDANT RENTAL CAR FUNDING (AESOP) LLC, as Issuer

By: /s/ Lori Gebron
Name: Lori Gebron
Title: Vice President

THE BANK OF NEW YORK, as Trustee and as Series 2005-2 Agent

By: /s/ John Bobko
Name: John Bobko
Title: Vice President

Exhibit 10.29(a)

[AESOP I Finance
Lease Loan Agreement]

AMENDED AND RESTATED LOAN AGREEMENT

dated as of June 3, 2004

between

AESOP LEASING L.P.,

as Borrower,

and

CENDANT RENTAL CAR FUNDING (AESOP) LLC,

as Lender

AMENDED AND RESTATED LOAN AGREEMENT

THIS AMENDED AND RESTATED LOAN AGREEMENT, dated as of June 3, 2004 (the "Agreement"), is entered into between AESOP LEASING L.P., a Delaware limited partnership ("AESOP Leasing" or the "Borrower"), and CENDANT RENTAL CAR FUNDING (AESOP) LLC (formerly known as AESOP Funding II L.L.C.), a Delaware limited liability company ("CRCF" or the "Lender").

WITNESSETH:

WHEREAS, AESOP Leasing, Avis Rent A Car System, Inc. ("ARAC"), as lessee and as administrator, and Avis Group Holdings Inc. ("AGH"), as guarantor, are parties to an Amended and Restated Master Motor Vehicle Finance Lease Agreement, dated as of June 30, 1997 (the "Prior AESOP I Finance Lease"), pursuant to which AESOP Leasing leased Program Vehicles and Non-Program Vehicles of one or more Manufacturers to ARAC, and AGH guaranteed certain obligations of ARAC as lessee thereunder;

WHEREAS, AESOP Leasing obtained financing for such Vehicles from the Lender pursuant to the Loan Agreement (the "Prior AESOP I Finance Lease Loan Agreement"), dated as of June 30, 1997, among AESOP Leasing, PVHC, Quartx and the Lender;

WHEREAS, immediately prior to this Agreement becoming effective, AGH, as guarantor, assigned all of its rights, interests and obligations under the Prior AESOP I Finance Lease to Cendant Car Rental Group, Inc. ("CCRG"), pursuant to an Assignment and Assumption Agreement (the "Assignment and Assumption Agreement"), dated as of the date hereof, among ARAC, AGH, and CCRG;

WHEREAS, immediately prior to this Agreement becoming effective, ARAC assigned all of its rights, interest and obligations as Administrator (but not as Lessee) under the Prior AESOP I Finance Lease to CCRG pursuant to the Assignment and Assumption Agreement;

WHEREAS, simultaneously with this Agreement becoming effective, AESOP Leasing, as lessor, CCRG, as a lessee and as administrator, ARAC, as a lessee, and Budget Rent A Car System, Inc. ("BRAC"), as a lessee, intend to amend and restate the Prior AESOP I Finance Lease in order to add CCRG and BRAC as Lessees and to amend certain other provisions;

WHEREAS, AESOP Leasing now wishes to amend and restate the Prior AESOP I Finance Lease Loan Agreement in order to amend certain provisions thereto;

WHEREAS, the Lender is willing to enter into this Agreement and to continue to make Loans to AESOP Leasing on the terms and conditions set forth herein;

WHEREAS, the Lender will utilize the proceeds of one or more Series of Notes issued from time to time pursuant to the Indenture to make Loans to (i) AESOP Leasing hereunder, (ii) AESOP Leasing under the AESOP I Operating Lease Loan Agreement and (iii) AESOP Leasing II under the AESOP II Loan Agreement, in each case to the extent Vehicles eligible to be financed hereunder and thereunder are available for financing and, in certain other

circumstances, to pay amortizing Notes. In addition, the Lender will utilize the proceeds of certain capital contributions from time to time to make Loans to AESOP Leasing hereunder to the extent Vehicles eligible to be financed hereunder are available for financing and, in certain other circumstances, to pay amortizing Notes. In connection with the foregoing, the Lender has assigned its rights hereunder and under the AESOP I Operating Lease Loan Agreement and the AESOP II Loan Agreement to the Trustee to secure the Lender's obligations to the Secured Parties; and

WHEREAS, except as expressly provided herein otherwise with respect to the proceeds of the Relinquished Vehicles and related Relinquished Vehicle Property, and with respect to Excluded Payments, the Loans made to AESOP Leasing hereunder will be secured by all of AESOP Leasing's right, title and interest in and to (a) the Vehicles leased under the Finance Lease, (b) the Manufacturer Programs as they relate to such Vehicles that are Program Vehicles, (c) all monies due arising from the sale of such Vehicles that are Non-Program Vehicles, (d) all payments under insurance policies or warranties relating to such Vehicles, (e) all payments due from the Lessees under the Finance Lease and (f) all property pledged as collateral for the obligations of the Lessees under the Finance Lease, including each Sublease thereunder and all payments due from the Permitted Sublessees under each such Sublease and (g) all proceeds of the foregoing; and

NOW THEREFORE, in consideration of the mutual agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and subject to the terms and conditions hereof, the parties hereto agree to amend and restate the Prior AESOP I Finance Lease Loan Agreement as follows:

SECTION 1. CERTAIN DEFINITIONS.

SECTION 1.1. Certain Definitions. As used in this Agreement and unless the context requires a different meaning, capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Definitions List attached as Schedule I to the Second Amended and Restated Base Indenture, dated as of June 3, 2004 (as amended, supplemented, restated or otherwise modified from time to time in accordance with its terms, the "Base Indenture"), between CRCF, as issuer, and The Bank of New York, as trustee (the "Trustee"), as amended or modified from time to time in accordance with the terms of the Base Indenture (the "Definitions List").

SECTION 1.2. Accounting and Financial Determinations. Where the character or amount of any asset or liability or item of income or expense is required to be determined, or any accounting computation is required to be made, for the purpose of this Agreement, such determination or calculation shall be made, to the extent applicable and except as otherwise specified in this Agreement, in accordance with GAAP applied on a consistent basis. When used herein, the term "financial statement" shall include the notes and schedules thereto.

SECTION 1.3. Cross References; Headings. The words "hereof", "herein" and "hereunder" and words of a similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Section, Schedule

and Exhibit references contained in this Agreement are references to Sections, Schedules and Exhibits in or to this Agreement unless otherwise specified. Any reference in any Section or definition to any clause is, unless otherwise specified, to such clause of such Section or definition. The various headings in this Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or any provision hereof.

SECTION 1.4. Interpretation. In this Agreement, unless the context otherwise requires:

(i) the singular includes the plural and vice versa;

(ii) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are permitted by this Agreement, and reference to any Person in a particular capacity only refers to such Person in such capacity;

(iii) reference to any gender includes the other gender;

(iv) reference to any Requirement of Law means such Requirement of Law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time;

(v) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and

(vi) with respect to the determination of any period of time, "from" means "from and including" and "to" and "until" means "to but excluding".

SECTION 2. LOAN COMMITMENT OF THE LENDER.

SECTION 2.1. Loan Commitment. Subject to the terms and conditions of this Agreement, including Section 12.2, and further subject to the availability of funds to the Lender pursuant to the Indenture, the Lender agrees to make loans hereunder (the "Loans") to AESOP Leasing from time to time on or after the Initial Closing Date and prior to the Loan Commitment Termination Date; provided that on any one date the Loan Principal Amount of all Loans made hereunder to AESOP Leasing shall not exceed the AESOP I Finance Lease Loan Agreement Borrowing Base. The foregoing commitment of the Lender is called the "Loan Commitment".

SECTION 2.2. Certain Waivers. AESOP Leasing waives presentment, demand for payment, notice of dishonor and protest, notice of the creation of any of its Liabilities and all other notices whatsoever to AESOP Leasing with respect to such Liabilities except notices required under Section 12.1. The obligations of AESOP Leasing under this Agreement and the Loan Note shall not be affected by (i) the failure of the Trustee or the Lender or the holder of the Loan Note or any of AESOP Leasing's Liabilities to assert any claim or demand or to exercise or enforce any right, power or remedy against AESOP Leasing or the AESOP I Finance Lease Loan Collateral or otherwise, (ii) any extension or renewal for any period (whether or not longer than the original period) or exchange of any of AESOP Leasing's Liabilities or the release or compromise of any obligation of any nature of any Person with

respect thereto, (iii) the surrender, release or exchange of all or any part of any property (including the AESOP I Finance Lease Loan Collateral) securing payment and performance of any of AESOP Leasing's Liabilities or the compromise or extension or renewal for any period (whether or not longer than the original period) of any obligations of any nature of any Person with respect to any such property, and (iv) any other act, matter or thing which would or might, in the absence of this provision, operate to release, discharge or otherwise prejudicially affect the obligations of AESOP Leasing.

SECTION 2.3. Conditions. The making of each Loan hereunder is subject to the satisfaction of the applicable conditions set forth in Section 11.

SECTION 2.4. Use of Proceeds. AESOP Leasing shall apply the funds received by it pursuant to Section 2.1 hereof solely to finance the purchase of Eligible Vehicles that it will lease to CCRG pursuant to the AESOP I Finance Lease, which Eligible Vehicles will be used by CCRG in its daily vehicle rental business or subleased to Permitted Sublessees pursuant to Subleases for use in their respective daily vehicle rental businesses.

SECTION 3. LOAN NOTE; LOAN PROCEDURE; RECORDKEEPING.

SECTION 3.1. Loan Note. The Loans made hereunder shall be evidenced by the promissory note issued by AESOP Leasing pursuant to the Prior AESOP I Finance Lease Loan Agreement, (herein, as from time to time supplemented, extended or replaced, the "Loan Note"), a copy of which is attached as Exhibit A hereto, dated as of the Initial Closing Date, payable to the order of the Lender and assigned to the Trustee pursuant to the Indenture. On the date hereof, the Loans have an outstanding balance of $251,083,975.

SECTION 3.2. Loan Procedure. AESOP Leasing shall deliver a Loan Request to the Lender no later than 4:00 p.m., New York City time, on a day that is not less than one (1), nor more than five (5), Business Days prior to the proposed Borrowing Date (which shall be a Business Day). Each Loan Request shall be irrevocable, and shall specify (i) the principal amount of the proposed Loan, (ii) the Borrowing Date of the proposed Loan, (iii) a summary of the Vehicles being financed (including for Program Vehicles subject to the GM Repurchase Program, the Designated Period for each such Program Vehicle), (iv) whether each Vehicle is a Program Vehicle or a Non-Program Vehicle, (v) the VIN for each Vehicle to be financed, (vi) the total Capitalized Cost thereof as of the Borrowing Date, and (vii) in the case of Franchisee Vehicles, the Net Book Value of such Vehicles as of the first day of the Related Month. The aggregate requested borrowings hereunder on any Business Day shall be for an initial aggregate principal amount that, together with the Loan Principal Amount of Loans outstanding hereunder and under the AESOP I Operating Lease Loan Agreement and the AESOP II Loan Agreement on such date, shall not exceed the principal amount of Notes outstanding on such date. On the terms and subject to the conditions of this Agreement, on or before 2:00 p.m., New York City time, on the Borrowing Date specified in the Loan Request, the Lender shall transfer same day or immediately available funds to AESOP Leasing's account specified in such Loan Request (including, without limitation, any such specified account maintained on behalf of AESOP Leasing) in the amount specified in such Loan Request; provided that any funds to be utilized in the purchase of Vehicles under an LKE Program shall only be transferred by the Lender to the Joint Disbursement Account. Each Loan Request made pursuant to this Section 3.2 shall constitute AESOP Leasing's representation and warranty that all of the applicable conditions contained in Section 11 will, after giving effect to such Loan, be satisfied.

SECTION 3.3. Recordkeeping. The Lender shall record in its records, or at its option on the schedule attached to the Loan Note, the date and principal amount of each Loan made hereunder, each repayment thereof, and the other information provided for thereon. The aggregate unpaid Loan Principal Amount so recorded shall be rebuttable presumptive evidence of the Loan Principal Amount owing and unpaid on the Loan Note. The failure to so record any such information or any error in so recording any such information shall not, however, limit or otherwise affect the actual obligations of AESOP Leasing hereunder or under the Loan Note to repay the Loan Principal Amount, together with all Loan Interest accruing thereon.

SECTION 4. INTEREST.

SECTION 4.1. Interest Rate on Loans. AESOP Leasing hereby promises to pay interest on the unpaid principal amount of each Loan made to it hereunder (the "Loan Interest"), for each Loan Interest Period commencing on the date such Loan is made to AESOP Leasing until such Loan is paid in full, at a rate not less than the Lender's Carrying Cost Interest Rate for the applicable Loan Interest Period. The applicable rate of Loan Interest on each Loan shall be specified in a Loan Request Response provided by the Lender to AESOP Leasing on the date a Loan Request is delivered; provided that if the Lender's Carrying Cost Interest Rate for the applicable Loan Interest Period is higher than the rate of Loan Interest specified in the Loan Request Response, Loan Interest payable shall be determined using the higher rate.

SECTION 4.2. Supplemental Interest. AESOP Leasing agrees to pay to the Lender, as an additional interest payment, an amount equal to the product of (A) the applicable Loan Agreement's Share as of the beginning of each Loan Interest Period and (B) an amount equal to (i) the Supplemental Carrying Charges for such Loan Interest Period, minus (ii) any accrued earnings on Permitted Investments in the Collection Account which earnings are available for distribution on the last Business Day of such Loan Interest Period (the product of the amounts described in clauses (A) and (B) above, "Supplemental Interest").

SECTION 4.3. Loan Interest Payment Dates. Accrued Loan Interest on each Loan made hereunder shall be payable on each Payment Date (with respect to the related Loan Interest Period), upon any prepayment and at maturity, commencing with the first of such dates to occur after the date such Loan is made. After maturity (whether by acceleration or otherwise), all accrued Loan Interest and Supplemental Interest on all Loans made hereunder shall be payable on demand. Supplemental Interest in respect of each Loan Interest Period shall be payable on each Payment Date and upon any prepayment and at maturity. All calculations of Loan Interest and Supplemental Interest shall be based on a 360-day year and the actual number of days elapsed in the related Loan Interest Period.

SECTION 4.4. Setting of Rates. The Lender's Carrying Cost Interest Rate and Supplemental Carrying Charges used hereunder to compute Loan Interest due on each Loan made hereunder on each Payment Date and the Supplemental Interest due on each Payment Date shall be calculated from time to time by the Lender in accordance with this Agreement (and written notice thereof shall be provided to AESOP Leasing not later than ten (10) days prior to the applicable Payment Date). Such calculation shall be conclusive, absent demonstrable error.

SECTION 4.5. Carrying Charges. AESOP Leasing agrees to pay to the Lender on each Payment Date an amount equal to the product of (A) the applicable Loan Agreement's Share as of such Payment Date and (B) all accrued and unpaid Carrying Charges that are accrued and unpaid as of each such Payment Date.

SECTION 5. REPAYMENT OF LOAN PRINCIPAL AMOUNT.

SECTION 5.1. Mandatory Repayment of Monthly Loan Principal Amount of Loans. On each Payment Date, AESOP Leasing shall pay to the Lender, as a repayment of the Loan Principal Amount, an amount equal to the product of (A) the applicable Loan Payment Allocation Percentage as of the beginning of the Related Month and (B) an amount equal to, without duplication, (i) the accrued Depreciation Charges for the Related Month for all Vehicles (a) leased under the Finance Lease as of the end of the Related Month and/or (b) described in clause (iii) or (iv) of this Section 5.1, plus (ii) all upfront incentive payments paid by Manufacturers during the Related Month in respect of purchases of Non-Program Vehicles leased under the Finance Lease, plus (iii) the aggregate Termination Values (each as of the date on which such Vehicle becomes an Ineligible Vehicle, a Casualty or is sold, as applicable) of all the Vehicles leased under the Finance Lease at any time during such Related Month that, without double counting, while so leased either became Ineligible Vehicles, suffered a Casualty or were sold by or on behalf of AESOP Leasing (including those Vehicles sold by the Intermediary under the terms of the Master Exchange Agreement) to any Person other than to a Manufacturer pursuant to a Manufacturer Program or to a third party pursuant to an auction conducted through a Guaranteed Depreciation Program, in each case, during the Related Month, plus (iv) the aggregate Termination Values, each as of the applicable Turnback Date, of all Program Vehicles leased under the Finance Lease that while so leased were returned to a Manufacturer by AESOP Leasing or the Intermediary pursuant to a Manufacturer Program and with respect to which either (x) the Repurchase Price payable by such Manufacturer and/or the related auction dealers has been deposited in the Collection Account or a Joint Collection Account during the Related Month or (y) a Manufacturer Event of Default has occurred, minus (v) an amount equal to the sum of (1) any amounts deposited into the Collection Account or a Joint Collection Account during the Related Month representing (a) Repurchase Prices for repurchases of Program Vehicles (including Relinquished Vehicles) leased under the Finance Lease at the applicable Turnback Date or (b) the sales proceeds (including amounts paid by a Manufacturer as a result of the sale of a Program Vehicle during the Related Month outside such Manufacturer's Manufacturer Program but excluding amounts released to AESOP Leasing pursuant to the last sentence of Section 5.2(a) of the Base Indenture) for sales of Vehicles (including Relinquished Vehicles) leased under the Finance Lease at the time of such sale to a third party other than (x) to a Manufacturer pursuant to a Repurchase Program or (y) through an auction dealer pursuant to a Guaranteed Depreciation Program and (2) any amounts received in the Related Month and applied to the Loan Principal Amount pursuant to Section 6.3 (the product of the amounts described in clauses (A) and (B) above, the "Monthly Loan Principal Amount"). Unless otherwise required to be paid sooner pursuant to the terms of this Agreement, the entire unpaid Loan Principal Amount of the Loans made hereunder shall be payable on the last occurring Series Termination Date with respect to the Notes. All Loans made hereunder shall be due on

the maturity date therefor, whether by acceleration or otherwise. Solely for determining the amounts payable under this Section 5.1, with respect to a Program Vehicle that became a Casualty during the Related Month as a result of such Program Vehicle being held beyond the stated expiration date of the applicable Repurchase Period and not being redesignated as a Non-Program Vehicle, such Vehicle will be deemed to have become a Casualty upon such expiration date.

SECTION 5.2. Voluntary Prepayments of Loan Principal Amount. AESOP Leasing may from time to time prepay the principal amount with respect to any Loans made hereunder, in whole or in part, on any date; provided that, except for any prepayment made pursuant to Section 6.3 hereof or any payment made to comply with Section 10.13 hereof, AESOP Leasing shall give the Lender and the Trustee not less than one (1) Business Day's prior notice of any such prepayment, specifying the date and amount of such prepayment, and, if AESOP Leasing is requesting a release of Vehicles from the Lien hereof pursuant to Section 7.3, the Vehicles to which such prepayment relates.

SECTION 6. MAKING OF PAYMENTS.

SECTION 6.1. Making of Payments. All payments of the Monthly Loan Principal Amount or Loan Interest hereunder, all prepayments of the Loan Principal Amount hereunder, and all payments of Supplemental Interest, Carrying Charges and of all other Liabilities shall be made by AESOP Leasing to, or for the account of, the Lender in immediately available Dollars, without setoff, counterclaim or deduction of any kind. All such payments shall be made to the Collection Account (or such other account as the Lender may from time to time specify with the consent of the Trustee), not later than 11:00 a.m., New York City time, on the date due, and funds received after that hour shall be deemed to have been received by the Lender on the next following Business Day. The Lender hereby specifies that (i) all (A) payments with respect to Program Vehicles (including Relinquished Vehicles constituting Program Vehicles) leased under the Finance Lease made by the Manufacturers and related auction dealers under the Manufacturer Programs, and (B) amounts representing the proceeds from sales of Vehicles (including any Relinquished Vehicles) leased under the Finance Lease (including amounts paid by a Manufacturer as a result of the sale of such Vehicle outside such Manufacturer's Manufacturer Program) to third parties (other than under any related Manufacturer Program) shall be deposited in the Collection Account or a Joint Collection Account (and, if deposited in a Joint Collection Account, shall be applied as provided in Section 4.2 of the Master Exchange Agreement) and (ii) all payments with respect to any other AESOP I Finance Lease Loan Collateral shall be deposited in the Collection Account; provided, however, that, subject to Section 5.2 of the Base Indenture, insurance proceeds and warranty payments with respect to Vehicles leased under the Finance Lease will be deposited in the Collection Account only if an Amortization Event or a Potential Amortization Event shall have occurred and be continuing.

SECTION 6.2. Due Date Extension. If any (i) payment of the Monthly Loan Principal Amount or Loan Interest hereunder or (ii) prepayment of the Loan Principal Amount or Supplemental Interest with respect to any Loans made hereunder falls due on a day which is not a Business Day, then such due date shall be extended to the next following Business Day and Loan Interest or Supplemental Interest, as applicable, shall accrue through such Business Day.

SECTION 6.3. Application of Sale Proceeds. AESOP Leasing agrees that an amount equal to the product of (A) the applicable Loan Payment Allocation Percentage as of the beginning of the Related Month and (B) the sum of (i) all payments made by the Manufacturers and related auction dealers under the Manufacturer Programs with respect to Vehicles (including Relinquished Vehicles) leased under the Finance Lease, and (ii) proceeds from the sale to third parties of Vehicles (including Relinquished Vehicles) leased under the Finance Lease (other than to the Manufacturer or pursuant to a Guaranteed Depreciation Program), in each case deposited in the Collection Account on any date, shall automatically be applied, upon the transfer thereof from a Joint Collection Account to the Collection Account or otherwise upon deposit thereof in the Collection Account, to prepay the Loan Principal Amount.

SECTION 6.4. Payment Deficits. At or before 11:30 a.m., New York City time, on each Payment Date, AESOP Leasing shall notify the Trustee and the related Enhancement Provider of the amount of the Lease Payment Deficit, if any, with respect to each Series of Notes issued pursuant to the Indenture, such notification to be in the form of Exhibit C.

SECTION 7. LOAN COLLATERAL SECURITY.

SECTION 7.1. Grant of Security Interest. (a) As security for the prompt and complete payment and performance of its Liabilities, AESOP Leasing hereby pledges, hypothecates, assigns, transfers and delivers to the Lender, and hereby grants to the Lender, a continuing, security interest in, all of the following, whether now owned or hereafter acquired:

(i) all Vehicles leased under the Finance Lease, and all Certificates of Title with respect thereto;

(ii) all right, title and interest of AESOP Leasing in and to each Manufacturer Program, including any amendments thereof, and all monies due and to become due under or in connection with each such Manufacturer Program, in each case in respect of Vehicles leased under the Finance Lease (other than Relinquished Property Proceeds), whether payable as Vehicle Repurchase Prices, auction sales proceeds, fees, expenses, costs, indemnities, insurance recoveries, damages for breach of the Manufacturer Programs or otherwise (but excluding all incentive payments payable in respect of purchases of Vehicles under the Manufacturer Programs) and all rights to compel performance and otherwise exercise remedies thereunder;

(iii) all right, title and interest of AESOP Leasing in, to and under the Finance Lease and the related Lessee Agreements and the Subleases (other than any right, title and interest of AESOP Leasing with respect to any Excluded Payments), including, without limitation, all monies due and to become due to AESOP Leasing from the Lessees, the Finance Lease Guarantor, any Sublessee or any of their assigns under or in connection with the Finance Lease and the related Lessee Agreements and the Subleases, whether payable as principal, interest, rent, guaranty payments, fees, expenses, costs, indemnities, insurance recoveries, damages for the breach of any of the Finance Lease and the related Lessee Agreements and the Subleases or otherwise, and all rights, remedies, powers, privileges and claims of AESOP Leasing against any other party under or with respect to the Finance Lease and the related Lessee Agreements and the Subleases

(whether arising pursuant to the terms of the Finance Lease or the related Lessee Agreements and the Subleases or otherwise available to AESOP Leasing at law or in equity), the right to enforce the Finance Lease and the related Lessee Agreements and the Subleases as provided herein and to give or withhold any and all consents, requests, notices, directions, approvals, extensions or waivers under or with respect to the Finance Lease and the related Lessee Agreements and the Subleases or the obligations of any party thereunder, and all collateral pledged by the Lessees under the Finance Lease;

(iv) all right, title and interest of each of AESOP Leasing in, to and under the Vehicle Title and Lienholder Nominee Agreements and the Administration Agreement, including any amendments thereof, and all monies due and to become due thereunder, in each case in respect of Vehicles leased under the AESOP I Finance Lease, whether payable as fees, expenses, costs, indemnities, insurance recoveries, damages for the breach of any of the Vehicle Title and Lienholder Nominee Agreements and the Administration Agreement or otherwise and all rights to compel performance and otherwise exercise remedies thereunder;

(v) all payments under insurance policies (whether or not the Lessor, the Lender or the Trustee is named as the loss payee thereof) or any warranty payable by reason of loss or damage to, or otherwise with respect to, any of the Vehicles leased under the Finance Lease;

(vi) all right, title and interest of AESOP Leasing in and to any proceeds from the sale of Vehicles leased under the Finance Lease, including all monies due in respect of such Vehicles under the Finance Lease, whether payable as the purchase price of such Vehicles, auction sales proceeds, or as fees, expenses, costs, indemnities, insurance recoveries, or otherwise (including all upfront incentive payments payable by Manufacturers in respect of purchases of Non-Program Vehicles, but excluding the proceeds from the sale of Vehicles that are Relinquished Vehicles at the time of such sale);

(vii) any assignment of a security interest in any Vehicle leased under the Finance Lease granted to AESOP Leasing pursuant to the Finance Lease or otherwise, and all Certificates of Title with respect to each such Vehicle;

(viii) all right, title and interest of AESOP Leasing in, to and under the Master Exchange Agreement and the Escrow Agreement, including any amendments thereof, all monies due and to become due to AESOP Leasing thereunder, whether amounts payable to AESOP Leasing from the Joint Collection Accounts or any Exchange Account by the Intermediary or payable as damages for breach of the Master Exchange Agreement, the Escrow Agreement or otherwise, and all other property released or to be released by the Intermediary to AESOP Leasing thereunder and all rights to compel performance and otherwise exercise remedies thereunder; provided, however, that in the case of any property and funds held in the Joint Collection Accounts or any Exchange Account that constitute Relinquished Property Proceeds, such property shall not constitute part of the AESOP I Finance Lease Loan Collateral until such amounts are payable by the Intermediary to the Trustee pursuant to the Master Exchange Agreement or the Escrow Agreement in accordance with the terms thereof; and

(ix) all products and Proceeds of all of the foregoing;

provided, however, that the AESOP I Segregated Account shall not be subject to the grant of a security interest by AESOP Leasing pursuant to this Section 7.1(a) and shall not constitute part of the AESOP I Loan Collateral. Upon the occurrence of an AESOP I Finance Lease Loan Agreement Event of Default, the Lender and the Trustee, as assignee, shall have all of the rights and remedies of a secured party, including without limitation, the rights and remedies granted under the UCC.

(b) To secure the CRCF Obligations, AESOP Leasing hereby pledges, hypothecates, assigns, transfers and delivers to the Trustee, on behalf of the Secured Parties, and hereby grants to the Trustee, on behalf of the Secured Parties, a continuing, first-priority security interest in, all of the AESOP I Finance Lease Loan Collateral, whether now owned or hereafter acquired. Upon the occurrence of a Liquidation Event of Default or a Limited Liquidation Event of Default and subject to the provisions of the Related Documents, the Trustee shall have all of the rights and remedies with respect to the AESOP I Finance Lease Loan Collateral of a secured party, including, without limitation, the rights and remedies granted under the UCC.

SECTION 7.2. Certificates of Title. AESOP Leasing shall take, or shall cause to be taken, such action as shall be necessary to submit all of the Certificates of Title for Vehicles leased under the Finance Lease (other than Certificates of Title with respect to the Franchisee Vehicles for which the nominee lienholder under the applicable Franchisee Nominee Agreement is noted as the first lienholder) to the appropriate state authority for notation of the Trustee's lien thereon. The original Certificates of Title shall be held by (i) the Administrator, (ii) SGS Automotive Services, Inc. (formerly known as and successor in interest to Intermodal Transportation Services, Inc.), as agent to the Administrator, or (iii) any other titling service, acting as agent for the Administrator, that is approved in writing by the Required Noteholders of each Outstanding Series of Notes. The Administrator, or its agent, shall hold such titles as agent for AESOP Leasing, in trust for the benefit of the Lender and the Trustee.

SECTION 7.3. Release of AESOP I Finance Lease Loan Collateral. The Lender shall request the Trustee in writing to release its Lien on a Vehicle (including a Relinquished Vehicle) leased under the Finance Lease and the Certificate of Title therefor upon the earliest of (i) in the case of a Program Vehicle or a Non-Program Vehicle subject to a Guaranteed Depreciation Program, the date of the sale of such Vehicle by an auction dealer to a third party, and in the case of a Program Vehicle or a Non-Program Vehicle subject to a Repurchase Program, the Turnback Date for such Vehicle, (ii) voluntary prepayment in full of the principal amount of the Loan to which such Vehicle relates in accordance with Section 5.2, as noted in records maintained by the Trustee, (iii) receipt of proceeds from an ordinary course sale of such Vehicle in an amount at least equal to the Termination Value of such Vehicle; provided, however, that if such an ordinary course sale occurs during the Repurchase Period with respect to a Program Vehicle, AESOP Leasing shall only sell or permit a sale of such Program Vehicle for a purchase price, together with any amounts payable by a Manufacturer as a result of or in connection with such sale, equal to or greater than the Repurchase Price that it would have

received if it had turned back such Program Vehicle to the Manufacturer and (iv) receipt of proceeds from an ordinary course sale of a Vehicle subject to a Casualty in an amount at least equal to the Termination Value of such Vehicle. With respect to Vehicles leased under the Finance Lease (including Relinquished Vehicles), from and after the earliest of (a) in the case of a Program Vehicle or a Non-Program Vehicle subject to a Guaranteed Depreciation Program, the date of the sale of such Vehicle by an auction dealer to a third party, and in the case of a Program Vehicle or a Non-Program Vehicle subject to a Repurchase Program, the Turnback Date for such Vehicle, (b) a prepayment of the principal amount of the Loan to which such Vehicle relates and (c) receipt of the purchase price for a Vehicle by AESOP Leasing, or by the Trustee on the Lender's behalf, in the case of (b) and (c), in an amount at least equal to the Termination Value of such Vehicle, such Vehicle and such Certificate of Title shall be deemed to be released from the Lien of this Agreement, and the Lender and the Trustee shall execute such documents and instruments as AESOP Leasing may reasonably request (including a power of attorney of the Trustee appointing the Administrator to act as the agent of the Trustee in releasing the Lien of the Trustee on Vehicles turned back or sold pursuant to the provisions of this Section 7.3; which power of attorney shall be revocable by the Lender or the Trustee at any time following the occurrence of a Liquidation Event of Default), at AESOP Leasing's expense, to evidence and/or accomplish such release.

SECTION 7.4. Change of Location or Name. So long as any of its Liabilities shall remain outstanding or the Lender shall continue to have any Loan Commitment, AESOP Leasing shall not adopt or utilize a trade name or change (i) the location of its records concerning its business and financial affairs, (ii) its jurisdiction of organization or (iii) its legal name, identity or corporate structure in each case without first giving the Trustee and the Lender at least thirty (30) days' advance written notice thereof and having taken any and all action required to maintain and preserve the first-priority perfected Lien of the Lender or the Trustee on the AESOP I Finance Lease Loan Collateral (except that the lien of the Trustee shall not be noted on the Certificates of Title with respect to the Franchisee Vehicles), free and clear of any Lien whatsoever except for Permitted Liens; provided, however, that notwithstanding the foregoing, AESOP Leasing shall not change the location of its records concerning its business and financial affairs or its jurisdiction of organization to any place outside the United States of America.

SECTION 7.5. Deliveries; Further Assurances. (a) AESOP Leasing agrees that it will, at its sole expense, (i) immediately deliver or cause to be delivered to the Lender (or the Trustee on behalf of the Secured Parties), in due form for transfer (i.e., endorsed in blank), all securities, chattel paper, instruments and documents, if any, at any time representing all or any of the AESOP I Finance Lease Loan Collateral, other than the Certificates of Title which shall be delivered to the Lender or the Trustee, as applicable, after the occurrence of a Liquidation Event of Default, if such delivery is reasonably necessary or appropriate to perfect or protect the Lender's (or the Trustee's on behalf of the Secured Parties) security interest in such AESOP I Finance Lease Loan Collateral, and (ii) execute and deliver, or cause to be executed and delivered, to the Lender or the Trustee in due form for filing or recording (and pay the cost of filing or recording the same in all public offices reasonably deemed necessary or advisable by the Lender or the Trustee), such assignments, security agreements, mortgages, consents, waivers, financing statements and other documents, and do such other acts and things, all as may from time to time be reasonably necessary or desirable to establish and maintain to the satisfaction of the Lender (or the Trustee) a valid perfected Lien on and security interest in all of the AESOP I Finance Lease Loan Collateral now or hereafter existing or acquired (free of all other Liens whatsoever other than Permitted Liens) to secure payment and performance of its Liabilities.

(b) AESOP Leasing hereby authorizes each of the Lender and the Trustee to file (provided that the Trustee shall have no obligation to so file) financing or continuation statements, and amendments thereto and assignments thereof under the UCC in order to perfect its interest in the AESOP I Finance Lease Loan Collateral.

SECTION 7.6. [RESERVED].

SECTION 7.7. [RESERVED].

SECTION 7.8. AESOP I Segregated Account. AESOP Leasing has established and shall maintain in its name an account entitled "AESOP Leasing L.P. Account" (the "AESOP I Segregated Account"). The AESOP I Segregated Account shall be maintained (i) with a Qualified Institution, or (ii) as a segregated trust account with the corporate trust department of a depository institution or trust company having corporate trust powers and acting as trustee for funds deposited in the AESOP I Segregated Account. If the AESOP I Segregated Account is not maintained in accordance with the previous sentence, then within ten (10) Business Days after obtaining knowledge of such fact AESOP Leasing shall establish a new AESOP I Segregated Account which complies with such sentence and transfer into the new AESOP I Segregated Account all amounts then on deposit in the non-qualifying AESOP I Segregated Account. The parties hereto acknowledge and agree that the monies held in the AESOP I Segregated Account from time to time (i) are property of AESOP Leasing, (ii) are not being pledged to secure any obligation to, or otherwise held in trust for, the Lender or any of the persons specified in this Section 7.8 and (iii) are available to satisfy the claims of creditors of AESOP Leasing generally; provided, however, that nothing contained herein shall affect the rights of the Lender to pursue all legal remedies available to it with respect to any amounts payable by AESOP Leasing hereunder.

SECTION 8. REPRESENTATIONS AND WARRANTIES. To induce the Lender to enter into this Agreement and to make Loans hereunder, AESOP Leasing represents and warrants to the Lender as of the date hereof, as of the date of each Loan made hereunder and as of each Series Closing Date that:

SECTION 8.1. Organization; Ownership; Power; Qualification. AESOP Leasing (i) is a limited partnership duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, (ii) has the power and authority to own its properties and to carry on its business as now being and hereafter proposed to be conducted and (iii) is duly qualified, in good standing and authorized to do business in each jurisdiction in which the character of its properties or the nature of its businesses requires such qualification or authorization.

SECTION 8.2. Authorization; Enforceability. AESOP Leasing has the power and has taken all necessary action to authorize it to execute, deliver and perform this Agreement and each of the other Related Documents to which it is a party in accordance with their respective terms, and to consummate the transactions contemplated hereby and thereby. This

Agreement has been duly executed and delivered by AESOP Leasing and is, and each of the other Related Documents to which AESOP Leasing is a party is, a legal, valid and binding obligation of AESOP Leasing enforceable in accordance with its terms.

SECTION 8.3. Compliance. The execution, delivery and performance by AESOP Leasing of this Agreement and each other Related Document to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not (i) require any consent, approval, authorization or registration not already obtained or effected, (ii) violate any applicable law with respect to AESOP Leasing which violation could result in a material adverse effect on its financial condition, business, prospects or properties or a Material Adverse Effect (as set forth in clauses (ii) and (iii) of the definition thereof), (iii) conflict with, result in a breach of, or constitute a default under the certificate of limited partnership or limited partnership agreement of AESOP Leasing, or under any indenture, agreement, or other instrument to which AESOP Leasing is a party or by which its properties may be bound, or (iv) result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by AESOP Leasing except Permitted Liens.

SECTION 8.4. [RESERVED].

SECTION 8.5. Litigation. There is no action, suit or proceeding pending against or, to the knowledge of AESOP Leasing, threatened against or affecting AESOP Leasing before any court or arbitrator or any Governmental Authority in which there is a reasonable possibility of an adverse decision that could materially adversely affect the financial position, results of operations, business, properties, performance or condition (financial or otherwise) of AESOP Leasing or which in any manner draws into question the validity or enforceability of this Agreement or any other Related Document or the ability of AESOP Leasing to comply with any of the respective terms hereunder or thereunder.

SECTION 8.6. Liens. The AESOP I Finance Lease Loan Collateral is free and clear of all Liens other than (i) Permitted Liens and (ii) Liens in favor of the Lender or the Trustee. The Lender (or the Trustee on behalf of the Secured Parties) has obtained, as security for the Liabilities, a first-priority perfected Lien on all AESOP I Finance Lease Loan Collateral. All Vehicle Perfection and Documentation Requirements with respect to all Vehicles leased under the Finance Lease on or after the date hereof have and will continue to be satisfied in accordance with the terms of this Agreement.

SECTION 8.7. Employee Benefit Plans. AESOP Leasing has not established and does not maintain or contribute to any employee benefit plan that is covered by Title IV of ERISA, and will not do so, so long as the Loan Commitment has not expired, or any amount is owing to the Lender hereunder.

SECTION 8.8. Investment Company Act. AESOP Leasing is not and is not controlled by an “investment company,” within the meaning of the Investment Company Act, and AESOP Leasing is not subject to any other statute which would impair or restrict its ability to perform its obligations under this Agreement or the other Related Documents, and neither the entering into or performance by AESOP Leasing of this Agreement nor the issuance of the Loan Note violates any provision of the Investment Company Act.

SECTION 8.9. Regulations T, U and X. AESOP Leasing is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulations T, U and X of the Board of Governors of the Federal Reserve System). None of AESOP Leasing, any Affiliate of AESOP Leasing or any Person acting on its behalf has taken or will take action to cause the execution, delivery or performance of this Agreement or the Loan Note, the making or existence of the Loans or the use of proceeds of the Loans made hereunder to violate Regulation T, U or X of the Board of Governors of the Federal Reserve System.

SECTION 8.10. Proceeds. The proceeds of the Loans made hereunder will be used solely to finance the purchase of Eligible Vehicles that will be leased under the Finance Lease.

SECTION 8.11. Legal Names; Record Locations; Jurisdiction of Organization. Schedule 8.11 lists each of the locations where AESOP Leasing maintains any records, and Schedule 8.11 also lists AESOP Leasing's legal name and jurisdiction of organization.

SECTION 8.12. Taxes. AESOP Leasing has filed all tax returns which have been required to be filed by it (except where the requirement to file such return is subject to a valid extension), and has paid or provided adequate reserves for the payment of all taxes shown due on such returns or required to be paid as a condition to such extension, as well as all payroll taxes and federal and state withholding taxes, and all assessments payable by it that have become due, other than those that are payable without penalty or are being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been established, and are being maintained, in accordance with GAAP. As of the date hereof, to the best of AESOP Leasing's knowledge, there is no unresolved claim by a taxing authority concerning AESOP Leasing's tax liability for any period for which returns have been filed or were due other than those contested in good faith by appropriate proceedings and with respect to which adequate reserves have been established, and are being maintained, in accordance with GAAP.

SECTION 8.13. Governmental Authorizations. AESOP Leasing has all licenses, franchises, permits and other governmental authorizations necessary for all businesses presently carried on by it (including owning and leasing the real and personal property owned and leased by it), except where failure to obtain such licenses, franchises, permits and other governmental authorizations would not have a material adverse effect on its financial condition, business, prospects or properties or a Material Adverse Effect (as set forth in clauses (ii) and (iii) of the definition thereof).

SECTION 8.14. Compliance with Laws. AESOP Leasing: (i) is not in violation of any law, ordinance, rule, regulation or order of any Governmental Authority applicable to it or its property, which violation would have a material adverse effect on its financial condition, business, prospects or properties or a Material Adverse Effect (as set forth in clauses (ii) and (iii) of the definition thereof), and no such violation has been alleged, (ii) has filed in a timely manner all reports, documents and other materials required to be filed by it with any governmental bureau, agency or instrumentality (and the information contained in each of such filings is true, correct and complete in all material respects), except where failure to make such filings would not have a material adverse effect on its financial condition, business, prospects or properties or a

Material Adverse Effect (as set forth in clauses (ii) and (iii) of the definition thereof) and (iii) has retained all records and documents required to be retained by it pursuant to any Requirement of Law, except where failure to retain such records would not have a material adverse effect on its financial condition, business, prospects or properties or a Material Adverse Effect (as set forth in clauses (ii) and (iii) of the definition thereof).

SECTION 8.15. Eligible Vehicles. Each Vehicle leased under the Finance Lease was, on the date of financing thereof by AESOP Leasing, an Eligible Vehicle.

SECTION 8.16. Manufacturer Programs. No Manufacturer Event of Default has occurred and is continuing with respect to any Manufacturer of a Program Vehicle.

SECTION 8.17. Absence of Default. AESOP Leasing is in compliance with all of the provisions of its certificate of limited partnership and limited partnership agreement and no event has occurred or failed to occur which has not been remedied or waived, the occurrence or non-occurrence of which constitutes, or with the passage of time or giving of notice or both would constitute, (i) an AESOP I Loan Event of Default or a Potential AESOP I Loan Event of Default or (ii) a default or event of default by AESOP Leasing under any indenture, agreement or other instrument, or any judgment, decree or final order to which AESOP Leasing is a party or by which AESOP Leasing or any of its properties may be bound or affected.

SECTION 8.18. No Security Interest; Title to Assets. (a) This Agreement creates a valid and continuing security interest (as defined in the UCC) in the AESOP I Finance Lease Loan Collateral, which security interest is prior to all other Liens (other than Permitted Liens) and is enforceable as such against the creditors of and purchasers from the Borrower. The AESOP I Finance Lease Loan Collateral constitutes “accounts,” “goods covered by certificates of title,” “chattel paper,” or “general intangibles” or the “proceeds” thereof within the meaning of the UCC. All action necessary (including the filing of UCC-l financing statements, the assignment of rights under the Manufacturer Programs to the Trustee, the notation on Certificates of Title for all Vehicles leased under the Finance Lease (other than Certificates of Title with respect to the Franchisee Vehicles for which the nominee lienholder under the applicable Franchisee Nominee Agreement is noted as the first lienholder) of the Trustee’s lien for the benefit of the Secured Parties) to protect and perfect CRCF’s security interest in the AESOP I Finance Lease Loan Collateral and the Trustee’s security interest on behalf of the Secured Parties in the Collateral now in existence and hereafter acquired or created has been duly and effectively taken.

(b) The Borrower has caused the filing of all appropriate financing statements in the appropriate jurisdictions under the applicable law in order to perfect the security interest in the AESOP I Finance Lease Loan Collateral that constitute “accounts,” “chattel paper” and “general intangibles” under the UCC granted to the Trustee. The Borrower has caused each Certificate of Title for every Vehicle (other than Certificates of Title with respect to Vehicles titled in the States of Nebraska, Ohio and Oklahoma) to show the Trustee as the sole lienholder on such Certificate of Title. The Borrower has taken all steps necessary to perfect its security interest against the Lessees under the Finance Lease. The original copy of the Finance Lease (Counterpart No. 1) has been delivered to the Trustee.

(c) AESOP Leasing has good, legal and marketable title to, or a valid leasehold interest in, all of its assets. None of such properties or assets is subject to any Liens (except for Permitted Liens), claims or encumbrances. Except for financing statements or other filings with respect to or evidencing Permitted Liens, no financing statement under the UCC of any state, application for a Certificate of Title or certificate of ownership, or other filing which names AESOP Leasing as debtor or which covers or purports to cover any of the assets of AESOP Leasing is on file in any state or other jurisdiction, and AESOP Leasing has not signed any such financing statement, application or instrument authorizing any secured party or creditor of such Person thereunder to file any such financing statement, application or filing other than with respect to Permitted Liens. No Person other than the Trustee has been named on any Certificate of Title for any Vehicle as the holder of any Lien on such Vehicle. The Borrower is not aware of any judgment or tax lien filings against the Borrower. The Finance Lease has no marks or notations indicating that it has been pledged, assigned or otherwise conveyed to any Person other than the Trustee.

SECTION 8.19. Accuracy of Information. All data, certificates, reports, statements, opinions of counsel, documents and other information furnished to the Lender or the Trustee by or on behalf of AESOP Leasing pursuant to any provision of any Related Document, or in connection with or pursuant to any amendment or modification of, or waiver under, any Related Document, shall, at the time the same are so furnished, (i) be complete and correct in all material respects to the extent necessary to give the Lender or the Trustee, as the case may be, true and accurate knowledge of the subject matter thereof, (ii) not contain any untrue statement of a material fact and (iii) not omit to state a material fact necessary in order to make the statements contained therein (in light of the circumstances in which they were made) not misleading, and the furnishing of the same to the Lender or the Trustee, as the case may be, shall constitute a representation and warranty by AESOP Leasing made on the date the same are furnished to the Lender or the Trustee, as the case may be, to the effect specified in clauses (i), (ii) and (iii) above.

SECTION 9. AFFIRMATIVE COVENANTS. Until the expiration or termination of the Loan Commitment and thereafter until the Loan Note and all other Liabilities are paid in full, AESOP Leasing agrees that, unless at any time the Lender shall otherwise expressly consent in writing:

SECTION 9.1. Existence; Foreign Qualification. AESOP Leasing will do and cause to be done at all times all things necessary to (i) maintain and preserve its existence as a limited partnership, (ii) be, and ensure that it is, duly qualified to do business and in good standing as a foreign limited partnership in each jurisdiction where the nature of its business makes such qualification necessary and the failure to so qualify would have a material adverse effect on its financial condition, business, prospects or properties or a Material Adverse Effect (as set forth in clauses (ii) and (iii) of the definition thereof) and (iii) comply with all Contractual Obligations and Requirements of Law binding upon it, except to the extent that the failure to comply therewith would not, in the aggregate, have a material adverse effect on its financial condition, business, prospects or properties or a Material Adverse Effect (as set forth in clauses (ii) and (iii) of the definition thereof).

SECTION 9.2. Books, Records and Inspections. AESOP Leasing will (i) maintain complete and accurate books and records with respect to the AESOP I Finance Lease Loan Collateral and (ii) permit any Person designated by the Lender or the Trustee in writing to visit and inspect any of its properties, corporate books and financial records and to discuss its affairs, finances and accounts with its officers, its agents and its independent public accountants, all at such reasonable times and as often as the Lender or the Trustee may reasonably request.

SECTION 9.3. Insurance. AESOP Leasing will obtain and maintain, or cause to be obtained and maintained, with respect to all Vehicles leased under the Finance Lease (i) vehicle liability insurance to the full extent required by law and in any event not less than $500,000 per Person and $1,000,000 per occurrence, (ii) property damage insurance with a limit of $1,000,000 per occurrence and (iii) excess coverage public liability insurance with a limit of not less than $50,000,000 or the limit maintained from time to time by the Lessees at any time hereafter, whichever is greater, with respect to all passenger cars and vans comprising the Lessees' rental fleet. The Lender acknowledges and agrees that AESOP Leasing may, to the extent permitted by applicable law, allow any of the Lessees to self-insure with respect to the Vehicles leased under the Finance Lease for the first $1,000,000 per occurrence, or a greater amount up to a maximum of $3,000,000, with the consent of each Enhancement Provider, per occurrence, of vehicle liability and property damage insurance which is otherwise required to be insured hereunder. All such policies shall be from financially sound and reputable insurers, shall name the Lender, Original AESOP, PVHC, Quartx and the Trustee as additional insured parties and, in the case of catastrophic physical damage insurance on such Vehicles, shall name the Trustee as loss payee as its interest may appear and will provide that the Lender and the Trustee shall receive at least ten (10) days' prior written notice of cancellation of such policies. AESOP Leasing will notify promptly the Lender and the Trustee of any curtailment or cancellation of any Lessee's right to self-insure in any jurisdiction.

SECTION 9.4. Manufacturer Programs. AESOP Leasing will turn in, or cause to be turned in, the Vehicles leased under the Finance Lease which are Program Vehicles (subject to the redesignation provisions of Section 2.7 of the Finance Lease) to the relevant Manufacturer within the Repurchase Period therefor, including in a transaction with respect to a Relinquished Vehicle pursuant to the Master Exchange Agreement (unless AESOP Leasing pays in full the Loan with respect to a Program Vehicle pursuant to Section 5.2 or sells a Program Vehicle and, prior to the end of the Repurchase Period therefor, receives sales proceeds thereof in cash in an amount equal to or greater than the repurchase price under such Manufacturer Program); and will comply with all of its obligations under each Manufacturer Program.

SECTION 9.5. Reporting Requirements. AESOP Leasing will furnish, or cause to be furnished, to the Lender and the Trustee and, in the case of item (iii) below, each Rating Agency:

(i) Reports. All reports of the Lessees required to be delivered to AESOP Leasing pursuant to Section 31.5 of the Finance Lease;

(ii) AESOP I Loan Events of Default; Amortization Events; Exchange Agreement Termination Events. As soon as possible but in any event within two (2) Business Days after the occurrence of (A) any Potential AESOP I Loan Event of Default or

AESOP I Loan Event of Default, a written statement of an Authorized Officer describing such event and the action that AESOP Leasing proposes to take with respect thereto, (B) any Potential Amortization Event or Amortization Event or (C) any Exchange Agreement Termination Event, notice thereof to the Lender, each Enhancement Provider and the Rating Agencies;

(iii) Manufacturers. Promptly after obtaining actual knowledge thereof, notice of any Manufacturer Event of Default or termination or replacement of a Manufacturer Program;

(iv) Notice of Liens and Vicarious Liability Claims. On each Determination Date, AESOP Leasing shall forward to CRCF, the Trustee and the Paying Agent, the Rating Agencies and each Enhancement Provider, (A) an Officer's Certificate of AESOP Leasing certifying as to whether, to the knowledge of AESOP Leasing, (x) any Lien exists on any of the AESOP I Finance Lease Loan Collateral or (y) any vicarious liability claims shall have been made against AESOP Leasing as a result of its ownership of the Vehicles leased under the Finance Lease and (B) a written statement of an Authorized Officer summarizing each such Lien or claim and the action that AESOP Leasing proposes to take with respect thereto; and

(v) Other. Promptly, from time to time, such other information, documents, or reports respecting the AESOP I Loan Collateral or the condition or operations, financial or otherwise, of AESOP Leasing as the Lender or the Trustee may from time to time reasonably request in order to protect the interests of the Lender or the Trustee under or as contemplated by this Agreement or any other Related Document.

SECTION 9.6. Payment of Taxes; Removal of Liens. AESOP Leasing will pay when due all taxes, assessments, fees and governmental charges of any kind whatsoever that may be at any time lawfully assessed or levied against or with respect to AESOP Leasing or its property and assets or any interest thereon. Notwithstanding the previous sentence, but subject in any case to the other requirements hereof and of the Related Documents, AESOP Leasing shall not be required to pay any tax, charge, assessment or imposition nor to comply with any law, ordinance, rule, order, regulation or requirement so long as AESOP Leasing shall contest, in good faith, the amount or validity thereof, in an appropriate manner or by appropriate proceedings. Each such contest shall be promptly prosecuted to final conclusion (subject to the right of AESOP Leasing to settle any such contest).

SECTION 9.7. Business. AESOP Leasing will engage only in businesses conducted on the date hereof and that are permitted pursuant to the terms of its limited partnership agreement.

SECTION 9.8. Maintenance of the Vehicles. AESOP Leasing will maintain or cause to be maintained in good repair, working order, and condition all of the Vehicles leased under the Finance Lease, except to the extent that any such failure to comply with such requirements does not, in the aggregate, materially adversely affect the interests of the Lender under this Agreement or the interests of the Secured Parties under the Indenture or the likelihood of repayment of the Loans made hereunder. From time to time AESOP Leasing will make or cause to be made all appropriate repairs, renewals, and replacements with respect to the Vehicles leased under the Finance Lease.

SECTION 9.9. Maintenance of Separate Existence. AESOP Leasing will do all things necessary to continue to be readily distinguishable from CRCF, Original AESOP, AESOP Leasing II, CCRG, the Affiliates of the foregoing or any other affiliated or unaffiliated entity and to maintain its existence as a limited partnership separate and apart from that of Original AESOP, AESOP Leasing II, CCRG, CRCF and Affiliates of the foregoing including, without limitation:

(i) practicing and adhering to organizational formalities, such as maintaining appropriate books and records;

(ii) observing all organizational formalities in connection with all dealings between itself and CRCF, AESOP Leasing II, Original AESOP, CCRG, the Affiliates of the foregoing or any other affiliated or unaffiliated entity;

(iii) observing all procedures required by its certificate of limited partnership, its limited partnership agreement and the laws of the State of Delaware;

(iv) acting solely in its name and through its duly authorized officers or agents in the conduct of its businesses;

(v) managing its business and affairs by or under the direction of its general partner;

(vi) ensuring that its general partner duly authorizes all of its actions;

(vii) ensuring the receipt of proper authorization, when necessary, from its limited partner(s) for its actions;

(viii) requiring its general partner to maintain at least two corporate directors who are Independent Directors;

(ix) owning or leasing (including through shared arrangements with Affiliates) all office furniture and equipment necessary to operate its business;

(x) not (A) having or incurring any debt or obligations to any of AESOP Leasing II, Original AESOP, CCRG, CRCF, the Affiliates of the foregoing or any other affiliated or unaffiliated entity, except for, the obligations to CRCF under the AESOP I Loan Agreements or other obligations incurred on an arm's-length basis and permitted under the Related Documents; (B) other than as provided in the Related Documents, guaranteeing or otherwise becoming liable for any obligations of AESOP Leasing II, Original AESOP, CCRG, CRCF or any Affiliates of the foregoing; (C) having obligations guaranteed by AESOP Leasing II, Original AESOP, CCRG, CRCF or any Affiliates of the foregoing; (D) holding itself out as responsible for debts of AESOP Leasing II, Original AESOP, CCRG, CRCF or any Affiliates of the foregoing or for decisions or actions with respect to the affairs of AESOP Leasing II, Original AESOP,

CCRG, CRCF or any Affiliates of the foregoing; (E) failing to correct any known misrepresentation with respect to the statement in clause (C); (F) operating or purporting to operate as an integrated, single economic unit with respect to AESOP Leasing II, Original AESOP, CCRG, CRCF, the Affiliates of the foregoing or any other affiliated or unaffiliated entity; (G) seeking to obtain credit or incur any obligation to any third party based upon the assets of AESOP Leasing II, Original AESOP, CCRG, CRCF, the Affiliates of the foregoing or any other affiliated or unaffiliated entity; (H) inducing any such third party to reasonably rely on the creditworthiness of AESOP Leasing II, Original AESOP, CCRG, CRCF, the Affiliates of the foregoing or any other affiliated or unaffiliated entity; and (I) being directly or indirectly named as a direct or contingent beneficiary or loss payee on any insurance policy of AESOP Leasing II, Original AESOP, CCRG, CRCF or any Affiliates of the foregoing other than as required by the Related Documents with respect to insurance on the Vehicles;

(xi) other than as provided in the Related Documents, maintaining its deposit and other bank accounts and all of its assets separate from those of any other Person;

(xii) maintaining its financial records separate and apart from those of any other Person;

(xiii) disclosing in its annual financial statements the effects of the transactions contemplated by the Related Documents in accordance with GAAP applied on a consistent basis;

(xiv) setting forth clearly in its financial statements its separate assets and liabilities and the fact that the Vehicles leased under the AESOP I Operating Lease are owned by AESOP Leasing;

(xv) not suggesting in any way, within its financial statements, that its assets are available to pay the claims of creditors of AESOP Leasing II, Original AESOP, CCRG, CRCF, the Affiliates of the foregoing or any other affiliated or unaffiliated entity;

(xvi) compensating all its employees, officers, consultants and agents for services provided to it by such Persons out of its own funds;

(xvii) maintaining office space separate and apart from that of AESOP Leasing II, Original AESOP, CCRG, CRCF or any Affiliates of the foregoing (even if such office space is subleased from or is on or near premises occupied by AESOP Leasing II, Original AESOP, CCRG, CRCF or any Affiliates of the foregoing) and a telephone number separate and apart from that of AESOP Leasing II, Original AESOP, CCRG, CRCF or any Affiliates of the foregoing;

(xviii) conducting all oral and written communications, including, without limitation, letters, invoices, purchase orders, contracts, statements, and applications solely in its own name;

(xix) having separate stationery from AESOP Leasing II, Original AESOP, CCRG, CRCF, the Affiliates of the foregoing or any other affiliated or unaffiliated entity;

(xx) accounting for and managing all of its liabilities separately from those of AESOP Leasing II, Original AESOP, CCRG, CRCF or any Affiliates of the foregoing;

(xxi) allocating, on an arm's-length basis, all shared operating services, leases and expenses, including, without limitation, those associated with the services of shared consultants and agents and shared computer and other office equipment and software; and otherwise maintaining an arm's-length relationship with each of AESOP Leasing II, Original AESOP, CCRG, CRCF, the Affiliates of the foregoing or any other affiliated or unaffiliated entity;

(xxii) refraining from filing or otherwise initiating or supporting the filing of a motion in any bankruptcy or other insolvency proceeding involving AESOP Leasing II, Original AESOP, CRCF, AESOP Leasing, CCRG or any Affiliate of CCRG, to substantively consolidate AESOP Leasing II, Original AESOP, CRCF or AESOP Leasing with CCRG or any Affiliate of CCRG;

(xxiii) remaining solvent and assuring adequate capitalization for the business in which it is engaged; and

(xxiv) conducting all of its business (whether written or oral) solely in its own name so as not to mislead others as to the identity of each of AESOP Leasing II, Original AESOP, AESOP Leasing, CCRG, CRCF and the Affiliates of the foregoing or any other affiliated or unaffiliated entity.

AESOP Leasing acknowledges its receipt of a copy of those certain opinion letters issued by White & Case LLP dated the date hereof addressing the issue of substantive consolidation as they may relate to CCRG and each affiliate of CCRG on the one hand and any of AESOP Leasing II, Original AESOP, CRCF and AESOP Leasing on the other hand and as among AESOP Leasing II, Original AESOP, AESOP Leasing and CRCF. AESOP Leasing hereby agrees to maintain in place all policies and procedures, and take and continue to take all action, described in the factual assumptions set forth in such opinion letters and relating to it.

SECTION 9.10. Manufacturer Payments; Sales Proceeds. AESOP Leasing will cause each Manufacturer and auction dealer to make all payments under the Manufacturer Programs with respect to Program Vehicles, including all payments with respect to Relinquished Vehicles, directly to the Collection Account or a Joint Collection Account, as applicable. Any such payments from Manufacturers or related auction dealers received directly by AESOP Leasing, will be, within two (2) Business Days of receipt, deposited into the Collection Account or a Joint Collection Account. AESOP Leasing shall, within two (2) Business Days of receipt thereof, deposit into the Collection Account or a Joint Collection Account, as applicable, all amounts representing the proceeds from sales of Program Vehicles by auction dealers under a Guaranteed Depreciation Program and sales of Vehicles (including amounts paid by a Manufacturer as a result of the sale of such Vehicle outside such Manufacturer's Manufacturer Program) to third parties (other than under any related Manufacturer Program) and all payments with respect to other AESOP I Loan Collateral (other than the AESOP I Loan Collateral described in the last sentence of this paragraph). Insurance proceeds and warranty payments with respect to Vehicles will only be deposited into the Collection Account if an Amortization

Event or Potential Amortization Event shall have occurred and be continuing. AESOP Leasing acknowledges that payments received from or on behalf of Manufacturers under the Manufacturer Programs with respect to Relinquished Vehicles shall be disbursed in accordance with the Master Exchange Agreement and the Escrow Agreement.

SECTION 9.11. Maintenance of Properties. AESOP Leasing will maintain or cause to be maintained in the ordinary course of business in good repair, working order and condition (reasonable wear and tear excepted) all properties, including, without limitation, vehicles necessary for the operation of its businesses (whether owned or held under lease), and from time to time make or cause to be made all needed and appropriate repairs, renewals, replacements, additions, betterments and improvements thereto, except to the extent no material adverse effect on its financial condition, business, prospects or properties or a Material Adverse Effect (as set forth in clauses (ii) and (iii) of the definition thereof) could result, and maintain good, legal and marketable title to, or a valid leasehold interest in, all of its assets, free and clear of all Liens except for Permitted Liens, and except to the extent sold or otherwise disposed of in accordance with this Agreement or any other Related Document.

SECTION 9.12. Verification of Title. AESOP Leasing will, on an annual basis, cause a title check to be performed by an independent nationally recognized firm of certified public accountants acceptable to the Trustee and each Enhancement Provider on a statistical sample of all Vehicles leased under the Leases designed to provide a ninety-five percent (95%) confidence level that no more than five percent (5%) of the Certificates of Title for such Vehicles did not correctly reference the Trustee, as first lienholder, and the Lessor of such Vehicle or its Permitted Nominee or, in the case of Financed Vehicles, CCRG, a Permitted Sublessee or any of their respective Permitted Nominees, as owner, and cause such party to deliver a report stating that, within the confidence level set forth above, no more than five percent (5%) of the Certificates of Title did not correctly reference the lienholder or owner of the Vehicles described in the immediately preceding clause.

SECTION 9.13. [RESERVED].

SECTION 9.14. Delivery of Information. AESOP Leasing will provide to the Lender any information or materials necessary for the Lender to comply with its obligations under the Indenture.

SECTION 9.15. Master Exchange Agreement and Escrow Agreement. AESOP Leasing will comply in all material respects with all of its obligations under the Master Exchange Agreement and the Escrow Agreement.

SECTION 9.16. Vehicles. AESOP Leasing will cause CCRG to maintain good and marketable title to each Vehicle financed by AESOP Leasing with the proceeds of Loans made hereunder and leased under the Finance Lease, free and clear of all Liens and encumbrances, other than any Permitted Liens.

SECTION 9.17. Assignments. AESOP Leasing will deliver to the Trustee on or prior to the Restatement Effective Date, and thereafter, as necessary to comply with the terms of the Related Documents, executed counterparts of the Assignment Agreements related to the

assignment of rights under each Manufacturer Program to which any Vehicle leased under the Finance Lease is subject in accordance herewith, duly executed by CRCF, ARAC, BRAC, AESOP Leasing, AESOP Leasing II, CCRG, the Intermediary, the Trustee and each applicable Manufacturer.

SECTION 9.18. Notation of Liens. AESOP Leasing shall have delivered to the Lender and the Trustee on or prior to the Restatement Effective Date and will deliver on an ongoing basis, as applicable, evidence (which, in the case of the filing of financing statements on form UCC-l, may be telephonic confirmation of such filing, followed by prompt written confirmation) that it has caused or is causing the Trustee's name to be noted on the Certificate of Title for each Vehicle leased under the Finance Lease (other than Certificates of Title with respect to the Franchisee Vehicles for which the nominee lienholder under the applicable Franchisee Nominee Agreement is noted as the first lienholder) in accordance herewith and all filings (including filings of financing statements on form UCC-1) and recordings have been accomplished as may be required by law to establish, perfect, protect and preserve the rights, titles, interests, remedies, powers, privileges, licenses and security interest of the Trustee in such Vehicles and other AESOP I Finance Lease Loan Collateral for the benefit of the Secured Parties.

SECTION 9.19. Replacement of Intermediary. If at any time, JPMorgan Chase Bank does not have a short-term indebtedness rating of "P-1" from Moody's and at least "A-1" from S&P and a long-term indebtedness rating of at least "A2" from Moody's and at least "A" from S&P, AESOP Leasing shall, within thirty (30) days thereafter, (x) replace the Intermediary with a Person that is a bankruptcy-remote special purpose entity, all of the equity in which is owned either (1) by a Person that has a short-term indebtedness rating of "P-1" from Moody's and at least "A-1" from S&P and a long-term indebtedness rating of at least "A2" from Moody's and at least "A" from S&P or (2) directly and indirectly (to the extent any such indirect owner has a greater than 10% indirect ownership interest in the Intermediary) solely by Persons that are eligible to be debtors under the Bankruptcy Code and satisfy the Rating Agency Consent Condition with respect to such replacement or (y) satisfy the Rating Agency Consent Condition with respect to the Intermediary continuing as the Intermediary under the Master Exchange Agreement.

SECTION 9.20. [RESERVED].

SECTION 9.21. [RESERVED].

SECTION 9.22. Non-Program Vehicle Report. On or before the second Determination Date immediately following June 30 and December 31 of each calendar year, AESOP Leasing shall cause a firm of nationally recognized independent public accountants (who may also render other services to AESOP Leasing or CCRG and who is acceptable to the Rating Agencies and each Enhancement Provider) to furnish a report to the Lender, the Trustee, each Enhancement Provider and the Rating Agencies to the effect that they have performed certain agreed upon procedures (which shall be acceptable to each Enhancement Provider) with respect to the calculation of (i) the Disposition Proceeds obtained from the sale or other disposition of all Non-Program Vehicles (other than Casualties) sold or otherwise disposed of during each Related Month in such period, (ii) the respective Net Book Values of such Non-Program Vehicles and

(iii) the Non-Program Fleet Market Value and compared such calculations with the corresponding amounts set forth in the Monthly Certificate prepared pursuant to Section 4.1(b) of the Base Indenture and that on the basis of such comparison such accountants are of the opinion that such amounts are in agreement, except for such exceptions as they believe to be immaterial and such other exceptions as shall be set forth in such report. With respect to the calculations described in the foregoing clause (iii), such report shall make the comparison described with respect to the Non-Program Fleet Market Value only as of the last Determination Date in the period as to which the report is made. On or before the second Determination Date immediately following March 31 and September 30 of each calendar year, AESOP Leasing shall furnish an Officer's Certificate of AESOP Leasing to the Lender, the Trustee, each Enhancement Provider and the Rating Agencies to the effect that the officer making such certification has compared or caused to be compared the calculations described in clauses (i) and (ii) above with the corresponding amounts set forth in the Monthly Certificate prepared pursuant to Section 4.1(b) of the Base Indenture, and has compared or caused to be compared the calculation described in clause (iii) above with the corresponding amount set forth in the Monthly Certificate prepared pursuant to Section 4.1(b) of the Base Indenture as of the last Determination Date in the period as to which the Officer's Certificate is given, and that on the basis of such comparison such officer is of the opinion that such amounts are in agreement, except for such exceptions as shall be set forth in such Officer's Certificate.

SECTION 9.23. Sale of Non-Program Vehicles Returned to AESOP Leasing. In the event that any Non-Program Vehicle leased under the Finance Lease is returned to AESOP Leasing in accordance with Section 2.6(b) of the Finance Lease, AESOP Leasing shall use commercially reasonable efforts to arrange for the sale of such Vehicle, either directly itself or through the Intermediary, and to maximize the sale price thereof. AESOP Leasing shall not return or cause to be returned a Non-Program Vehicle to a Manufacturer under a Manufacturer Program unless the conditions set forth in Section 2.6(b)(ii) of the Finance Lease shall have been satisfied with respect to such disposition.

SECTION 9.24. UCC Filings. On or before the third (3rd) Business Day following the Restatement Effective Date, AESOP Leasing shall file or cause to be filed with the Secretary of State of the State of Delaware the UCC financing statements and the amendments to UCC financing statements delivered in accordance with Section 11.1(h).

SECTION 10. NEGATIVE COVENANTS. Until the expiration or termination of the Loan Commitment and thereafter until the Loan Note and all other Liabilities are paid in full, AESOP Leasing agrees that, unless at any time the Lender shall otherwise expressly consent in writing, it will not:

SECTION 10.1. Liens. Create, incur, assume or permit to exist any Lien upon any of its Assets (including the AESOP I Collateral), other than Permitted Liens.

SECTION 10.2. Other Indebtedness. Create, assume, incur, suffer to exist or otherwise become or remain liable in respect of any Indebtedness other than (i) Indebtedness hereunder and (ii) Indebtedness permitted under any other Related Document.

SECTION 10.3. Mergers, Consolidations. Except as may be permitted by the express written approval of the Trustee and the Lender, merge with or into, enter into any joint venture or other association with, or consolidate with, any other Person.

SECTION 10.4. Sales of Assets. Sell, lease, transfer, liquidate or otherwise dispose of any Assets, except as contemplated by the Related Documents.

SECTION 10.5. Acquisition of Assets. Acquire, by long-term or operating lease or otherwise, any Assets except pursuant to the terms of the Related Documents.

SECTION 10.6. Dividends, Officers' Compensation, etc. (i) Declare or pay any distributions on any of its partnership interests or capital stock, as the case may be, or make any other distribution on, or any purchase, redemption or other acquisition of, any of its partnership interests or any shares of its capital stock, as the case may be, except, in the case of AESOP Leasing, AESOP Leasing may make distributions out of funds in the AESOP I Segregated Account or on its partnership interests provided that no Amortization Event, Potential Amortization Event, AESOP I Finance Lease Vehicle Deficiency, Aggregate Asset Amount Deficiency, Enhancement Deficiency, Event of Default, Liquidation Event of Default, Limited Liquidation Event of Default, Potential Enhancement Agreement Event of Default, Enhancement Agreement Event of Default, Potential AESOP I Finance Lease Event of Default, AESOP I Finance Lease Event of Default, Potential AESOP I Finance Lease Loan Event of Default or AESOP I Finance Lease Loan Event of Default has occurred or is continuing or would result therefrom, or (ii) pay any wages or salaries or other compensation to officers, employees or others except out of earnings computed in accordance with GAAP applied on a consistent basis and, in the case of AESOP Leasing, only from funds in the AESOP I Segregated Account.

SECTION 10.7. Organizational Documents. Amend any of its organizational documents, including its certificate of limited partnership or limited partnership agreement, unless prior to such amendment, the Rating Agency Consent Condition has been met with respect to such amendment.

SECTION 10.8. Investments. Make, incur, or suffer to exist any loan, advance, extension of credit or other investment in any Person other than pursuant to the Related Documents.

SECTION 10.9. Regulations T, U and X. Use or permit any proceeds of the Loans made hereunder to be used, either directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of "purchasing or carrying margin stock" within the meaning of Regulations T, U and X of the Board of Governors of the Federal Reserve System, as amended from time to time.

SECTION 10.10. Other Agreements. Enter into any agreement containing any provision which would be violated or breached by the performance of its obligations hereunder or under any instrument or document delivered or to be delivered by it hereunder or in connection herewith.

SECTION 10.11. Use of Vehicles. Use or allow the Vehicles leased under the Finance Lease to be used (i) in any manner that would make Program Vehicles ineligible for repurchase under an Eligible Manufacturer Program, (ii) for any illegal purposes or (iii) in any manner that could subject the Vehicles to confiscation.

SECTION 10.12. Use of Proceeds. Use or permit the proceeds of the Loans made hereunder to be used for any purpose other than to finance the purchase of Eligible Vehicles that will be leased under the Finance Lease.

SECTION 10.13. Limitations on the Acquisition or Redesignation of Certain Vehicles. Unless otherwise specified in the related Supplement or unless waived by the Required Noteholders as specified in the related Supplement, permit (a) the Non-Eligible Manufacturer Amount as of any Payment Date to exceed any applicable Maximum Non-Eligible Manufacturer Amount, (b) the Financed Vehicle Amount as of any Payment Date to exceed any applicable Maximum Financed Vehicle Amount, (c) the Non-Program Vehicle Amount as of any Payment Date to exceed any applicable Maximum Non-Program Vehicle Amount and (d) the aggregate Net Book Value of all Vehicles leased under the Leases and manufactured by a particular Manufacturer or group of Manufacturers as of any Payment Date to exceed any applicable Maximum Manufacturer Amount.

SECTION 10.14. Maximum Vehicle Age. Permit at any time the age of any Non-Program Vehicle leased under the Finance Lease, calculated from the date of the original manufacturer invoice for such Vehicle, to exceed eighteen (18) months.

SECTION 10.15. Master Exchange Agreement. (i) Consent to any amendment or modification to, or waiver of, any provision of the Master Exchange Agreement, the Escrow Agreement or any Sublease, or (ii) appoint a successor or replacement to the Person acting as Intermediary under the Master Exchange Agreement, or the Person acting as escrow agent under the Escrow Agreement, in each case without (x) the prior written consent of the Trustee and (y) the satisfaction of the Rating Agency Consent Condition.

SECTION 11. CONDITIONS.

SECTION 11.1. Effectiveness of Amended and Restated Agreement. The effectiveness of this Agreement shall be subject to the prior or concurrent (i) delivery of each of the following documents to the Lender and, if not otherwise required to be delivered to the Trustee by any other Related Document, to the Trustee and any Enhancement Provider, as applicable (in form and substance satisfactory to the Lender and, if applicable, the Trustee and any Enhancement Provider) and (ii) satisfaction of the following conditions, as applicable:

(a) Certificate of Limited Partnership; Certificate of Incorporation. The certificate of limited partnership of AESOP Leasing, duly certified by the Secretary of State of the State of Delaware, together with a copy of the limited partnership agreement of AESOP Leasing, duly certified by the Secretary or an Assistant Secretary of Original AESOP. The certificate of incorporation of Original AESOP, duly certified by the Secretary of State of the State of Delaware, together with a copy of the by-laws of Original AESOP, duly certified by the Secretary or an Assistant Secretary of Original AESOP;

(b) Resolutions. Copies of resolutions of the Board of Directors of Original AESOP, the general partner of AESOP Leasing, authorizing or ratifying the execution, delivery and performance of those documents and matters required of it with respect to this Agreement, duly certified by the Secretary or an Assistant Secretary of Original AESOP;

(c) Consents, etc. Certified copies of all documents evidencing any necessary limited partnership action, consents and governmental approvals (if any) with respect to this Agreement;

(d) Incumbency and Signatures. A certificate of the Secretary or an Assistant Secretary of Original AESOP certifying the names of the individual or individuals authorized to sign this Agreement and the other Related Documents to be executed by it, together with a sample of the true signature of each such individual (the Lender may conclusively rely on each such certificate until formally advised by a like certificate of any changes therein);

(e) Opinions of Counsel. The opinions of counsel required to be delivered by Section 2.2 of the Base Indenture;

(f) Good Standing Certificates. Certificates of good standing for AESOP Leasing in the jurisdiction of its formation and the jurisdiction of its principal place of business;

(g) Search Reports. A written search report from a Person satisfactory to the Lender and the Trustee listing all effective financing statements that name AESOP Leasing, as debtor or assignor, and that are filed and the jurisdictions in which filings were made pursuant to subsection (i) below, together with copies of such financing statements, and tax and judgment lien search reports from a Person satisfactory to the Lender and the Trustee showing no evidence of such liens filed against AESOP Leasing;

(h) Financing Statements. Draft financing statements or amendments to financing statements previously filed, naming AESOP Leasing as debtor, the Lender as secured party and the Trustee as assignee or other, similar instruments or documents, as may be necessary or, in the reasonable opinion of the Lender and the Trustee, desirable under the UCC of all applicable jurisdictions to perfect the Lender's and the Trustee's interest in the AESOP I Loan Collateral;

(i) Enhancement. The Enhancement Amount with respect to any Series of Notes Outstanding as of the Restatement Effective Date is equal to or exceeds the Required Enhancement Amount for such Series;

(j) Leases. An executed copy of the Finance Lease and all documents required to be delivered by each Lessee to the Lessor pursuant thereto, and all conditions to the effectiveness thereof shall have been satisfied;

(k) Assignment Agreement. An executed copy of an Assignment Agreement with respect to each Manufacturer Program to which any Vehicle leased under the AESOP I Finance Lease is subject as of the Restatement Effective Date and an Officer's Certificate, duly executed by an Authorized Officer of AESOP Leasing, certifying that each such copy is true, correct and complete as of the Restatement Effective Date, that such Manufacturer Program shall be in full force and effect and enforceable against the related Manufacturer and that a copy of such Manufacturer Program shall have been delivered to the Trustee;

(l) Indenture. The Base Indenture, dated the Restatement Effective Date, duly executed by the Lender and the Trustee, and all conditions to the effectiveness thereof shall have been satisfied in all respects;

(m) Master Exchange Agreement and Related Documents. Executed copies of the Master Exchange Agreement and the Escrow Agreement; and all conditions to the effectiveness of each such agreement shall have been satisfied;

(n) Loan Agreements. Each of the other Loan Agreements, as amended and restated as of the Restatement Effective Date, shall have become effective simultaneously with this Agreement; and

(o) Other. Such other documents as the Trustee or the Lender may reasonably request.

SECTION 11.2. All Loans. All Loans hereunder shall be subject to the further conditions precedent that (a) if the amount of Enhancement with respect to any Series of Notes is increased or if the current Enhancement with respect to any Series of Notes is replaced, to the extent such additional or replacement Enhancement is in the form of an unfunded commitment (including, without limitation, a letter of credit), AESOP Leasing shall cause the delivery to the Lender, the Trustee, the Enhancement Providers, if any, for any Series of Notes issued and outstanding on the date of such opinion(s), Placement Agents, if any, and the Rating Agencies on or prior to the effectiveness of such additional or replacement Enhancement of opinion(s) of counsel as to the enforceability of such additional or replacement Enhancement substantially similar to the original opinions delivered with respect to such Enhancement, (b) the Lender shall have received a completed Loan Request therefor and a copy of the related Vehicle Order, (c) all conditions precedent to the issuance of any Series of Notes after the Initial Closing Date shall have been satisfied in accordance with the related Supplement and (d) on the date of such Loan the following statements shall be true (and AESOP Leasing, by accepting the amount of such Loan, shall be deemed to have represented and warranted that): (i) the representations and warranties contained in Section 8 are true and correct on and as of such date with the same effect as though made on and as of such date and shall be deemed to have been made on such date and (ii) no Potential AESOP I Finance Lease Loan Event of Default or AESOP I Finance Lease Loan Event of Default has occurred and is continuing or would result from the making of such Loan or from the application of the proceeds of such Loan.

SECTION 11.3. All Transactions Under Master Exchange Agreement. Each transfer by AESOP Leasing of a Relinquished Vehicle to the Intermediary pursuant to the Master Exchange Agreement shall be subject to the satisfaction of each of the following conditions: (a) no Manufacturer Event of Default with respect to the Manufacturer Program pursuant to which such Relinquished Vehicle is intended to be transferred pursuant to the Master Exchange Agreement shall have occurred and be continuing at the time of such transfer; (b) in connection with the transfer of any Program Vehicle to the Intermediary, AESOP Leasing shall have contracted to sell such Program Vehicle pursuant to an Eligible Manufacturer Program (the Manufacturer party to which shall have consented to the purchase and sale of Vehicles by the Intermediary pursuant to an Assignment Agreement, which consent shall not have been revoked) and shall have directed the Intermediary to sell such Program Vehicle pursuant to such Eligible

Manufacturer Program on the date such Program Vehicle becomes Relinquished Property pursuant to the Master Exchange Agreement; (c) on the date of any transfer of any Relinquished Vehicle to the Intermediary, the only obligations or liabilities, if any, secured by such Relinquished Vehicle are the Loans and/or any other obligations or liabilities arising under the Related Documents; (d) on the date of any such transfer, no QI Parent Downgrade Event has occurred (unless the Rating Agency Consent Condition has been satisfied with respect to such transfers continuing with the Intermediary); and (e) on the date of any such transfer, the following statements shall be true: (i) the representations and warranties of AESOP Leasing in Section 8 are true and correct on and as of such date and shall be deemed to have been made on such date with the same effect as though made on and as of such date, (ii) no Potential Loan Event of Default or Loan Event of Default, no Potential Amortization Event or Amortization Event and no Liquidation Event of Default or Limited Liquidation Event of Default has occurred and is continuing or would result from the making of such transfer, (iii) the Termination Date (as defined in the Master Exchange Agreement) has not occurred and (iv) to AESOP Leasing's knowledge, the representations and warranties of the Intermediary in Article VI of the Master Exchange Agreement are true and correct on and as of such date and shall be deemed to have been made on and as of such date with the same effect as though made on and as of such date.

SECTION 12. LOAN EVENTS OF DEFAULT AND THEIR EFFECT.

SECTION 12.1. AESOP I Finance Lease Loan Events of Default. Each of the following shall constitute an AESOP I Finance Lease Loan Event of Default under this Agreement:

12.1.1 Non-Payment of Loans. Default in the payment when due of the principal amount of any Loan made hereunder or the Monthly Loan Principal Amount hereunder, and the continuance thereof for one (1) Business Day after the occurrence thereof, or the default in the payment of any Loan Interest on any Loan made hereunder, and the continuance thereof for five (5) Business Days after the occurrence thereof.

12.1.2 Non-Payment of Other Amounts. Default, and continuance thereof for five (5) Business Days after notice thereof by the Lender to AESOP Leasing, in the payment when due of any amount payable hereunder (other than any amount described in Section 12.1.1).

12.1.3 Bankruptcy, Insolvency, etc. The occurrence of an Event of Bankruptcy with respect to any Lessee, AESOP Leasing, Original AESOP, the Intermediary, any Permitted Sublessee or any Permitted Nominee under any Franchisee Nominee Agreement.

12.1.4 Non-Compliance With Provisions. Failure by AESOP Leasing to comply with or to perform any provision of this Agreement (and not constituting an AESOP I Finance Lease Loan Event of Default under any of the other provisions of this Section 12.1) and, other than the failure to comply with the provisions of Sections 10.1 and 10.2 hereof, the continuance of such failure for thirty (30) days after the earlier of the date of the receipt of written notice thereof from the Lender or the Trustee to AESOP Leasing and the date AESOP Leasing learns of such failure.

12.1.5 Warranties and Representations. Any warranty or representation made by or on behalf of AESOP Leasing or otherwise in connection herewith is inaccurate or incorrect or is breached or false or misleading in any material respect as of the date such warranty or representation is made; or any schedule, certificate, financial statement, report, notice, or other writing furnished by or on behalf of AESOP Leasing to the Lender is false or misleading in any material respect on the date as of which the facts therein set forth are stated or certified.

12.1.6 Lease Events of Default. The occurrence of a Lease Event of Default.

12.1.7 Loan Events of Default Under Other Loan Agreements. The occurrence of an AESOP I Operating Lease Loan Event of Default or an AESOP II Loan Event of Default.

12.1.8 Judgments. Any final and unappealable (or, if capable of appeal, such appeal is not being diligently pursued or enforcement thereof has not been stayed) judgment or order for the payment of money in excess of $100,000 which is not fully covered by insurance shall be rendered against AESOP Leasing and such judgment or order shall continue unsatisfied and unstayed for a period of thirty (30) days.

SECTION 12.2. Effect of AESOP I Finance Lease Loan Event of Default or Liquidation Event of Default. If any AESOP I Finance Lease Loan Event of Default described in Section 12.1.1 or 12.1.3 or any Liquidation Event of Default shall occur, the Loan Commitment (if not theretofore terminated) shall immediately terminate and (x) in the case of any other AESOP I Finance Lease Loan Event of Default, the Lender may declare its Loan Commitment (if not theretofore terminated) to be terminated and whereupon it shall immediately terminate and (y) in either case may declare the Loan Note and all other Liabilities to be due and payable, whereupon the Loan Note shall become immediately due and payable.

SECTION 12.3. Rights of Lender and Trustee Upon Liquidation Event of Default and Non-Performance of Certain Covenants. (a) If a Liquidation Event of Default shall have occurred and be continuing the Lender and the Trustee, to the extent provided in the Indenture, shall have all the rights against AESOP Leasing and the Loan Collateral provided in the Indenture upon a Liquidation Event of Default, including the right to take (under the specified circumstances) possession of all Vehicles immediately.

(b) If (i) AESOP Leasing shall default in the due performance and observance of any of its obligations under Section 9.3, 9.4, 9.5(iii), 9.8, 10.1 or 10.11 hereof, or (ii) any Lessee shall default in the due performance and observance of its obligations under Section 31.10 of the Finance Lease, and such default shall continue unremedied for a period of thirty (30) days after notice thereof shall have been given to AESOP Leasing by the Lender, the Lender shall have the ability to exercise all rights, remedies, powers, privileges and claims of AESOP Leasing against the Manufacturers under or in connection with the Manufacturer Programs with respect to (A) Program Vehicles leased under the Finance Lease that AESOP Leasing has determined to turn back to the Manufacturers under such Manufacturer Programs (excluding Relinquished Vehicles) and (B) whether or not AESOP Leasing shall then have determined to turn back such Program Vehicles, any Program Vehicles leased under the Finance Lease for which the applicable Repurchase Period will end within one week or less.

(c) Upon a default in the performance (after giving effect to any grace periods provided herein) by AESOP Leasing of its obligations under Section 7.5 or 8.6 hereof with respect to certain Vehicles, the Lender or the Trustee shall have the right to take actions reasonably necessary to correct such default with respect to the subject Vehicles including the execution of UCC financing statements with respect to Manufacturer Programs and other general intangibles and the completion of Vehicle Perfection and Documentation Requirements on behalf of AESOP Leasing or the Lender, as applicable.

(d) Upon the occurrence of a Liquidation Event of Default, AESOP Leasing will return all Program Vehicles leased under the Finance Lease to the related Manufacturer and shall sell all Non-Program Vehicles leased under the Finance Lease in accordance with the instructions of the Lender. Upon the occurrence of a Limited Liquidation Event of Default with respect to any Series of Notes, AESOP Leasing will return Program Vehicles leased under the Finance Lease to the related Manufacturer, and shall sell Non-Program Vehicles leased under the Finance Lease in accordance with the instructions of the Lender, to generate proceeds in an amount which, together with the proceeds of Vehicles returned pursuant to the AESOP I Operating Lease Loan Agreement and the AESOP II Loan Agreement, will be sufficient to pay all interest on and principal of such Series of Notes. To the extent any Manufacturer fails to accept any such Vehicles under the terms of the applicable Manufacturer Program, the Lender shall have the right to otherwise dispose of such Vehicles and to direct AESOP Leasing to dispose of such Vehicles in accordance with its instructions. In addition, the Lender shall have all of the rights, remedies, powers, privileges and claims vis-à-vis AESOP Leasing, necessary or desirable to allow the Trustee to exercise the rights, remedies, powers, privileges and claims given to the Trustee pursuant to Sections 9.2 and 9.3 of the Base Indenture and AESOP Leasing acknowledges that (x) it has hereby granted the Lender all of the rights, remedies, powers, privileges and claims granted to the Trustee pursuant to Article 9 of the Base Indenture and that, under the circumstances set forth in the Base Indenture, the Trustee may act in lieu of the Lender in the exercise of such rights, remedies, powers, privileges and claims and (y) under certain circumstances the Trustee may act in lieu of the Lender in the exercise of the rights, remedies, powers, privileges and claims of the Lender hereunder.

SECTION 12.4. Application of Proceeds. The proceeds of any sale or other disposition on any date pursuant to Section 12.3 shall be applied in the following order: (i) to the reasonable costs and expenses incurred by the Lender or the Trustee in connection with such sale or disposition, including any reasonable costs associated with repairing any Vehicles leased under the Finance Lease, and reasonable attorneys' fees in connection with the enforcement of this Agreement; (ii) to the payment of accrued Loan Interest and outstanding Loan Principal Amount, and all other amounts due hereunder in the Related Month; and (iii) any remaining amounts to AESOP Leasing, or such Person as may be lawfully entitled thereto.

SECTION 12.5. Additional Agreements of AESOP Leasing. Upon the occurrence of any Loan Event of Default, any Lease Event of Default, any Amortization Event, any Liquidation Event of Default, any Limited Liquidation Event of Default or any Exchange Agreement Termination Event, AESOP Leasing immediately shall cease any further transfer of Relinquished Property to the Intermediary pursuant to the Master Exchange Agreement.

SECTION 13. GENERAL.

SECTION 13.1. Waiver; Amendments. No delay on the part of the Lender or the holder of the Loan Note or other Liabilities in the exercise of any right, power or remedy shall operate as a waiver thereof, nor shall any single or partial exercise by any of them of any right, power or remedy preclude other or further exercise thereof, or the exercise of any other right, power or remedy. No amendment, modification or waiver of, or consent with respect to, any provision of this Agreement or the Loan Note shall in any event be effective unless (i) the same shall be in writing and signed and delivered by the Lender and AESOP Leasing and consented to in writing by the Trustee and (ii) the Rating Agency Consent Condition shall have been satisfied; provided that any amendment or modification of the Loan Note need only be signed by AESOP Leasing.

SECTION 13.2. Confirmations. AESOP Leasing and the Lender (or the holder of the Loan Note) agree from time to time, upon written request received by it from the other, to confirm to the other in writing the aggregate unpaid Loan Principal Amount.

SECTION 13.3. Notices. All notices, amendments, waivers, consents and other communications provided to any party hereto under this Agreement shall be in writing and addressed, delivered or transmitted to such party at its address or facsimile number set forth below or at such other address or facsimile number as may be designated by such party in a notice to the other parties. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received; any notice, if transmitted by facsimile, shall be deemed given when transmitted upon receipt of electronic confirmation of transmission.

TRUSTEE: The Bank of New York
c/o BNY Midwest Trust Company
2 North La Salle Street
10th Floor
Chicago, Illinois 60602
Attention: Corporate Trust Office
Telephone: (312) 827-8569
Fax: (312) 869-8562

LENDER: Cendant Rental Car Funding (AESOP) LLC
c/o Lord Securities Corporation
48 Wall Street
New York, New York 10005
Attention: Benjamin B. Abedine
Telephone: (212) 346-9019
Fax: (212) 346-9012

With a copy to:

Cendant Car Rental Group, Inc., as Administrator

6 Sylvan Way
Parsippany, NJ 07054
Telephone: (973) 496-5000
Fax: (973) 494-5852

BORROWER: AESOP Leasing L.P.
c/o Lord Securities Corporation
48 Wall Street
New York, New York 10005
Attention: Benjamin B. Abedine
Telephone: (212) 346-9019
Fax: (212) 346-9012

With a copy to:

Cendant Car Rental Group, Inc., as Administrator
6 Sylvan Way
Parsippany, NJ 07054
Telephone: (973) 496-5000
Fax: (973) 494-5852

SECTION 13.4. Taxes. AESOP Leasing agrees to pay, and to save the Trustee and the Lender harmless from all liability for, any document, stamp, filing, recording, mortgage or other taxes (other than net income taxes of the Lender) which may be payable in connection with the borrowings hereunder or the execution, delivery, recording or filing of this Agreement or of any other instruments or documents provided for herein or delivered or to be delivered hereunder or in connection herewith. All obligations provided for in this Section 13.4 shall survive any termination of this Agreement.

SECTION 13.5. Indemnification. In consideration of the Lender's execution and delivery of this Agreement and the Lender's extension of the Loan Commitment, AESOP Leasing hereby agrees to:

(a) indemnify, exonerate and hold the Lender and its officers, directors, stockholders, employees, and agents (herein collectively called "Lender Parties" and individually called a "Lender Party") free and harmless from and against any and all claims, demands, actions, causes of action, suits, losses, costs, charges, liabilities, damages, and expenses in connection therewith (irrespective of whether such Lender Party is a party to the action for which indemnification hereunder is sought), and including, without limitation, reasonable attorneys' fees and disbursements (called in this paragraph the "Indemnified Liabilities"), incurred by Lender Parties or any of them as a result of, or arising out of, or relating to (i) any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of any Loan made hereunder or involving any Loan made hereunder, or (ii) the execution, delivery, performance or enforcement of this Agreement and any instrument, document or agreement executed pursuant hereto by any of the Lender Parties, or (iii) the ownership, operation,

maintenance, leasing, or titling of the Vehicles, except in each case, for any such Indemnified Liabilities arising on account of the relevant Lender Party's gross negligence or willful misconduct and, to the extent that the foregoing undertaking may be unenforceable for any reason, AESOP Leasing agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law; and

(b) indemnify and hold harmless the Trustee (and its officers, directors, employees and agents) from and against any loss, liability, expense, damage or injury suffered or sustained by reason of, or arising out of or in connection with: (i) any acts or omissions of AESOP Leasing pursuant to this Agreement and (ii) the Trustee's appointment under the Indenture and the Trustee's performance of its obligations thereunder, or any document pertaining to any of the foregoing to which the Trustee is a signatory, including, but not limited to any judgment, award, settlement, reasonable attorneys' fees and other costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim; provided, however, AESOP Leasing shall have no duty to indemnify the Trustee to the extent such loss, liability, expense, damage or injury suffered or sustained is due to the Trustee's negligence or willful misconduct.

AESOP Leasing agrees that the indemnification provided for in this Section 13.5 shall run directly to and be enforceable by an indemnified party subject to the limitations hereof. The indemnification provided for in this Section 13.5 shall survive the termination of this Agreement, the Indenture and the resignation or removal of the Trustee.

SECTION 13.6. Bankruptcy Petition. (a) AESOP Leasing hereby covenants and agrees that, prior to the date which is one year and one day after the payment in full of (i) all Series of Notes Outstanding and (ii) all Loans outstanding under the AESOP I Loan Agreements, it will not institute against, or join any other Person in instituting against, CRCF any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States. In the event that AESOP Leasing takes action in violation of this Section 13.6, CRCF agrees, for the benefit of the Noteholders that it shall file an answer with the bankruptcy court or otherwise properly contest the filing of such a petition by AESOP Leasing against CRCF or commencement of such action and raise the defense that AESOP Leasing has agreed in writing not to take such action and should be estopped and precluded therefrom and such other defenses, if any, as its counsel advises that it may assert. The provisions of this Section 13.6 shall survive the termination of this Agreement.

(b) CRCF hereby covenants and agrees that, prior to the date which is one year and one day after the payment in full of (i) all Series of Notes Outstanding and (ii) all Loans outstanding under the AESOP I Loan Agreements, it will not institute against, or join any other Person in instituting against, AESOP Leasing, Original AESOP, AESOP Leasing II, the Intermediary, PVHC or Quartx any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States. In the event that CRCF takes action with respect to AESOP Leasing in violation of this Section 13.6, AESOP Leasing agrees, for the benefit of the Noteholders that it shall file an answer with the bankruptcy court or otherwise properly contest the filing of such a petition by CRCF against AESOP Leasing or commencement of such action and raise the

defense that CRCF has agreed in writing not to take such action and should be estopped and precluded therefrom and such other defenses, if any, as its counsel advises that it may assert. The provisions of this Section 13.6 shall survive the termination of this Agreement.

SECTION 13.7. Submission to Jurisdiction. The Lender may enforce any claim arising out of this Agreement or the Loan Note in any state or federal court having subject matter jurisdiction and located in New York, New York. For the purpose of any action or proceeding instituted with respect to any such claim, AESOP Leasing hereby irrevocably submits to the jurisdiction of such courts. AESOP Leasing irrevocably consents to the service of process out of said courts by mailing a copy thereof, by registered mail, postage prepaid, to AESOP Leasing and agrees that such service, to the fullest extent permitted by law, (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall be taken and held to be valid personal service upon and personal delivery to it. Nothing herein contained shall affect the right of the Trustee and the Lender to serve process in any other manner permitted by law or preclude the Lender from bringing an action or proceeding in respect hereof in any other country, state or place having jurisdiction over such action. AESOP Leasing hereby irrevocably waives, to the fullest extent permitted by law, any objection which it may have or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court located in New York, New York and any claim that any such suit, action or proceeding brought in such a court has been brought in an inconvenient forum.

SECTION 13.8. Governing Law. THIS AGREEMENT AND THE LOAN NOTE SHALL BE A CONTRACT MADE UNDER AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK. Whenever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement. All obligations of AESOP Leasing and rights of the Lender and the holder of the Loan Note or Liability expressed herein shall be in addition to and not in limitation of those provided by applicable law or in any other written instrument or agreement relating to any of the Liabilities.

SECTION 13.9. JURY TRIAL. EACH PARTY HERETO HEREBY EXPRESSLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT OR ANY OTHER RELATED DOCUMENT TO WHICH IT IS A PARTY, OR UNDER ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION THEREWITH OR ARISING FROM ANY RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT OR ANY RELATED TRANSACTION, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

SECTION 13.10. Successors and Assigns. This Agreement shall be binding upon AESOP Leasing, the Lender and their respective successors and assigns, and shall inure to the benefit of AESOP Leasing, the Lender, the Trustee as a third party beneficiary and their respective successors and assigns; provided, however, that AESOP Leasing shall not have the right to assign its rights or delegate its duties under this Agreement without (i) the Lender's, each

Enhancement Provider's and the Trustee's prior written consent and (ii) satisfaction of the Rating Agency Consent Condition with respect thereto. AESOP Leasing acknowledges that this Agreement and the Loan Note will be assigned by the Lender to the Trustee pursuant to the Indenture, and hereby agrees that, subject to the terms of the Indenture, the Trustee may exercise all of the Lender's rights hereunder. This Agreement and the other Related Documents contain the entire agreement of the parties hereto with respect to the matters covered hereby.

SECTION 13.11. Tax Treatment of Loans. It is the intention of the parties hereto that for U.S. federal income tax purposes each Loan made hereunder will constitute indebtedness of AESOP Leasing to the Lender and that AESOP Leasing shall be only a lender, and not the owner of the Vehicles subject to the Finance Lease, in which case the applicable Lessee shall be the owner of the Vehicles leased by such Lessee thereunder for tax purposes. The parties agree to take no position in any tax return, filing or proceeding inconsistent with this provision.

SECTION 13.12. No Recourse. The obligations of CRCF and AESOP Leasing under this Agreement are solely the corporate obligations of CRCF and AESOP Leasing, respectively. No recourse shall be had for the payment of any obligation or claim arising out of or based upon this Agreement against any shareholder, employee, officer, director or incorporator of CRCF or AESOP Leasing.

SECTION 13.13. Effect of Amendment. This Agreement shall not be construed in any manner to constitute a novation. Except to the extent amended hereby, each of the Prior AESOP I Finance Lease Loan Agreement and the Loans thereunder are in all respects ratified and confirmed and in full force and effect. From and after the date hereof, all references in the Related Documents to the AESOP I Finance Lease Loan Agreement shall mean such agreement as amended and restated hereby, unless the context otherwise requires.

IN WITNESS WHEREOF, the parties have executed this Agreement or caused it to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

AESOP LEASING L.P.

By: AESOP LEASING CORP.,
its general partner

By: /s/: Orlando Figueroa
Name: Orlando Figueroa
Title: President

CENDANT RENTAL CAR FUNDING (AESOP) LLC

By: /s/: Lori Gebron
Name: Lori Gebron
Title: Vice Presdient

Acknowledged and consented to:

THE BANK OF NEW YORK, as Trustee

By: /s/: Mary L. Collier
Name: Mary L. Collier
Title: Agent

COPY OF LOAN NOTE

EXHIBIT B-1
TO THE LOAN AGREEMENT

FORM OF LOAN REQUEST

Cendant Rental Car Funding (AESOP) LLC
c/o Lord Securities Corporation
48 Wall Street
New York, New York 10005

Attention: Benjamin Abedine

Ladies and Gentlemen:

This Loan Request is delivered to you pursuant to Section 3.2 of that certain Amended and Restated AESOP I Finance Lease Loan Agreement, dated as of June 3, 2004 (as amended, supplemented and restated or otherwise modified from time to time, the "Loan Agreement"), between AESOP Leasing L.P., a Delaware limited partnership ("AESOP Leasing"), and Cendant Rental Car Funding (AESOP) LLC, a Delaware limited liability company (the "Lender"). Unless otherwise defined herein or the context otherwise requires, terms used herein have the meanings provided in the Loan Agreement.

AESOP Leasing hereby requests that a Loan be made in the amount of $ _____ on _____, 20__.

AESOP Leasing hereby acknowledges that the delivery of this Loan Request and the acceptance by AESOP Leasing of the proceeds of the Loan requested hereby constitute a representation and warranty by AESOP Leasing that, on the date of such Loan, and before and after giving effect thereto and to the application of the proceeds therefrom, all conditions set forth in Section 11.2 of the Loan Agreement have been satisfied and all statements set forth in Section 11.2 of the Loan Agreement are true and correct.

Attached hereto as Annex I is a true and correct copy of the schedule required to be delivered in connection herewith pursuant to Section 3.2 of the Loan Agreement.

AESOP Leasing agrees that if prior to the time of the Loan requested hereby any matter certified to herein by it will not be true and correct at such time as if then made, it will immediately so notify the Lender. Except to the extent, if any, that prior to the time of the Loan requested hereby the Lender shall receive written notice to the contrary from AESOP Leasing, each matter certified to herein shall be deemed once again to be certified as true and correct at the date of such Loan as if then made.

Please wire transfer the proceeds of the Loan to the account of AESOP Leasing at the financial institution set forth below:

Amount to be Transferred	**Person to be Paid**		**Name, Address, etc.**
	Name	**Account No.**	
$_____	_____	_____	

Attention: _____
_____
_____

AESOP Leasing has caused this Loan Request to be executed and delivered, and the certification and warranties contained herein to be made, by its duly Authorized Officer this __ day of _____, 20__.

AESOP LEASING L.P.

By: _____
Name:
Title:

ANNEX I

Vehicle Acquisition Schedule and Related Information

1. Principal amount of proposed Loan
2. Borrowing Date of proposed Loan
3. Vehicle Identification Number (VIN)
4. Summary of Vehicles being financed (including, for Program Vehicles subject to the GM Repurchase Program, the Designated Period for such Program Vehicles)
5. Program or Non-Program Vehicles
6. Capitalized Cost (New Vehicles)
7. Net Book Value (Franchisee Vehicles)

EXHIBIT B-2
TO THE LOAN AGREEMENT

FORM OF LOAN REQUEST RESPONSE

AESOP Leasing L.P.
c/o Lord Securities Corporation
48 Wall Street
New York, New York 10005

Attention: Benjamin Abedine

_____, 20__

Re: Loan Request Dated _____, 20__

Ladies and Gentlemen:

This Loan Request Response is delivered to you pursuant to Section 4.1 of that certain Amended and Restated AESOP I Finance Lease Loan Agreement, dated as of June 3, 2004 (as amended, supplemented, restated or otherwise modified from time to time, the ("Loan Agreement"), between AESOP Leasing L.P., a Delaware limited partnership ("AESOP Leasing"), and Cendant Rental Car Funding (AESOP) LLC, a Delaware limited liability company (the "Lender"). Unless otherwise defined herein or the context otherwise requires, terms used herein have the meanings assigned to such terms in the Loan Agreement.

Reference is hereby made to the Loan Request delivered to us today by AESOP Leasing (the "Loan Request"). The applicable rate of Loan Interest on each Loan requested in the Loan Request is ____%; provided, however, if the Lender's Carrying Cost Interest Rate for the Related Month is higher than the rate of Loan Interest specified herein, the Loan Interest payable on such Loans shall be determined using the higher rate.

Very truly yours,

CENDANT RENTAL CAR FUNDING (AESOP) LLC

By: _____
Name:
Title:

EXHIBIT C
TO THE LOAN AGREEMENT

FORM OF PAYMENT
DEFICIT NOTICE

The Bank of New York
c/o BNY Midwest Trust Company
2 North La Salle Street
10th Floor
Chicago, Illinois 60602

Attn: Indenture Trust Administration

[Related Enhancement Provider]
[Address]

[ ], 20__

Ladies and Gentlemen:

This Payment Deficit Notice is delivered to you pursuant to Section 6.4 of the AESOP I Finance Lease Loan Agreement, dated as June 3, 2004 (as amended or modified from time to time, the "Loan Agreement") between Cendant Rental Car Funding (AESOP) LLC, a Delaware limited liability company, as Lender, and AESOP Leasing L.P. ("AESOP Leasing"), a Delaware limited partnership, as Borrower. Terms used herein have the meanings provided in the Loan Agreement.

AESOP Leasing hereby notifies the Trustee and [Related Enhancement Provider] that on _____, 20__ [a Lease Payment Deficit did not exist] [there was a Lease Payment Deficit on _____, 20__ as follows:

Series ____: $_____
Series ____: $_____

AESOP LEASING L.P.

By: _____
Name:
Title:

SCHEDULE 8.11

Legal Name; Records Locations, Jurisdiction of Organization

	Records Location	Jurisdiction of Organization
AESOP Leasing L.P.	c/o Lord Securities Corporation 48 Wall Street, New York, NY 10005	Delaware

TABLE OF CONTENTS

		Page
SECTION 1.	CERTAIN DEFINITIONS.	2
SECTION 1.1.	Certain Definitions	2
SECTION 1.2.	Accounting and Financial Determinations	2
SECTION 1.3.	Cross References; Headings	2
SECTION 1.4.	Interpretation	3
SECTION 2.	LOAN COMMITMENT OF THE LENDER.	3
SECTION 2.1.	Loan Commitment	3
SECTION 2.2.	Certain Waivers	3
SECTION 2.3.	Conditions	4
SECTION 2.4.	Use of Proceeds	4
SECTION 3.	LOAN NOTE; LOAN PROCEDURE; RECORDKEEPING.	4
SECTION 3.1.	Loan Note	4
SECTION 3.2.	Loan Procedure	4
SECTION 3.3.	Recordkeeping	5
SECTION 4.	INTEREST.	5
SECTION 4.1.	Interest Rate on Loans	5
SECTION 4.2.	Supplemental Interest	5
SECTION 4.3.	Loan Interest Payment Dates	5
SECTION 4.4.	Setting of Rates	5
SECTION 4.5.	Carrying Charges	6
SECTION 5.	REPAYMENT OF LOAN PRINCIPAL AMOUNT.	6
SECTION 5.1.	Mandatory Repayment of Monthly Loan Principal Amount of Loans	6
SECTION 5.2.	Voluntary Prepayments of Loan Principal Amount	7
SECTION 6.	MAKING OF PAYMENTS.	7
SECTION 6.1.	Making of Payments	7
SECTION 6.2.	Due Date Extension	7
SECTION 6.3.	Application of Sale Proceeds	8
SECTION 6.4.	Payment Deficits	8
SECTION 7.	LOAN COLLATERAL SECURITY.	8
SECTION 7.1.	Grant of Security Interest	8
SECTION 7.2.	Certificates of Title	10
SECTION 7.3.	Release of AESOP I Finance Lease Loan Collateral	10
SECTION 7.4.	Change of Location or Name	11
SECTION 7.5.	Deliveries; Further Assurances	11
SECTION 7.6.	[RESERVED].	12

		Page
SECTION 7.7.	[RESERVED].	12
SECTION 7.8.	AESOP I Segregated Account	12
SECTION 8.	REPRESENTATIONS AND WARRANTIES	12
SECTION 8.1.	Organization; Ownership; Power; Qualification	12
SECTION 8.2.	Authorization; Enforceability	12
SECTION 8.3.	Compliance	13
SECTION 8.4.	[RESERVED].	13
SECTION 8.5.	Litigation	13
SECTION 8.6.	Liens	13
SECTION 8.7.	Employee Benefit Plans	13
SECTION 8.8.	Investment Company Act	13
SECTION 8.9.	Regulations T, U and X	14
SECTION 8.10.	Proceeds	14
SECTION 8.11.	Legal Names; Record Locations; Jurisdiction of Organization	14
SECTION 8.12.	Taxes	14
SECTION 8.13.	Governmental Authorizations	14
SECTION 8.14.	Compliance with Laws	14
SECTION 8.15.	Eligible Vehicles	15
SECTION 8.16.	Manufacturer Programs	15
SECTION 8.17.	Absence of Default	15
SECTION 8.18.	No Security Interest; Title to Assets	15
SECTION 8.19.	Accuracy of Information	16
SECTION 9.	AFFIRMATIVE COVENANTS	16
SECTION 9.1.	Existence; Foreign Qualification	16
SECTION 9.2.	Books, Records and Inspections	17
SECTION 9.3.	Insurance	17
SECTION 9.4.	Manufacturer Programs	17
SECTION 9.5.	Reporting Requirements	17
SECTION 9.6.	Payment of Taxes; Removal of Liens	18
SECTION 9.7.	Business	18
SECTION 9.8.	Maintenance of the Vehicles	18
SECTION 9.9.	Maintenance of Separate Existence	19
SECTION 9.10.	Manufacturer Payments; Sales Proceeds	21
SECTION 9.11.	Maintenance of Properties	22
SECTION 9.12.	Verification of Title	22
SECTION 9.13.	[RESERVED]	22
SECTION 9.14.	Delivery of Information	22
SECTION 9.15.	Master Exchange Agreement and Escrow Agreement	22
SECTION 9.16.	Vehicles	22
SECTION 9.17.	Assignments.	22
SECTION 9.18.	Notation of Liens	23
SECTION 9.19.	Replacement of Intermediary	23
SECTION 9.20.	[RESERVED].	23

		Page
SECTION 9.21.	[RESERVED].	23
SECTION 9.22.	Non-Program Vehicle Report	23
SECTION 9.23.	Sale of Non-Program Vehicles Returned to AESOP Leasing	24
SECTION 10.	NEGATIVE COVENANTS	24
SECTION 10.1.	Liens	24
SECTION 10.2.	Other Indebtedness	24
SECTION 10.3.	Mergers, Consolidations	25
SECTION 10.4.	Sales of Assets	25
SECTION 10.5.	Acquisition of Assets	25
SECTION 10.6.	Dividends, Officers' Compensation, etc.	25
SECTION 10.7.	Organizational Documents	25
SECTION 10.8.	Investments	25
SECTION 10.9.	Regulations T, U and X	25
SECTION 10.10.	Other Agreements	25
SECTION 10.11.	Use of Vehicles	25
SECTION 10.12.	Use of Proceeds	26
SECTION 10.13.	Limitations on the Acquisition or Redesignation of Certain Vehicles	26
SECTION 10.14.	Maximum Vehicle Age	26
SECTION 10.15.	Master Exchange Agreement	26
SECTION 11.	CONDITIONS.	26
SECTION 11.1.	Effectiveness of Amended and Restated Agreement	26
SECTION 11.2.	All Loans	28
SECTION 11.3.	All Transactions Under Master Exchange Agreement	28
SECTION 12.	LOAN EVENTS OF DEFAULT AND THEIR EFFECT.	29
SECTION 12.1.	AESOP I Finance Lease Loan Events of Default	29
SECTION 12.2.	Effect of AESOP I Finance Lease Loan Event of Default or Liquidation Event of Default	30
SECTION 12.3.	Rights of Lender and Trustee Upon Liquidation Event of Default and Non-Performance of Certain Covenants	30
SECTION 12.4.	Application of Proceeds	31
SECTION 12.5.	Additional Agreements of AESOP Leasing.	31
SECTION 13.	GENERAL.	32
SECTION 13.1.	Waiver; Amendments	32
SECTION 13.2.	Confirmations	32
SECTION 13.3.	Notices	32
SECTION 13.4.	Taxes	33
SECTION 13.5.	Indemnification	33
SECTION 13.6.	Bankruptcy Petition	34
SECTION 13.7.	Submission to Jurisdiction	35

		Page
SECTION 13.8.	Governing Law	35
SECTION 13.9.	JURY TRIAL	35
SECTION 13.10.	Successors and Assigns	35
SECTION 13.11.	Tax Treatment of Loans	36
SECTION 13.12.	No Recourse	36
SECTION 13.13.	Effect of Amendment	36

EXHIBITS AND SCHEDULES

EXHIBIT A	FORM OF LOAN NOTE
EXHIBIT B-1	FORM OF LOAN REQUEST
EXHIBIT B-2	FORM OF LOAN REQUEST RESPONSE
EXHIBIT C	FORM OF PAYMENT DEFICIT NOTICE
SCHEDULE 8.11	RECORDS LOCATIONS; JURISDICTION OF ORGANIZATION

Exhibit 10.29(b)

FIRST AMENDMENT TO AMENDED AND RESTATED LOAN AGREEMENT

This FIRST AMENDMENT TO THE AMENDED AND RESTATED LOAN AGREEMENT (this "Amendment"), dated as of December 23, 2005, amends the Amended and Restated Loan Agreement, dated as of June 3, 2004 (the "AESOP I Finance Lease Loan Agreement"), between AESOP LEASING L.P., a Delaware limited partnership ("AESOP Leasing" or the "Borrower"), and CENDANT RENTAL CAR FUNDING (AESOP) LLC, a Delaware limited liability company ("CRCF" or the "Lender"). Unless otherwise specified herein, capitalized terms used herein shall have the meanings ascribed to such terms in (i) the Definitions List attached as Schedule I to the Second Amended and Restated Base Indenture, dated as of June 3, 2004, as amended (the "Base Indenture"), between CRCF, as issuer, and The Bank of New York, as trustee (the "Trustee"), as such Definitions List may from time to time be amended in accordance with the terms of the Base Indenture or the AESOP I Finance Lease Loan Agreement, as applicable.

W I T N E S S E T H:

WHEREAS, pursuant to Section 13.1 of the AESOP I Finance Lease Loan Agreement, the AESOP I Finance Lease Loan Agreement may be amended with an agreement in writing signed by the Lender and AESOP Leasing and consented to in writing by the Trustee;

WHEREAS, pursuant to Section 12.2 of the Base Indenture, the AESOP I Finance Lease Loan Agreement may be amended with the written consent of CRCF, the Trustee, any applicable Enhancement Provider, and the Requisite Investors;

WHEREAS, the parties desire to amend the AESOP I Finance Lease Loan Agreement to reflect an increase in the maximum lease term for certain vehicles under the AESOP I Finance Lease Loan Agreement from eighteen (18) to thirty-six (36) months; and

WHEREAS, CRCF has requested the Trustee, each applicable Enhancement Provider and the Requisite Investors to, and CRCF, the Trustee, each applicable Enhancement Provider and the Requisite Investors have consented to, the amendment of certain provisions of the AESOP I Finance Lease Loan Agreement as set forth herein;

NOW, THEREFORE, it is agreed:

1. Section 10.14 of the AESOP I Finance Lease Loan Agreement is hereby amended such that all references therein to "eighteen (18) months" shall hereby be replaced with "thirty-six (36) months."

2. 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 AESOP I Finance Lease Loan Agreement.

3. This Amendment shall become effective as of the date (the "Amendment Effective Date") on which each of the following have occurred: (i) each of the parties hereto

shall have executed and delivered this Amendment to the Trustee, (ii) the Rating Agency Consent Condition shall have been satisfied with respect to this Amendment and (iii) the Requisite Investors, the Trustee, the Lender and, for any applicable Series of Notes, each applicable Enhancement Provider, shall have consented hereto.

4. From and after the Amendment Effective Date, all references to the AESOP I Finance Lease Loan Agreement shall be deemed to be references to the AESOP I Finance Lease Loan Agreement as amended hereby.

5. 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.

6. 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.

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.

AESOP LEASING L.P.

By: AESOP LEASING CORP.,
its general partner

By: /s/ Lori Gebron
Name: Lori Gebron
Title: Vice President

CENDANT RENTAL CAR FUNDING (AESOP) LLC

By: /s/ Lori Gebron
Name: Lori Gebron
Title: Vice President

Acknowledged and consented to:

THE BANK OF NEW YORK,
as Trustee

By: /s/ John Bobko
Name: John Bobko
Title: Vice President

AMENDED AND RESTATED MASTER MOTOR VEHICLE
FINANCE LEASE AGREEMENT

dated as of June 3, 2004

among

AESOP LEASING L.P.,

as Lessor,

CENDANT CAR RENTAL GROUP, INC.,

as a Lessee, as Administrator and as Finance Lease Guarantor,

AVIS RENT A CAR SYSTEM, INC.,

as a Lessee,

and

BUDGET RENT A CAR SYSTEM, INC.,

as a Lessee

AS SET FORTH IN SECTION 27 HEREOF, LESSOR HAS ASSIGNED TO CRCF (AS DEFINED HEREIN) AND CRCF HAS ASSIGNED TO THE TRUSTEE (AS DEFINED HEREIN) CERTAIN OF ITS RIGHT, TITLE AND INTEREST IN AND TO THIS LEASE. TO THE EXTENT, IF ANY, THAT THIS LEASE CONSTITUTES CHATTEL PAPER (AS SUCH TERM IS DEFINED IN THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN ANY APPLICABLE JURISDICTION) NO SECURITY INTEREST IN THIS LEASE MAY BE CREATED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN THE ORIGINAL EXECUTED COUNTERPART, WHICH SHALL BE IDENTIFIED AS THE COUNTERPART CONTAINING THE RECEIPT THEREFOR EXECUTED BY THE TRUSTEE ON THE SIGNATURE PAGE THEREOF.

[THIS IS NOT COUNTERPART NO. 1]

TABLE OF CONTENTS

		Page
1.	DEFINITIONS.	2
2.	GENERAL AGREEMENT.	2
	2.1. Lease and Acquisition of Vehicles.	5
	2.2. Right of Lessees and Finance Lease Guarantor to Act as Lessor's Agent.	6
	2.3. Payment of Capitalized Cost by Lessor.	6
	2.4. Non-Liability of Lessor.	6
	2.5. Lessees' Rights to Purchase Vehicles.	7
	2.6. Lessor's Right to Cause Vehicles to be Sold	8
	2.7. Redesignation of Vehicles.	9
	2.8. Vehicle Purchase Surplus Amount Payments.	10
	2.9. Limitations on the Acquisition or Redesignation of Certain Vehicles.	10
	2.10. Certain Agreements Respecting the Master Exchange Agreement.	11
3.	TERM.	11
	3.1. Vehicle Term.	11
	3.2. Term.	12
4.	RENT AND CHARGES.	12
	4.1. Payment of Rent.	12
	4.2. Special Service Charges.	13
	4.3. Net Lease.	13
5.	INSURANCE.	14
	5.1. Personal Injury and Damage.	14
	5.2. Delivery of Certificate of Insurance.	14
	5.3. Changes in Insurance Coverage.	14
6.	RISK OF LOSS; CASUALTY AND INELIGIBLE VEHICLE OBLIGATIONS.	15
	6.1. Risk of Loss Borne by Lessees.	15
	6.2. Casualty; Ineligible Vehicles.	15
7.	VEHICLE USE.	15
8.	LIENS.	16
9.	NON-DISTURBANCE.	17
10.	REGISTRATION; LICENSE; TRAFFIC SUMMONSES; PENALTIES AND FINES.	17
11.	MAINTENANCE AND REPAIRS.	18

Page

12. VEHICLE WARRANTIES. 18
12.1. No Lessor Warranties. 18
12.2. Manufacturer's Warranties. 18
13. VEHICLE USAGE GUIDELINES AND RETURN; SPECIAL DEFAULT PAYMENTS; EARLY TERMINATION PAYMENTS. 19
13.1. Usage. 19
13.2. Return. 19
13.3. Special Default Payments. 21
13.4. Early Termination Payments. 22
14. DISPOSITION PROCEDURE. 22
15. ODOMETER DISCLOSURE REQUIREMENT. 22
16. GENERAL INDEMNITY. 23
16.1. Indemnity by the Lessees and the Finance Lease Guarantor. 23
16.2. Reimbursement Obligation by the Lessees and the Finance Lease Guarantor. 24
16.3. Defense of Claims. 24
17. ASSIGNMENT. 25
17.1. Right of the Lessor to Assign this Agreement. 25
17.2. Limitations on the Right of the Lessees to Assign this Agreement. 25
18. DEFAULT AND REMEDIES THEREFOR. 26
18.1. Events of Default. 26
18.2. Effect of Finance Lease Event of Default or Liquidation Event of Default. 27
18.3. Rights of Lessor Upon Finance Lease Event of Default, Limited Liquidation Event of Default or Liquidation Event of Default. 27
18.4. Rights of Lender and Trustee Upon Liquidation Event of Default, Limited Liquidation Event of Default and Non-Performance of Certain Covenants. 29
18.5. Measure of Damages. 30
18.6. Vehicle Return Default. 31
18.7. Application of Proceeds. 32
19. MANUFACTURER EVENTS OF DEFAULT. 32
20. [RESERVED] 33
21. [RESERVED] 33
22. CERTIFICATION OF TRADE OR BUSINESS USE. 33
23. SURVIVAL. 33

Page

24. [RESERVED] 34

25. [RESERVED] 34

26. FINANCE LEASE GUARANTY. 34
26.1. Finance Lease Guaranty. 34
26.2. Scope of Finance Lease Guarantor's Liability. 34
26.3. Lessor's Right to Amend this Agreement, Etc. 35
26.4. Waiver of Certain Rights by Finance Lease Guarantor. 35
26.5. Finance Lease Guarantor to Pay Lessor's Expenses. 36
26.6. Reinstatement. 36
26.7. Pari Passu Indebtedness. 37

27. RIGHTS OF LESSOR ASSIGNED. 37

28. [RESERVED] 38

29. MODIFICATION AND SEVERABILITY. 38

30. CERTAIN REPRESENTATIONS AND WARRANTIES. 38
30.1. Organization; Ownership; Power; Qualification. 39
30.2. Authorization; Enforceability. 39
30.3. Compliance. 39
30.4. Financial Information; Financial Condition. 39
30.5. Litigation. 40
30.6. Liens. 40
30.7. Employee Benefit Plans. 40
30.8. Investment Company Act. 40
30.9. Regulations T, U and X. 41
30.10. Records Locations; Jurisdiction of Organization. 41
30.11. Taxes. 41
30.12. Governmental Authorization. 41
30.13. Compliance with Laws. 42
30.14. Eligible Vehicles. 42
30.15. Supplemental Documents True and Correct. 42
30.16. Manufacturer Programs. 42
30.17. Absence of Default. 42
30.18. Title to Assets. 42
30.19. Burdensome Provisions. 43
30.20. No Adverse Change. 43
30.21. No Adverse Fact. 43
30.22. Accuracy of Information. 43
30.23. Solvency. 44
30.24. Payment of Capitalized Cost. 44

Page

31. CERTAIN AFFIRMATIVE COVENANTS. 44
31.1. Corporate Existence; Foreign Qualification. 44
31.2. Books, Records and Inspections. 44
31.3. Insurance. 45
31.4. Manufacturer Programs. 45
31.5. Reporting Requirements. 45
31.6. Payment of Taxes; Removal of Liens. 47
31.7. Business. 47
31.8. Maintenance of Separate Existence. 47
31.9. Trustee as Lienholder. 47
31.10. Maintenance of the Vehicles. 48
31.11. Enhancement. 48
31.12. Manufacturer Payments. 48
31.13. Accounting Methods; Financial Records. 48
31.14. Disclosure to Auditors. 48
31.15. Disposal of Non-Program Vehicles. 49
31.16. Perfection of Lessor’s Security Interest. 49

32. CERTAIN NEGATIVE COVENANTS. 49
32.1. Mergers, Consolidations. 49
32.2. Other Agreements. 49
32.3. Liens. 50
32.4. Use of Vehicles. 50
32.5. Termination of Agreement. 50
32.6. Sublease Amendment. 50

33. ADMINISTRATOR ACTING AS AGENT OF THE LESSOR. 50

34. NO PETITION. 50

35. SUBMISSION TO JURISDICTION. 51

36. GOVERNING LAW. 51

37. JURY TRIAL. 52

38. NOTICES. 52

39. TITLE TO MANUFACTURER PROGRAMS IN LESSOR. 54

40. HEADINGS. 54

41. EXECUTION IN COUNTERPARTS. 54

42. EFFECTIVENESS. 54

		Page
43.	NO RECOURSE.	55
44.	LIABILITY.	55

SCHEDULES AND ATTACHMENTS

Schedule 30.5	Litigation
Schedule 30.10	Jurisdiction of Organization; Records and Business Locations
Schedule 30.13	Compliance with Law
ATTACHMENT A	Vehicle Acquisition Schedule and Related Information
ATTACHMENT B	Form of Power of Attorney
ATTACHMENT C	Form of Sublease

AMENDED AND RESTATED MASTER MOTOR VEHICLE FINANCE LEASE AGREEMENT

This Amended and Restated Master Motor Vehicle Finance Lease Agreement (this "Agreement"), dated as of June 3, 2004, is made by and among AESOP LEASING L.P., a Delaware limited partnership, as lessor (the "Lessor"), CENDANT CAR RENTAL GROUP, INC., a Delaware corporation ("CCRG"), as a lessee (in such capacity, a "Lessee"), as administrator (in such capacity, the "Administrator") and as guarantor (in such capacity, the "Finance Lease Guarantor"), AVIS RENT A CAR SYSTEM, INC. ("ARAC"), a Delaware corporation, as a lessee (in such capacity, a "Lessee") and BUDGET RENT A CAR SYSTEM, INC. ("BRAC"), a Delaware corporation, as a lessee (in such capacity, a "Lessee" and together, with CCRG and ARAC, in their capacities as lessees, the "Lessees").

W I T N E S S E T H:

WHEREAS, immediately prior to this Agreement becoming effective, the Lessor, ARAC, as lessee and as administrator, and Avis Group Holdings Inc. ("AGH"), as guarantor, are parties to a Master Motor Vehicle Finance Lease Agreement, dated as of July 30, 1997 (the "Prior AESOP Finance Lease"), pursuant to which the Lessor leases Program Vehicles and Non-Program Vehicles of one or more Manufacturers to ARAC, and AGH guarantees certain obligations of the lessees thereunder;

WHEREAS, immediately prior to this Agreement becoming effective, AGH assigned all of its rights, interests and obligations under the Prior AESOP Finance Lease to CCRG, pursuant to an Assignment and Assumption Agreement (the "Assignment and Assumption Agreement"), dated as of the date hereof, among ARAC, AGH and CCRG;

WHEREAS, immediately prior to this Agreement becoming effective, ARAC assigned all of its rights, interest and obligations as Administrator (but not as Lessee) under the Prior AESOP Finance Lease to CCRG pursuant to the Assignment and Assumption Agreement;

WHEREAS, the parties hereto now wish to amend and restate the Prior AESOP I Finance Lease in order (i) to add CCRG and BRAC as Lessees and (ii) to reflect the terms of certain exchanges of Program Vehicles that the Lessor intends to effect in accordance with the relevant provisions of the Internal Revenue Code of 1986 and the terms of the Master Exchange Agreement, dated as of the date hereof, between the Lessor and the Intermediary;

WHEREAS, the Lessor desires to lease to the Lessees and the Lessees desire to lease from the Lessor both Program Vehicles and Non-Program Vehicles (excluding vehicles titled in the States of Ohio, Oklahoma and Nebraska) financed by the Lessor with the proceeds of Loans and other available funds for use in the daily rental car business of a Lessee or a Permitted Sublessee; and

WHEREAS, the Finance Lease Guarantor has agreed to guarantee the obligations of ARAC and BRAC, as Lessees, under this Agreement;

NOW, THEREFORE, in consideration of the foregoing premises, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree that the Prior AESOP I Finance Lease is hereby amended and restated as follows:

1. DEFINITIONS.

Unless otherwise specified herein, capitalized terms used herein shall have the meanings ascribed to such terms in the Definitions List attached as Schedule I to the Second Amended and Restated Base Indenture, dated as of June 3, 2004 (the "Base Indenture"), between Cendant Rental Car Funding (AESOP) LLC ("CRCF"), as Issuer, and The Bank of New York, as Trustee, as such Definitions List may from time to time be amended in accordance with the terms of the Base Indenture.

2. GENERAL AGREEMENT.

(a) Each of the Lessees and the Lessor intend that this Agreement constitute a lease for accounting purposes and a financing arrangement for tax and property law purposes and that the relationship between the Lessor and such Lessee pursuant hereto shall always be only that of lessor and lessee, and the Lessor hereby declares, acknowledges and agrees that the tax ownership of the Financed Vehicles leased by such Lessee hereunder rests solely with such Lessee subject to the security interest granted hereunder to the Lessor. The Lessor and each Lessee further agree that the obligations of such Lessee to the Lessor hereunder shall constitute debt for all federal and state income tax purposes.

(b) It is the intention of the parties that this Agreement shall constitute a security agreement under applicable law, and, to secure all of its obligations under this Agreement, each Lessee hereby grants to the Lessor a security interest in all of such Lessee's right, title and interest, if any, in and to all of the following assets, property and interests in property, whether now owned or hereafter acquired or created:

(i) the rights of such Lessee under this Agreement, as such Agreement may be amended, modified or supplemented from time to time in accordance with its terms, and any other agreements related to or in connection with this Agreement to which such Lessee is a party (the "Lessee Agreements"), including, without limitation, (a) all monies, if any, due and to become due to such Lessee from the Finance Lease Guarantor or any other person under or in connection with any of the Lessee Agreements, whether payable as rent, guaranty payments, fees, expenses, costs, indemnities, insurance recoveries, damages for the breach of any of the Lessee Agreements or otherwise, (b) all rights, remedies, powers, privileges and claims of such Lessee against any other party under or with respect to the Lessee Agreements (whether arising pursuant to the terms of such Lessee Agreements or otherwise available to such Lessee at law or in equity), including the right to enforce any of the Lessee Agreements and to give or withhold any and all consents, requests, notices, directions, approvals, extensions or waivers under or with respect to the Lessee Agreements or the obligations and liabilities of any party thereunder, (c) all liens and property from time to time purporting to secure payment of the obligations and liabilities of such Lessee arising under or in connection with the

Lessee Agreements, and any documents or agreements describing any collateral securing such obligations or liabilities and (d) all guarantees, insurance and other agreements or arrangements of whatever character from time to time supporting or securing payment of such obligations and liabilities of such Lessee pursuant to the Lessee Agreements;

(ii) all Vehicles leased by such Lessee from the Lessor under this Agreement and all Certificates of Title with respect to such Vehicles;

(iii) all right, title and interest of such Lessee in, to and under any Manufacturer Programs, including any amendments thereof, and all monies due and to become due thereunder, in each case in respect of the Vehicles leased by such Lessee hereunder, whether payable as Vehicle repurchase prices, auction sales proceeds, fees, expenses, costs, indemnities, insurance recoveries, damages for breach of the Manufacturer Programs or otherwise (but excluding all incentive payments payable to such Lessee or the Lessor in respect of purchases of vehicles under the Manufacturer Programs) and all rights to compel performance and otherwise exercise remedies thereunder (provided, that such security interest is nonexclusive and subject to such Lessee's right, title or interest in and to the Manufacturer Programs);

(iv) all right, title and interest of such Lessee in and to any proceeds from the sale of the Vehicles leased by it hereunder (including, without limitation, the sale of any such Vehicles by the Intermediary), including all monies due in respect of such Vehicles, whether payable as the purchase price of such Vehicles, as auction sales proceeds, or as fees, expenses, costs, indemnities, insurance recoveries, or otherwise (including all upfront incentive payments payable by Manufacturers to such Lessee or the Lessor in respect of purchases of Non-Program Vehicles, but excluding the proceeds from the sale of Vehicles that are Relinquished Vehicles at the time of such sale);

(v) all payments under insurance policies (whether or not the Lessor, the Lender or the Trustee is named as the loss payee thereof) or any warranty payable by reason of loss or damage to, or otherwise with respect to, any of the Vehicles leased by such Lessee hereunder;

(vi) the rights of such Lessee under each Sublease entered into from time to time relating to the Vehicles leased by such Lessee hereunder, as each such Sublease may be amended, modified or supplemented from time to time in accordance with its terms, including, without limitation, (a) all monies due and to become due to such Lessee from any Permitted Sublessee or any other Person under or in connection with each such Sublease, whether payable as rent, guaranty payments, fees, expenses, costs, indemnities, insurance recoveries, damages for the breach of such Sublease or otherwise, (b) all rights, remedies, powers, privileges and claims of such Lessee against any Permitted Sublessee or any other party under or with respect to each such Sublease (whether arising pursuant to the terms of such Sublease or otherwise available to such Lessee at law or in equity), including the right to enforce such Sublease and to give or withhold any and all consents, requests, notices, directions, approvals, extensions or waivers under or with respect to such Sublease or the obligations and liabilities of any party thereunder, (c) all liens and property from time to time purporting to secure

payment of the obligations and liabilities of a Permitted Sublessee arising under or in connection with each such Sublease, and any documents or agreements describing any collateral securing such obligations or liabilities and (d) all guarantees, insurance and other agreements or arrangements of whatever character from time to time supporting or securing payment of such obligations and liabilities of such Permitted Sublessee pursuant to such Sublease (collectively, the "Sublease Collateral");

(vii) all right, title and interest of each Lessee in, to and under the Master Exchange Agreement and the Escrow Agreement, including any amendments thereof, all monies due and to become due to each such Lessee thereunder, whether amounts payable to such Lessee from the Joint Collection Accounts or any Exchange Account by the Intermediary or payable as damages for breach of the Master Exchange Agreement, the Escrow Agreement or otherwise, and all other property released or to be released by the Intermediary to such Lessee thereunder and all rights to compel performance and otherwise exercise remedies thereunder; provided, however, that in the case of any property and funds held in the Joint Collection Accounts or any Exchange Account that constitute Relinquished Property Proceeds, such property shall not constitute part of the collateral granted hereunder until such amounts are payable by the Intermediary to the Trustee pursuant to the Master Exchange Agreement or the Escrow Agreement in accordance with the terms thereof;

(viii) all additional property that may from time to time hereafter be subjected to the grant and pledge under this Agreement, as same may be modified or supplemented from time to time, by such Lessee or by anyone on its behalf; and

(ix) all Proceeds of any and all of the foregoing including, without limitation, payments under insurance (whether or not the Lessor is named as the loss payee thereof) and cash.

(c) To secure the CRCF Obligations, each Lessee hereby grants to the Trustee, on behalf of the Secured Parties, a first-priority security interest in all of such Lessee's right, title and interest, if any, in and to all of the collateral described in Section 2(b) above, whether now owned or hereafter acquired or created. Upon the occurrence of a Liquidation Event of Default or a Limited Liquidation Event of Default and subject to the provisions of the Related Documents, the Trustee shall have all of the rights and remedies of a secured party, including, without limitation, the rights and remedies granted under the UCC.

(d) Each Lessee agrees to deliver to the Lessor, the Lender and the Trustee on or before the Restatement Effective Date:

(i) a written search report from a Person satisfactory to the Lessor, the Lender and the Trustee listing all effective financing statements that name such Lessee as debtor or assignor, and that are filed in the jurisdictions in which filings were made pursuant to clause (ii) below, together with copies of such financing statements, and tax and judgment lien search reports from a Person satisfactory to the Lessor, the Lender and the Trustee showing no evidence of liens filed against such Lessee that purport to affect any Vehicles leased hereunder or any Collateral under the Indenture; and

(ii) draft financing statements on Form UCC-1 to be filed in each jurisdiction where such Lessee is located under Section 9-307 of the UCC naming such Lessee, as debtor, the Lessor as secured party and the Trustee, as assignee of the secured party, covering the collateral described in Section 2(b) hereof.

(e) Each Lessee hereby authorizes each of the Lessor and the Trustee to file (provided that the Trustee shall have no obligation to so file), or cause to be filed, financing or continuation statements, and amendments thereto and assignments thereof, under the UCC in order to perfect its interest in the security interest granted pursuant to Section 2(b).

(f) Each Lessee agrees to file, or cause to be filed, the financing statements delivered in draft form pursuant to Section 2(d)(ii) on or before the third (3rd) Business Day following the Restatement Effective Date.

2.1. Lease and Acquisition of Vehicles.

From time to time, subject to the terms and provisions hereof, the Lessor agrees to lease to the Lessees and each Lessee agrees to lease from the Lessor, subject to the terms hereof, (i) the new vehicles identified in vehicle orders (each such vehicle order, a "Vehicle Order") placed by such Lessee (which Vehicles may not be titled in the States of Ohio, Oklahoma or Nebraska) pursuant to the terms of the Manufacturer Programs with respect to Program Vehicles and Non-Program Vehicles (to the extent such Non-Program Vehicles are subject to a Manufacturer Program) and as otherwise agreed by the Lessor, such Lessee and a dealer with respect to other Non-Program Vehicles, (ii) the Vehicles identified in the computer file delivered to the Trustee on the date hereof which were leased to such Lessee pursuant to the Prior AESOP Finance Lease immediately prior to the effectiveness of this Agreement and (iii) the Franchisee Vehicles identified in an Officer's Certificate from such Lessee delivered to the Lessor, the Lender and the Trustee (with a copy to each Rating Agency) at the time such Lessee desires to lease such Franchisee Vehicles hereunder (which Vehicles may not be titled in the States of Ohio, Oklahoma or Nebraska), which Officer's Certificate shall contain information concerning the Franchisee Vehicles to be leased by such Lessee under this Agreement of a scope agreed upon by such Lessee and the Lessor (including, at a minimum, the Net Book Value (as of the first day of the Related Month in which the Vehicle Finance Lease Commencement Date with respect to each such Vehicle occurs)); provided, however, that no Franchisee Vehicle may be leased by any Lessee hereunder unless the Franchisee Vehicle Leasing Condition is met with respect to such Franchisee Vehicle. If requested by the Lessor, each Lessee shall make each Vehicle Order with respect to each Vehicle leased by such Lessee hereunder available to the Lessor, together with a schedule containing the information with respect to such Vehicle included within such Vehicle Order as is set forth in Attachment A hereto (each, a "Vehicle Acquisition Schedule"), or in such form as is otherwise requested by the Lessor. In addition, each Lessee agrees to provide such other information regarding such Vehicles as the Lessor may require from time to time, and on the related Vehicle Finance Lease Commencement Date, in the case of any Franchisee Vehicle leased hereunder, such information as may be required to determine the monthly Depreciation Charges applicable to such Vehicle. This Agreement, together with the Manufacturer Programs and any other related documents attached to this Agreement or submitted with a Vehicle Order (collectively, the "Supplemental Documents"), will constitute the entire agreement regarding the leasing of Vehicles by the Lessor to the Lessees.

2.2. Right of Lessees and Finance Lease Guarantor to Act as Lessor's Agent.

The Lessor agrees that each Lessee or the Finance Lease Guarantor may act as the Lessor's agent in placing Vehicle Orders on behalf of the Lessor, as well as filing claims on behalf of the Lessor for damage in transit, and other Manufacturer delivery claims related to the Vehicles leased hereunder; provided, however, that the Lessor may hold a Lessee or the Finance Lease Guarantor liable for losses due to such Lessee's or the Finance Lease Guarantor's, as applicable, actions, or failure to act, in performing as the Lessor's agent in accordance with the terms hereof. In addition, the Lessor agrees that each Lessee may make arrangements for delivery of Vehicles leased by such Lessee hereunder to a location selected by such Lessee at its expense. Each Lessee agrees to accept Vehicles leased by such Lessee hereunder as produced and delivered except that such Lessee will have the option to reject any such Vehicle that may be rejected pursuant to the terms of the applicable Manufacturer Program (with respect to Program Vehicles and Non-Program Vehicles subject to a Manufacturer Program), or in accordance with its customary business practices with respect to other Non-Program Vehicles. Each Lessee, acting as agent for the Lessor, shall be responsible for pursuing any rights of the Lessor with respect to the return to the Manufacturer of any Vehicle leased by such Lessee hereunder that has been rejected pursuant to the preceding sentence. Each of the Lessees and the Finance Lease Guarantor agrees that all Program Vehicles ordered as provided herein shall be ordered utilizing the procedures consistent with an Eligible Manufacturer Program. Without limiting the foregoing, each Lessee agrees to give immediate notice to the Lessor, in such form and to such address as the Lessor may from time to time specify and in accordance with the terms of the Master Exchange Agreement, of each acceptance and of any rejection of any Program Vehicle identified by the Lessor as Replacement Property.

2.3. Payment of Capitalized Cost by Lessor.

On the Vehicle Finance Lease Commencement Date with respect to any Franchisee Vehicle leased hereunder, the Lessor shall apply to each such Franchisee Vehicle the Net Book Value (as of the first day of the Related Month) for such Vehicle. Upon delivery of any new Vehicle, the Lessor shall pay to the authorized dealer, if any, that sold such Vehicle to the Lessor, the Capitalized Cost for such Vehicle and the applicable Lessee shall pay all applicable costs and expenses of freight, packing, handling, storage, shipment and delivery of such Vehicle, and sales and use tax (if any), to the extent that the same have not been included in the Capitalized Cost for such Vehicle.

2.4. Non-Liability of Lessor.

The Lessor shall not be liable to any Lessee for any failure or delay in obtaining Vehicles or making delivery thereof. AS BETWEEN THE LESSOR AND EACH LESSEE, ACCEPTANCE FOR LEASE OF THE VEHICLES LEASED BY SUCH LESSEE HEREUNDER SHALL CONSTITUTE SUCH LESSEE'S ACKNOWLEDGMENT AND AGREEMENT THAT SUCH LESSEE HAS FULLY INSPECTED SUCH VEHICLES, THAT SUCH VEHICLES ARE IN GOOD ORDER AND CONDITION AND ARE OF THE

MANUFACTURE, DESIGN, SPECIFICATIONS AND CAPACITY SELECTED BY SUCH LESSEE, THAT SUCH LESSEE IS SATISFIED THAT THE SAME ARE SUITABLE FOR THIS USE AND THAT THE LESSOR IS NOT A MANUFACTURER OR ENGAGED IN THE SALE OR DISTRIBUTION OF VEHICLES, AND HAS NOT MADE AND DOES NOT HEREBY MAKE ANY REPRESENTATION, WARRANTY OR COVENANT WITH RESPECT TO MERCHANTABILITY, CONDITION, QUALITY, DURABILITY OR SUITABILITY OF SUCH VEHICLES IN ANY RESPECT OR IN CONNECTION WITH OR FOR THE PURPOSES OR USES OF SUCH LESSEE, OR ANY OTHER REPRESENTATION, WARRANTY OR COVENANT OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT THERETO. The Lessor shall not be liable for any failure or delay in delivering any Vehicle ordered for lease pursuant to this Agreement, or for any failure to perform any provision hereof, resulting from fire or other casualty, natural disaster, riot, strike or other labor difficulty, governmental regulation or restriction, or any cause beyond the Lessor's direct control. IN NO EVENT SHALL THE LESSOR BE LIABLE FOR ANY INCONVENIENCES, LOSS OF PROFITS OR ANY OTHER CONSEQUENTIAL, INCIDENTAL OR SPECIAL DAMAGES RESULTING FROM ANY DEFECT IN OR ANY THEFT, DAMAGE, LOSS OR FAILURE OF ANY VEHICLE, AND THERE SHALL BE NO ABATEMENT OF MONTHLY BASE RENT, SUPPLEMENTAL RENT OR OTHER AMOUNTS PAYABLE HEREUNDER BECAUSE OF THE SAME.

2.5. Lessees' Rights to Purchase Vehicles.

(a) Each Lessee shall have the option, exercisable with respect to any Vehicle during the Vehicle Term with respect to such Vehicle, to purchase any Vehicle leased by such Lessee hereunder at the greater of (i) the Termination Value or (ii) the Market Value of such Vehicle, in each case, as of the Payment Date with respect to the Related Month in which such Lessee elects to purchase such Vehicle (the greater of such amounts being referred to as the "Vehicle Purchase Price"), in which event such Lessee will pay the Vehicle Purchase Price to the Lessor on or before such Payment Date and such Lessee will pay on or before such Payment Date all accrued and unpaid Monthly Base Rent and any Supplemental Rent then due and payable with respect to such Vehicle through such Payment Date. The Administrator shall request the Trustee to cause its Lien to be removed from the Certificate of Title for such Vehicle, concurrently with or promptly after the Vehicle Purchase Price for such Vehicle (and any such unpaid Monthly Base Rent and Supplemental Rent) is deposited in the Collection Account.

(b) Each Lessee shall have the option on the Vehicle Finance Lease Expiration Date (excluding the date set forth in subclause (iv) of the definition of such term) to purchase any Vehicle leased by it hereunder for an amount equal to the Termination Value of such Vehicle on such date. Each Lessee shall pay such Termination Value plus all accrued and unpaid Monthly Base Rent and any Supplemental Rent with respect to such Vehicle to the Lessor on or before the Payment Date occurring on or immediately following the applicable Vehicle Finance Lease Expiration Date.

(c) The parties hereto agree and acknowledge that, although the provisions of Section 2.5(a) and (b) nominally describe a Lessee's options with respect to each Vehicle leased by it hereunder as options to purchase, such Lessee owns each such Vehicle, subject to the security interests of the Lessor, the Lender and the Trustee in such Vehicle, and such options are options to extinguish the security interests of the Lessor, the Lender and the Trustee in such Vehicle.

2.6. Lessor's Right to Cause Vehicles to be Sold. (a) If a Lessee does not elect to purchase any Vehicle leased by it hereunder pursuant to Section 2.5, then:

(i) notwithstanding anything to the contrary contained herein, with respect to Program Vehicles leased hereunder, and subject to Sections 13.2 and 2.5, the Lessor shall have the right, at any time following the date ninety (90) days prior to the expiration of the Maximum Term for such Program Vehicle, to require that such Lessee or another Person designated by the Lessor, which Person's compensation will be payable solely from the proceeds from the sale of such Vehicle, exercise commercially reasonable efforts to arrange for the sale of such Vehicle to a third party for the Vehicle Purchase Price with respect to such Vehicle, in which event such Lessee or such other designated Person shall, until not later than the date thirty (30) days prior to the expiration of such Maximum Term, exercise commercially reasonable efforts to arrange for the sale of such Vehicle to a third party for a price (as reduced by the amount of compensation to be paid to any such other designated Person) equal to or greater than the Termination Value thereof. If a sale of such Program Vehicle is arranged by such Lessee or such other designated Person prior to such date thirty (30) days prior to the expiration of such Maximum Term, then (i) such Lessee or such other designated Person shall deliver such Vehicle to the purchaser thereof, (ii) such Lessee or such other designated Person shall cause to be delivered to the Lessor the funds paid for such Vehicle by the purchaser and (iii) the Administrator shall request the Trustee to cause its Lien to be removed from the Certificate of Title for such Vehicle. If such Lessee or such other designated Person is unable to arrange for a sale of such Vehicle prior to such date thirty (30) days prior to the expiration of such Maximum Term, then such Lessee or such other designated Person shall cease attempting to arrange for such a sale and such Lessee shall return or cause to be returned such Vehicle in the manner provided in Section 13.2(b) (and, if so requested by such Lessee, the Lessor shall cooperate with the Lessee to effect any such return in accordance with the provisions of the Master Exchange Agreement). If a Lessee shall fail to satisfy any provision of Section 13.2(a)(y) or 13.2(b), then such Lessee shall pay within five (5) days after the Vehicle Finance Lease Expiration Date the amount of the Termination Value of such Vehicle immediately prior to such Vehicle Finance Lease Expiration Date (rather than the Residual Value Payment required by Section 2.6(c)); and

(ii) with respect to Non-Program Vehicles leased hereunder and subject to the exercise of each Lessee's rights under Section 2.5, each Lessee shall use commercially reasonable efforts to arrange for the sale of each Non-Program Vehicle leased by such Lessee hereunder to a third party for the Vehicle Purchase Price with respect to such Vehicle on or prior to the date that is the last Business Day of the month that is eighteen (18) months after the month in which the Vehicle Finance Lease Commencement Date occurs with respect to such Vehicle. In no event may any Vehicle be sold pursuant to this Section 2.6(a)(ii) unless the funds to be paid to the Lessor with respect to such Vehicle (net of any disposition expenses but including any Non-Program Vehicle Special Default Payments) equal or exceed the Termination Value of such

Vehicle. Each Lessee may return or cause to be returned a Non-Program Vehicle subject to a Manufacturer Program to the applicable Manufacturer under such Manufacturer Program; provided that (i) the Repurchase Price of such Vehicle, together with any Special Default Payments payable by such Lessee with respect to such Vehicle, is at least equal to the Termination Value with respect to such Vehicle, (ii) no Manufacturer Event of Default shall have occurred with respect to such Manufacturer and (iii) by the date on which such Vehicle is returned to the Manufacturer, the Trustee and the Lender shall have received a copy of an Assignment Agreement with respect to such Manufacturer Program. Notwithstanding the disposition of a Non-Program Vehicle by such Lessee prior to the applicable Vehicle Finance Lease Expiration Date, such Lessee shall pay to the Lessor all accrued and unpaid Monthly Base Rent and any Supplemental Rent then due and payable with respect to such Non-Program Vehicle through the Payment Date with respect to the Related Month during which such disposition occurred, unless such Non-Program Vehicle is a Standard Casualty or becomes an Ineligible Vehicle, payment for which will be made in accordance with Section 6 hereof. If a sale of such Non-Program Vehicle is arranged by such Lessee pursuant to this Section 2.6(a)(ii), then (x) such Lessee shall deliver the Vehicle to the purchaser thereof, (y) such Lessee shall cause to be delivered to the Lessor the funds paid for such Vehicle by the purchaser and (z) the Administrator shall request the Trustee to cause its Lien to be removed from the Certificate of Title for such Vehicle; or

(b) In the event any Vehicle or Vehicles leased hereunder are not purchased by a Lessee pursuant to Section 2.5 hereof, sold to a third party pursuant to Section 2.6(a)(i) or sold to a third party or returned to a Manufacturer pursuant to Section 2.6(a)(ii), then, (x) in the case of a Non-Program Vehicle, such Lessee shall return or cause to be returned such Vehicle to the Lessor in accordance with the conditions and procedures set forth in Section 13.2(a) on the Payment Date with respect to the Related Month in which the applicable Vehicle Finance Lease Expiration Date falls or (y) in the case of a Program Vehicle, such Lessee shall dispose of such Vehicle in accordance with the procedures set forth in Section 13.2(b) or return such Vehicle to the Lessor in accordance with the procedures set forth in Section 13.2(a), and, in each case, such Lessee shall pay an amount equal to the Residual Value Payment plus all accrued but unpaid Monthly Base Rent and all Supplemental Rent payable with respect to such Vehicles through the Payment Date on which such Non-Program Vehicle was returned or with respect to the Related Month during which such Program Vehicle was returned to its Manufacturer pursuant to Section 13.2(a).

In no event may any Vehicle be sold pursuant to this Section 2.6 unless the funds to be paid to the Lessor with respect to such Vehicle (as reduced by the amount of compensation to be paid to any such other designated Person) equal or exceed the Termination Value of such Vehicle.

2.7. Redesignation of Vehicles.

At any time, including without limitation, if a Program Vehicle becomes ineligible for repurchase by its Manufacturer or for sale at auction under the applicable Manufacturer Program or the return of a Program Vehicle to the applicable Manufacturer cannot otherwise be effected for any reason (including by reason of the occurrence of a Manufacturer

Event of Default with respect to the Manufacturer of such Program Vehicle or the failure of a Manufacturer to accept such Program Vehicle for repurchase and acceptance is not expected upon a subsequent return), a Lessee may redesignate a Program Vehicle leased by it hereunder as a Non-Program Vehicle; provided that (i) no Amortization Event or Potential Amortization Event has occurred and is continuing and (ii) no violation of the requirements of Section 10.13 of the AESOP I Finance Lease Loan Agreement or Section 2.9 hereof would be caused by such redesignation; provided, further, in each case, that (x) the applicable Lessee of such Vehicle shall pay to the Lessor on the next succeeding Payment Date an amount equal to the difference, if any, between the Net Book Value of such Vehicle as of the date of redesignation and an amount equal to the Net Book Value of such Vehicle as of the date of redesignation had such Vehicle been a Non-Program Vehicle at the time of delivery thereof pursuant to Section 2.1 and (y) the Required Enhancement Amount required under each Supplement, after giving effect to such redesignation, shall be satisfied on the date of redesignation.

2.8. Vehicle Purchase Surplus Amount Payments.

On each Payment Date, the Lessor shall pay to the Lessees, from amounts on deposit in the AESOP I Segregated Account, the Vehicle Purchase Surplus Amount with respect to the Vehicles leased hereunder for such Payment Date. The Lessees shall have no right to demand, counterclaim, setoff, deduct, abate, defer, decrease or in any other way reduce any payment of Monthly Base Rent or Supplemental Rent by the Lessees hereunder for amounts due from the Lessor under this Section 2.8.

2.9. Limitations on the Acquisition or Redesignation of Certain Vehicles.

Unless otherwise specified in a Supplement or unless waived by the Required Noteholders as specified in a Supplement, (a) the aggregate Net Book Value of all Vehicles (or such portion thereof as is specified in such Supplement) manufactured by Manufacturers other than Eligible Non-Program Manufacturers and leased under this Agreement (after giving effect to the inclusion of such Vehicle under this Agreement) and the AESOP I Operating Lease as of such date shall not exceed any applicable Maximum Non-Eligible Manufacturer Amount, (b) the aggregate Net Book Value of all Vehicles (or such portion thereof as is specified in such Supplement) leased under this Agreement (after giving effect to the inclusion of such Vehicle under this Agreement) as of such date shall not exceed any applicable Maximum Financed Vehicle Amount, (c) the aggregate Net Book Value of all Non-Program Vehicles (or such portion thereof as is specified in such Supplement) leased under this Agreement (after giving effect to the inclusion or redesignation, as the case may be, of such Vehicle under this Agreement) and the AESOP I Operating Lease as of such date shall not exceed any applicable Maximum Non-Program Vehicle Amount, (d) the aggregate Net Book Value of all Vehicles (or such portion thereof as is specified in such Supplement) manufactured by a particular Manufacturer or group of Manufacturers and leased under the Leases (after giving effect to the inclusion of such Vehicle under this Agreement) as of such date shall not exceed any applicable Maximum Manufacturer Amount and (e) after giving effect to the inclusion or redesignation of such Vehicle under this Agreement, there shall not be a failure or violation of any other conditions, requirements or restrictions with respect to the leasing of Eligible Vehicles under this Agreement as is specified in any Supplement.

2.10. Certain Agreements Respecting the Master Exchange Agreement.

Without limiting any other provision hereof, each of the Lessor and the Administrator hereby covenants and agrees that it will cooperate with each Lessee in order to allow such Lessee to effect returns of Vehicles to the applicable Manufacturer under a Manufacturer Program and sales of Vehicles to third parties, in each case pursuant to Section 2.6 or 13.2, pursuant to and in accordance with the terms of the Master Exchange Agreement, including by giving such notices and providing such information to the applicable Lessee or to other persons as the applicable Lessee may from time to time reasonably request.

3. TERM.

3.1. Vehicle Term.

(a) The "Vehicle Finance Lease Commencement Date" (x) for each Franchisee Vehicle shall mean the day as referenced in the Officer's Certificate from the applicable Lessee with respect to such Vehicle and (y) for each other Vehicle shall mean the day as referenced in the Vehicle Acquisition Schedule (including any Vehicle Acquisition Schedule delivered under the Prior AESOP Finance Lease) with respect to such Vehicle, but in no event shall such date be a date later than the date that funds are expended or allocated by the Lessor or the Intermediary to acquire such Vehicle. The "Vehicle Term" with respect to each Vehicle shall extend from the Vehicle Finance Lease Commencement Date through the earliest of (i) if such Vehicle is a Program Vehicle or a Non-Program Vehicle returned to a Manufacturer under a Manufacturer Program, the Turnback Date for such Vehicle, (ii) if such Vehicle is sold to a third party (other than through an auction conducted by or through or arranged by the Manufacturer pursuant to its Manufacturer Program), the date on which funds in respect of such sale are first deposited in either the Collection Account or a Joint Collection Account (by such third party or by the applicable Lessee or the Finance Lease Guarantor on behalf of such third party) and such funds equal or exceed the Termination Value of such Vehicle, (iii) if such Vehicle becomes a Standard Casualty or an Ineligible Vehicle, the date funds in the amount of the Termination Value thereof are deposited in the Collection Account by the applicable Lessee or the Finance Lease Guarantor, (iv) if a Lessee purchases the Vehicle pursuant to Section 2.5, the date on which the Vehicle Purchase Price is deposited in the Collection Account by such Lessee or the Finance Lease Guarantor, and (v) the date that is the last Business Day of the month that is eighteen (18) months (or such longer term as agreed to by such Lessee and the Lessor) after the month in which the Vehicle Finance Lease Commencement Date occurs with respect to such Vehicle, or (vi) the date described under clause (i) of Section 3.2 (the earliest of such six dates described in the foregoing clauses (i) through (vi) being referred to as the "Vehicle Finance Lease Expiration Date").

(b) Subject to the provisions of Sections 2.5 and 2.6, each Lessee shall use its commercially reasonable efforts to return or cause to be returned each Program Vehicle leased by such Lessee hereunder to the related Manufacturer (or such Manufacturer's agent or as otherwise directed by such Manufacturer in accordance with such Manufacturer Program) (a) not prior to the end of the minimum holding period specified in the related Manufacturer Program (prior to which the Lessor may not return such Program Vehicle without penalty (the "Minimum Term")) and (b) not later than the end of the maximum holding period (after which the Lessor

may not return such Program Vehicle without penalty (the "Maximum Term")); provided, however, that each Lessee shall in any case return or cause to be returned each Program Vehicle leased by such Lessee hereunder to the related Manufacturer (or such Manufacturer's agent or as otherwise directed by such Manufacturer in accordance with such Manufacturer Program) pursuant to Section 13.2(b) on or before the date that is the last Business Day of the month that is eighteen (18) months after the month in which the Vehicle Finance Lease Commencement Date occurs with respect to such Vehicle. Each Lessee will pay to the Lessor the equivalent of the Monthly Base Rent for the Minimum Term plus any early turn back surcharges payable by the Lessor or deductible from the Repurchase Price for Program Vehicles leased by such Lessee hereunder returned before the Minimum Term, regardless of actual usage, unless such Vehicle is a Standard Casualty or becomes an Ineligible Vehicle, in which case, the disposition of such Vehicle will be handled in accordance with Section 6 hereof.

3.2. Term.

The "Finance Lease Commencement Date" shall mean the Initial Closing Date. The "Finance Lease Expiration Date" shall mean the latest of (i) the date of the payment in full of all Loans (including any Loan Interest thereon) the proceeds of which were used by the Lessor to finance the purchase of Vehicles subject to this Agreement, (ii) the Vehicle Finance Lease Expiration Date for the last Vehicle leased by any Lessee hereunder and (iii) the date on which all amounts payable hereunder and under the Loan Agreements have been paid in full. The "Term" of this Agreement shall mean the period commencing on the Finance Lease Commencement Date and ending on the Finance Lease Expiration Date.

4. RENT AND CHARGES.

Each Lessee will pay Monthly Base Rent and any Supplemental Rent due and payable on a monthly basis (and any Special Service Charges due and payable) as set forth in this Section 4.

4.1. Payment of Rent.

On each Payment Date each Lessee shall pay in immediately available funds to the Lessor not later than 11:00 a.m., New York City time, on such Payment Date such Lessee's allocable portion of (i) all Monthly Base Rent that has accrued during the Related Month with respect to each Vehicle leased hereunder during or prior to the Related Month and (ii) all Supplemental Rent due and payable on such Payment Date. The portion of Monthly Base Rent allocable to each Lessee will equal (i) with respect to the amounts described in clause (b) of the definition of Monthly Base Rent, the portion thereof that relates to the particular Vehicles leased hereunder by such Lessee and (ii) with respect to other amounts included in the definition of Monthly Base Rent, such Lessee's Share, determined as of the beginning of the Related Month, of such amounts. The portion of Supplemental Rent allocable to each Lessee will equal (i) with respect to Supplemental Rent that relates to particular Vehicles, the portion thereof that relates to the particular Vehicles leased hereunder by such Lessee and (ii) with respect to Supplemental Rent that does not relate to particular Vehicles, such Lessee's Share, determined as of the beginning of the Related Month, of such amounts.

4.2. Special Service Charges.

On each Payment Date, or on such other Business Day as the Lessor shall request, each Lessee shall pay in immediately available funds to, or at the direction of, the Lessor, not later than 11:00 a.m., New York City time, on such date, such Lessee's allocable portion of the Special Service Charges determined by the Lessor to be due and payable hereunder on such date with respect to Vehicles leased hereunder by such Lessee. The provisions of this Section 4.2 will survive the expiration or earlier termination of the Term. The portion of Special Service Charges allocable to each Lessee will equal (i) with respect to Special Service Charges that relate to particular Vehicles, the portion thereof that relates to the particular Vehicles leased hereunder by such Lessee, and (ii) with respect to Special Service Charges that do not relate to particular Vehicles, such Lessee's Share, determined as of the beginning of the Related Month, of such amounts. Each Lessee acknowledges that the Lessor has assigned and transferred its right to payment of such amounts to the Intermediary, together with the right to invoice or request payment thereof, pursuant to the Master Exchange Agreement, and that the Intermediary shall be entitled to exercise the rights to enforce and collect such amounts if any such amounts are not paid when due. The provisions of this Section 4.2 will survive the expiration or earlier termination of the Term.

4.3. Net Lease.

THIS AGREEMENT SHALL BE A NET LEASE, AND EACH LESSEE'S OBLIGATION TO PAY ALL MONTHLY BASE RENT, SUPPLEMENTAL RENT AND OTHER SUMS HEREUNDER SHALL BE ABSOLUTE AND UNCONDITIONAL, AND SHALL NOT BE SUBJECT TO ANY ABATEMENT, SETOFF, COUNTERCLAIM, DEDUCTION OR REDUCTION FOR ANY REASON WHATSOEVER. The obligations and liabilities of each Lessee hereunder shall in no way be released, discharged or otherwise affected (except as may be expressly provided herein including, without limitation, the right of each Lessee to reject Vehicles pursuant to Section 2.2 hereof) for any reason, including, without limitation: (i) any defect in the condition, merchantability, quality or fitness for use of the Vehicles or any part thereof; (ii) any damage to, removal, abandonment, salvage, loss, scrapping or destruction of or any requisition or taking of the Vehicles or any part thereof; (iii) any restriction, prevention or curtailment of or interference with any use of the Vehicles or any part thereof; (iv) any defect in or any Lien on title to the Vehicles or any part thereof; (v) any change, waiver, extension, indulgence or other action or omission in respect of any obligation or liability of such Lessee or the Lessor; (vi) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to such Lessee, the Lessor or any other Person, or any action taken with respect to this Agreement by any trustee or receiver of any Person mentioned above, or by any court; (vii) any claim that such Lessee has or might have against any Person, including, without limitation, the Lessor; (viii) any failure on the part of the Lessor or any other Lessee to perform or comply with any of the terms hereof or of any other agreement; (ix) any invalidity or unenforceability or disaffirmance of this Agreement or any provision hereof or any of the other Related Documents or any provision of any thereof, in each case whether against or by such Lessee or otherwise; (x) any insurance premiums payable by such Lessee with respect to the Vehicles; (xi) any failure of a Permitted Sublessee to perform its obligations under the Sublease to which it is a party; or (xii) any other occurrence whatsoever, whether similar or dissimilar to the foregoing, whether or not such Lessee shall have notice or

knowledge of any of the foregoing and whether or not foreseen or foreseeable. This Agreement shall be noncancelable by the Lessees and, except as expressly provided herein, each Lessee, to the extent permitted by law, waives all rights now or hereafter conferred by statute or otherwise to quit, terminate or surrender this Agreement, or to any diminution or reduction of Monthly Base Rent, Supplemental Rent or other amounts payable by such Lessee hereunder. All payments by each Lessee made hereunder shall be final (except to the extent of adjustments provided for herein), absent manifest error and, except as otherwise provided herein, each Lessee shall not seek to recover any such payment or any part thereof for any reason whatsoever, absent manifest error. If for any reason whatsoever this Agreement shall be terminated in whole or in part by operation of law or otherwise except as expressly provided herein, each Lessee shall nonetheless pay an amount equal to such Lessee's allocable portion of all Monthly Base Rent, all Supplemental Rent and all other amounts due hereunder at the time and in the manner that such payments would have become due and payable under the terms of this Agreement as if it had not been terminated in whole or in part. All covenants and agreements of each Lessee herein shall be performed at its cost, expense and risk unless expressly otherwise stated.

5. INSURANCE.

Each Lessee represents that it shall at all times maintain or cause to be maintained insurance coverage in force as follows:

5.1. Personal Injury and Damage.

Insurance coverage as set forth in Section 31.3. In addition, each Lessee will maintain with respect to its properties and businesses insurance against loss or damage of the kind customarily insured against by corporations engaged in the same or similar businesses, of such types and in such amounts as are customarily carried by such similarly situated corporations.

5.2. Delivery of Certificate of Insurance.

Within ten (10) days after the Initial Closing Date, each Lessee or the Finance Lease Guarantor shall have delivered to the Lessor a certificate(s) of insurance naming the Lender, the Lessor, Original AESOP, PVHC, Quartx and the Trustee as additional insureds as to the item required by Section 31.3. Such insurance shall not be changed or canceled except as provided below in Section 5.3.

5.3. Changes in Insurance Coverage.

No changes shall be made in any of the foregoing insurance requirements unless the prior written consent of the Lessor, the Lender and the Trustee are first obtained. The Lessor may grant or withhold its consent to any proposed change in such insurance in its sole discretion. The Lender and the Trustee shall be required to grant their consent to any proposed change in such insurance upon compliance with the following conditions:

(i) the applicable Lessee or the Finance Lease Guarantor shall deliver not less than thirty (30) days' prior written notice of any proposed change in such insurance to the Lender and the Trustee; and

(ii) the proposed change will satisfy the Rating Agency Confirmation Condition.

6. RISK OF LOSS; CASUALTY AND INELIGIBLE VEHICLE OBLIGATIONS.

6.1. Risk of Loss Borne by Lessees.

Upon delivery of each Vehicle to the Lessee of such Vehicle, as between the Lessor and such Lessee, such Lessee assumes and bears the risk of loss, damage, theft, taking, destruction, attachment, seizure, confiscation or requisition with respect to such Vehicle, however caused or occasioned, and all other risks and liabilities, including personal injury or death and property damage, arising with respect to such Vehicle or the manufacture, purchase, acceptance, rejection, ownership, delivery, leasing, subleasing, possession, use, inspection, registration, operation, condition, maintenance, repair, storage, sale, return or other disposition of such Vehicle, howsoever arising.

6.2. Casualty; Ineligible Vehicles.

If a Vehicle becomes a Standard Casualty or an Ineligible Vehicle, then the Lessee of such Vehicle will (i) promptly notify the Lessor thereof and (ii) promptly, but in no event later than the Payment Date with respect to the Related Month during which such Vehicle became a Standard Casualty or an Ineligible Vehicle, pay to the Lessor the Termination Value of such Vehicle (as of the date such Vehicle became a Standard Casualty or an Ineligible Vehicle). Upon payment by such Lessee to the Lessor of the Termination Value of any Vehicle that has become a Standard Casualty or an Ineligible Vehicle (i) such Lessee shall be entitled to any physical damage insurance proceeds applicable to such Vehicle and (ii) the Administrator shall request the Trustee to cause its Lien to be removed from the Certificate of Title for such Vehicle.

7. VEHICLE USE.

So long as no Finance Lease Event of Default, Liquidation Event of Default or Limited Liquidation Event of Default has occurred (subject, however, to Section 2.6 hereof), each Lessee may use each Vehicle leased by such Lessee hereunder in its regular course of business and may sublease such Vehicle to Permitted Sublessees from time to time pursuant to subleases (each such agreement, a "Sublease"), substantially in the form of the agreement attached hereto as Attachment C, for use in the rental car businesses of such Permitted Sublessees. Such use shall be confined primarily to the United States; provided, however, that the principal place of business or rental office of each Lessee and each Permitted Sublessee with respect to the Vehicles is located in the United States. The Administrator shall promptly and duly execute, deliver, file and record all such documents, statements, filings and registrations, and take such further actions as the Lessor, the Lender or the Trustee shall from time to time reasonably request in order to establish, perfect and maintain the Trustee's Lien on the Vehicles leased by it hereunder and the Certificates of Title (other than noting the Lien of the Trustee on the Certificates of Title with respect to the Franchisee Vehicles (which shall reflect the Lien of the nominee lienholder under the applicable Franchisee Nominee Agreement)) with respect to such Vehicles as a perfected first lien in any applicable jurisdiction. Each Lessee and each

Permitted Sublessee may, at its sole expense, change the place of principal location of any Vehicles leased hereunder. Notwithstanding the foregoing, no change of location shall be undertaken unless and until (x) all actions necessary to maintain the Lien of the Trustee on such Vehicles and the Certificates of Title (other than noting the Lien of the Trustee on the Certificates of Title with respect to the Franchisee Vehicles (which shall reflect the Lien of the nominee lienholder under the applicable Franchisee Nominee Agreement)) with respect to such Vehicles shall have been taken and (y) all legal requirements applicable to such Vehicles shall have been met or obtained. Following the occurrence of a Finance Lease Event of Default, a Limited Liquidation Event of Default, a Liquidation Event of Default or a Manufacturer Event of Default, and upon the Lender's request, each Lessee shall advise the Lender in writing where all Vehicles leased hereunder as of such date are principally located. Each Lessee shall not knowingly use any Vehicles or knowingly permit the same to be used for any unlawful purpose. Each Lessee shall use reasonable precautions to prevent loss or damage to Vehicles. Each Lessee shall comply with all applicable statutes, decrees, ordinances and regulations regarding acquiring, titling, registering, leasing, insuring and disposing of Vehicles and shall take reasonable steps to ensure that operators are licensed. Each Lessee and the Lessor agree that such Lessee shall perform, at such Lessee's own expense, such vehicle preparation and conditioning services with respect to Vehicles leased by such Lessee hereunder as are customary. The Lessor, the Lender or the Trustee or any authorized representative of the Lessor, the Lender or the Trustee may during reasonable business hours from time to time, without disruption of any Lessee's or any Permitted Sublessee's business, subject to applicable law, inspect Vehicles and registration certificates, Certificates of Title and related documents covering Vehicles wherever the same be located. No Lessee shall sublease any Vehicles to any Person other than a Permitted Sublessee pursuant to a Sublease, and, except for a sublease to a Permitted Sublessee pursuant to a Sublease, no Lessee shall assign any right or interest herein or in any Vehicles; provided, however, the foregoing shall not be deemed to prohibit any Lessee or any Permitted Sublessee from renting Vehicles to third-party customers in the ordinary course of its respective car rental business. If any Lessee subleases any Vehicle to any Permitted Sublessee from time to time, such Lessee shall nevertheless remain responsible for all obligations arising hereunder with respect to such Vehicle.

8. LIENS.

Except for Permitted Liens, each Lessee shall keep all Vehicles leased by such Lessee hereunder free of all Liens arising during the Term. If on the Vehicle Finance Lease Expiration Date for any Vehicle leased hereunder any such Lien exists on such Vehicle, the Lessor may, in its discretion, remove such Lien and any sum of money that may be paid by the Lessor in release or discharge thereof, including attorneys' fees and costs, will be paid by the Lessee of such Vehicle upon demand by the Lessor. The Lessor may grant security interests in the Vehicles leased by a Lessee hereunder without consent of such Lessee; provided, however, that if any such Liens would interfere with the rights of such Lessee under this Agreement, the Lessor must obtain the prior written consent of such Lessee. Each Lessee agrees and acknowledges that the granting of Liens and the taking of other actions pursuant to the Loan Agreements, the Indenture and the other Related Documents does not interfere with the rights of such Lessee under this Agreement.

9. NON-DISTURBANCE.

So long as each Lessee satisfies its obligations hereunder, its quiet enjoyment, possession and use of the Vehicles leased by such Lessee hereunder will not be disturbed during the Term, subject, however, to Sections 2.6 and 18 hereof and except that the Lessor, the Lender and the Trustee each retains the right, but not the duty, to inspect such Vehicles without disturbing the ordinary conduct of such Lessee's or any Permitted Sublessee's business. Upon the request of the Lessor, the Lender or the Trustee from time to time, each Lessee will make reasonable efforts to confirm to the Lessor, the Lender and the Trustee the location, mileage and condition of each Vehicle leased by such Lessee hereunder and to make available for the Lessor's, the Lender's or the Trustee's inspection within a reasonable time period, not to exceed forty-five (45) days, such Vehicles at the location where such Vehicles are normally domiciled. Further, each Lessee will, during normal business hours and with a notice of three (3) Business Days, make its records pertaining to the Vehicles leased by such Lessee available to the Lessor, the Lender or the Trustee for inspection at the location where such Lessee's records are normally domiciled.

10. REGISTRATION; LICENSE; TRAFFIC SUMMONSES; PENALTIES AND FINES.

Each Lessee, at its expense, shall be responsible for proper registration and licensing of Vehicles leased by such Lessee hereunder, and titling of such Vehicles (with the Lien of the Trustee noted thereon (except with respect to the Franchisee Vehicles for which the nominee lienholder under the applicable Franchisee Nominee Agreement is noted as the first lienholder)) and, where required, shall have such Vehicles inspected by any appropriate Governmental Authority; provided, however, that notwithstanding the foregoing, possession of all Certificates of Title shall at all times remain with (i) the Administrator, (ii) SGS Automotive Services, Inc., (formerly known as and successor in interest to Intermodal Transportation Services, Inc.), as agent for the Administrator, or (iii) any other titling service, acting as agent for the Administrator, that is approved in writing by the Required Noteholders of each Outstanding Series of Notes. The Administrator, or its agent, shall hold such Certificates of Title in its capacity as agent for the Lessor and on behalf of the Lender and the Trustee. Each Lessee shall be responsible for the payment of all registration fees, title fees, license fees, traffic summonses, penalties, judgments and fines incurred with respect to any Vehicle leased by such Lessee hereunder during the Vehicle Term for such Vehicle or imposed during the Vehicle Term for such Vehicle by any Governmental Authority or any court of law or equity with respect to such Vehicles in connection with such Lessee's operation of such Vehicles. The Lessor agrees to execute a power of attorney in substantially the form of Attachment B hereto (each, a "Power of Attorney"), and such other documents as may be necessary in order to allow the Lessees to title, register and dispose of the Vehicles leased hereunder in accordance with the terms hereof; provided, however, that possession of all Certificates of Title shall at all times remain with the Administrator, or its agent, who will hold such Certificates of Title in its capacity as agent for the Lessor and on behalf of the Lender and the Trustee, and each Lessee acknowledges and agrees that its right, title and interest in or with respect to each Certificate of Title remains subject to the Lien of the Lessor granted hereunder, of the Lender under the AESOP I Finance Lease Loan Agreement and of the Trustee under the Base Indenture. Notwithstanding anything herein to the contrary, the Lessor may terminate such Power of Attorney as provided in Section l8.3(iii) hereof.

11. MAINTENANCE AND REPAIRS.

Each Lessee shall pay for all maintenance and repairs to keep the Vehicles leased by such Lessee hereunder in good working order and condition, and such Lessee will maintain such Vehicles as required in order to keep the Manufacturer's warranty in force. Each Lessee will return Vehicles leased by such Lessee hereunder to an authorized Manufacturer facility or such Lessee's Manufacturer authorized warranty station for warranty work. Each Lessee will comply with any Manufacturer's recall of any Vehicle leased by such Lessee hereunder. Each Lessee will pay, or cause to be paid, all usual and routine expenses incurred in the use and operation of the Vehicles leased by such Lessee hereunder including, but not limited to, fuel, lubricants, and coolants. Each Lessee agrees that it shall not make any material alterations to any Vehicles leased hereunder without the prior consent of the Lessor. The Lessor shall have a first-priority security interest in all of the Lessees' right, title and interest, if any, in and to any improvements or additions to any Vehicles.

12. VEHICLE WARRANTIES.

12.1. No Lessor Warranties.

EACH LESSEE ACKNOWLEDGES THAT THE LESSOR IS NOT THE MANUFACTURER, THE AGENT OF THE MANUFACTURER, OR THE DISTRIBUTOR OF THE VEHICLES LEASED BY SUCH LESSEE HEREUNDER. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, AS TO THE FITNESS, SAFENESS, DESIGN, MERCHANTABILITY, CONDITION, QUALITY, CAPACITY OR WORKMANSHIP OF THE VEHICLES NOR ANY WARRANTY THAT THE VEHICLES WILL SATISFY THE REQUIREMENTS OF ANY LAW OR ANY CONTRACT SPECIFICATION, AND AS BETWEEN THE LESSOR AND EACH LESSEE, EACH LESSEE AGREES TO BEAR ALL SUCH RISKS AT ITS SOLE COST AND EXPENSE. THE LESSEE SPECIFICALLY WAIVES ALL RIGHTS TO MAKE CLAIMS AGAINST THE LESSOR AND ANY VEHICLE FOR BREACH OF ANY WARRANTY OF ANY KIND WHATSOEVER AND, AS TO THE LESSOR, EACH LESSEE LEASES THE VEHICLES "AS IS." IN NO EVENT SHALL THE LESSOR BE LIABLE FOR SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, WHATSOEVER OR HOWSOEVER CAUSED.

12.2. Manufacturer's Warranties.

If a Vehicle leased hereunder is covered by a Manufacturer's warranty, the Lessee of such Vehicle, during the Vehicle Term for such Vehicle, shall have the right to make any claims under such warranty which the Lessor could make.

13. VEHICLE USAGE GUIDELINES AND RETURN; SPECIAL DEFAULT PAYMENTS; EARLY TERMINATION PAYMENTS.

13.1. Usage.

As used herein "Vehicle Turn-In Condition" (a) with respect to each Program Vehicle leased hereunder will be determined in accordance with the related Manufacturer Program and (b) with respect to each Non-Program Vehicle leased hereunder shall mean (i) if such Non-Program Vehicle is manufactured by the same Manufacturer as any Program Vehicle leased hereunder, the same standard as required with respect to such Program Vehicle and (ii) if such Non-Program Vehicle does not satisfy clause (i) above, the standard specified in Section 13.2(a)(y)(1) (other than clause (H) thereof), and the equivalent of any Excess Damage Charges and Excess Mileage Charges with respect to such Vehicle shall be determined by the Administrator and the Lessor in accordance with the foregoing standard.

13.2. Return.

(a) On or prior to the date that is ninety (90) days prior to the end of the Term of this Agreement, each Lessee shall notify the Lessor in writing if it elects to purchase all the Vehicles leased by such Lessee hereunder at the end of the Term of this Agreement pursuant to Section 2.5. If such Lessee does not elect to purchase all such Vehicles pursuant to the terms of Section 2.5, as long as no Finance Lease Event of Default shall have occurred and be continuing, such Lessee shall, on or prior to the Finance Lease Expiration Date (x) pay to the Lessor an amount equal to the Residual Value Payment for all such non-purchased Vehicles leased by such Lessee hereunder as of the Vehicle Finance Lease Expiration Date for each such Vehicle plus all accrued but unpaid Monthly Base Rent and all Supplemental Rent payable at such time and (y) return each such Vehicle to the Lessor in accordance with the following, as applicable:

(1) each such Vehicle shall:

(A) have an engine, transmission, differential, exhaust system (including the catalytic converter and any other Pollution control equipment), brakes, and any other operating part or system or accessory which is necessary or advisable to be in an operating condition which is generally considered as "good" for a vehicle of such Vehicle's age, and/or which is necessary to enable such Vehicle to meet any motor vehicle inspection standard or environmental standard applicable to such Vehicle on its Vehicle Finance Lease Expiration Date;

(B) be in a condition which would meet its next inspection as required by such applicable federal, state or local law;

(C) other than any condition that would reasonably be considered to be normal wear and tear or otherwise de minimis by a Manufacturer (or its authorized agent) accepting possession of a Vehicle subject to its Manufacturer Program, have no: body dents; rust; corrosion; paint mismatches or special colors, or paint which is less than factory grade; dented, rusted, broken or missing chrome or trim; ripped or stained, upholstery, seats, dash, headliner, carpeting, trunk, or convertible vinyl top; missing interior trim; sprung or misaligned doors or their openings; worn, cracked, split, broken

or leaking weather-stripping; faulty window mechanisms; broken, cracked or missing glass, mirrors or lights; faulty electronic systems, including on-board computers, processors, sensors, controls, radios, stereos, and the like; faulty heating, air conditioning or climate control systems; or worn or faulty shock absorbers or other suspension or steering parts, systems or mechanisms;

(D) have an engine that does not burn an abnormal amount of oil for a vehicle of comparable age or mileage, and there shall be no uneven compression ratios across cylinders; no fluid leaks in the engine, transmission(s), differential(s), steering mechanism, brake system, or cooling system, faulty hoses, or faulty exhaust systems;

(E) have all accessories, insignia, decals, lettering or special identification, or other auxiliary equipment or markings on the body, fenders, bumpers, dash or elsewhere removed and there must be no holes left by the removal thereof;

(F) have tires:

I. comparable to those initially delivered with such Vehicle in design and quality;

II. in accordance with the specifications of the Manufacturer of the Vehicle;

III. part of a matching set of four, plus spare (which may be a “donut” if a “donut” spare is initially delivered with such Vehicle);

IV. no less than 1/8 inch in tread remaining at its shallowest point, and shall not show an excess wear marker built in by its manufacturer; and

V. showing no obvious defect;

(G) have wheels:

I. comparable to those initially delivered with such Vehicle in design and quality;

II. in accordance with the specifications of the manufacturer of the Vehicle;

III. which are part of a matching set of four, plus spare (which may be a “donut” if a “donut” spare is initially delivered with such Vehicle); and

IV. showing no obvious defect; and

(H) be in Vehicle Turn-In Condition.

(b) Each Lessee will return or cause to be returned each Program Vehicle leased by such Lessee hereunder (other than a Standard Casualty or a Program Vehicle which has become an Ineligible Vehicle) to the nearest related Manufacturer official auction or other facility designated by such Manufacturer at such Lessee's sole expense or to such other location designated by the Lessor (with any additional cost of delivery in excess of what would have been incurred upon delivery to the related Manufacturer at the expense of the Lessor), in each case in accordance with the requirements of Section 3.1(b) hereof.

(c) Any rebate or credits applicable to the unexpired term of any license plates for a Vehicle leased by a Lessee hereunder shall inure to the benefit of such Lessee.

(d) If any Lessee shall fail to satisfy any provision of Section 13.2(a), then such Lessee shall pay to the Lessor within five (5) days after the end of the Term of this Agreement the aggregate amount of the Termination Value of all the Vehicles leased by such Lessee hereunder immediately prior to such end of Term (rather than the Residual Value Payment required by subclause (x) of Section 13.2(a)).

13.3. Special Default Payments.

(a) Each Lessee will use its best efforts to maintain the Program Vehicles leased by such Lessee hereunder such that no Excess Damage Charges or Excess Mileage Charges will be deductible from the Repurchase Price due from a Manufacturer or payable by the Lessor upon the turn back of such Program Vehicles under the applicable Manufacturer Program. Upon (i) the deposit of the Repurchase Price of any Program Vehicle leased by a Lessee hereunder payable by the Manufacturer in the Collection Account or a Joint Collection Account (or the deposit of the Repurchase Price of any Program Vehicle sold through an auction conducted by or through a Manufacturer in the Collection Account or a Joint Collection Account), or (ii) the date by which the Repurchase Price of such Program Vehicle would have been paid if not for a Manufacturer Event of Default, the Lessor will charge such Lessee for any Excess Damage Charges and/or Excess Mileage Charges applicable to such Program Vehicle pursuant to the applicable Manufacturer Program (any such charges are referred to as "Program Vehicle Special Default Payments").

(b) Each Lessee will use its best efforts to maintain the Non-Program Vehicles leased by such Lessee hereunder in a manner such that no Non-Program Vehicle Special Default Payments (as defined below) shall be due upon disposition of such Non-Program Vehicles by or for the benefit of the Lessor. Upon disposition of each Non-Program Vehicle leased hereunder by or for the benefit of the Lessor, other than the sale of any such Non-Program Vehicle to the Lessee of such Vehicle in accordance with the terms hereof, the Lessor will charge such Lessee (i) if such Non-Program Vehicle is manufactured by the same Manufacturer as any Program Vehicle or is subject to a Manufacturer Program, an amount equal to any Excess Damage Charges and/or Excess Mileage Charges that would be applicable to the comparable Program Vehicle pursuant to the applicable Manufacturer Program or an amount equal to any Excess Damage Charges and/or Excess Mileage Charges that are applicable to such Vehicle pursuant to the applicable Manufacturer Program, as the case may be, and (ii) if such Non-

Program Vehicle is subject to a Vehicle Turn-In Condition standard established pursuant to Section 13.1(b)(ii), an amount equal to any charges applicable to such Non-Program Vehicle pursuant to such Vehicle Turn-In Condition standard (any such charges are referred to as "Non-Program Vehicle Special Default Payments" and, together with the Program Vehicle Special Default Payments, the "Special Default Payments").

(c) On each Payment Date, each Lessee shall pay to the Lessor all Special Default Payments that have accrued during the Related Month. The obligation of each Lessee to pay Special Default Payments shall constitute the sole remedy respecting the breach of its covenant contained in the first sentence of each of Section 13.3(a) and Section 13.3(b).

(d) The provisions of this Section 13.3 will survive the expiration or earlier termination of the Term.

13.4. Early Termination Payments.

If any Lessee turns back any Program Vehicle leased hereunder to a Manufacturer under its Manufacturer Program (including by the Intermediary pursuant to the Master Exchange Agreement), upon the earlier of (i) the deposit of the Repurchase Price of such Vehicle in the Collection Account or a Joint Collection Account and (ii) the date by which such Repurchase Price would have been paid if not for a Manufacturer Event of Default, the Lessor will charge such Lessee an amount equal to (i) the excess, if any, of (x) the Termination Value of such Vehicle (as of the Turnback Date) over (y) the sum of the Repurchase Price received with respect to such Vehicle or that would have been received but for a Manufacturer Event of Default, as applicable, and any Special Default Payments made by such Lessee in respect of such Vehicle pursuant to Section 13.3, plus (ii) any unpaid Monthly Base Rent for the Minimum Term with respect to such Vehicle plus any early turn back charges payable or deductible from the Repurchase Price of such Vehicle in accordance with Section 3.1(b) hereof (any such amount is referred to as an "Early Termination Payment"). On each Payment Date, each Lessee shall pay to the Lessor all Early Termination Payments that have accrued with respect to such Lessee during the Related Month. The provisions of this Section 13.4 will survive the expiration or earlier termination of the Term.

14. DISPOSITION PROCEDURE.

Each Lessee will comply with the requirements of law and the requirements of the Manufacturer Programs in connection with, among other things, the delivery of Certificates of Title and documents of transfer signed as necessary, signed Condition Reports, and signed odometer statements to be submitted with the Program Vehicles or Non-Program Vehicles returned to a Manufacturer pursuant to Section 2.6 and accepted by the Manufacturer or its agent at the time of Program Vehicle or Non-Program Vehicle return.

15. ODOMETER DISCLOSURE REQUIREMENT.

Each Lessee agrees to comply with all requirements of law and all Manufacturer Program requirements with respect to Vehicles leased by such Lessee hereunder in connection with the transfer of ownership of any such Vehicle leased by such Lessee hereunder, including, without limitation, the submission of any required odometer disclosure statement at the time of any such transfer of ownership.

16. GENERAL INDEMNITY.

16.1. Indemnity by the Lessees and the Finance Lease Guarantor.

Each of the Lessees and the Finance Lease Guarantor agrees jointly and severally to indemnify and hold harmless the Lessor, the Lender, the Intermediary and the Trustee and the Lessor's, the Lender's, the Intermediary's and the Trustee's respective directors, officers, stockholders, agents and employees (collectively, the "Indemnified Persons"), on a net after-tax basis against any and all claims, demands and liabilities of whatsoever nature and all costs and expenses relating to or in any way arising out of:

16.1.1. the ordering, delivery, acquisition, title on acquisition, rejection, installation, possession, titling, retitling, registration, re-registration, custody by each Lessee, the Finance Lease Guarantor or their respective agents of title and registration documents, use, non-use, misuse, operation, deficiency, defect, transportation, repair, control or disposition of any Vehicle leased hereunder or to be leased hereunder pursuant to a request by a Lessee. The foregoing shall include, without limitation, any liability (or any alleged liability) of the Lessor to any third party arising out of any of-the foregoing, including, without limitation, all legal fees, costs and disbursements arising out of such liability (or alleged liability);

16.1.2. any document, stamp, filing, recording, mortgage or other taxes (other than net income taxes of the Lessor) which may be payable in connection with the lease of any Vehicles hereunder or the execution, delivery, recording or filing of this Agreement or of any other instruments or documents provided for herein or delivered or to be delivered hereunder or in connection herewith;

16.1.3. any violation by any Lessee or the Finance Lease Guarantor of this Agreement or of any Related Documents to which any Lessee or the Finance Lease Guarantor is a party or by which it is bound or of any laws, rules, regulations, orders, writs, injunctions, decrees, consents, approvals, exemptions, authorizations, licenses and withholdings of objecting of any governmental or public body or authority and all other requirements having the force of law applicable at any time to any Vehicle leased hereunder or any action or transaction by any Lessee or the Finance Lease Guarantor with respect thereto or pursuant to this Agreement;

16.1.4. all out of pocket costs of the Lessor (including the fees and out of pocket expenses of counsel for the Lessor) in connection with the execution, delivery and performance of this Agreement and the other Related Documents;

16.1.5. all out of pocket costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by the Lessor, the Lender, the Intermediary or the Trustee in connection with the administration, enforcement, waiver or amendment of this Agreement and any other Related Documents and all indemnification obligations of the Lender or the Lessor under the Related Documents (including all obligations of the Lessor under Section 13.4 and Section 13.5 of the AESOP I Finance Lease Loan Agreement); and

16.1.6. all costs, fees, expenses, damages and liabilities (including, without limitation, the fees and out of pocket expenses of counsel) in connection with, or arising out of, any claim made by any third party against the Lessor for any reason (including, without limitation, in connection with any audit or investigation conducted by a Manufacturer under its Manufacturer Program).

If the Lessor shall actually receive any tax benefit (whether by way of offset, credit, deduction, refund or otherwise) not already taken into account in calculating the net after-tax basis for such payment as a result of the payment of any tax indemnified pursuant to this Section 16 or in connection with the circumstances giving rise to the imposition of such tax, such tax benefit shall be used to offset any indemnity payment owed pursuant to this Section 16 or shall be paid to the relevant Lessee (but only to the extent of any prior indemnity payments actually made pursuant to this Section 16 and only after the Lessor shall actually receive such tax benefits); provided, however, that no such payment to such Lessee shall be made while a Finance Lease Event of Default shall have occurred and be continuing.

16.2. Reimbursement Obligation by the Lessees and the Finance Lease Guarantor.

Each Lessee and the Finance Lease Guarantor shall forthwith upon demand reimburse the Lessor or the relevant Indemnified Person for any sum or sums expended with respect to any of the foregoing; provided, however, that to the extent such amounts constitute Excluded Payments, such amounts shall be paid only to the AESOP I Segregated Account; and provided further that, if so requested by the relevant Lessee or the Finance Lease Guarantor, the Lessor or the relevant Indemnified Person shall submit to such Lessee or the Finance Lease Guarantor, as applicable, a statement documenting any such demand for reimbursement or prepayment. To the extent that any Lessee or the Finance Lease Guarantor in fact indemnifies the Lessor or the relevant Indemnified Person under the indemnity provisions of this Agreement, such Lessee or the Finance Lease Guarantor, as applicable, shall be subrogated to the Lessor's or the relevant Indemnified Person's rights in the affected transaction and shall have a right to determine the settlement of claims therein. The foregoing indemnity as contained in this Section 16 shall survive the expiration or earlier termination of this Agreement or any lease of any Vehicle hereunder.

16.3. Defense of Claims.

The Lessor agrees to notify any relevant Lessee of any claim made against it for which such Lessee may be liable pursuant to this Section 16 and, if such Lessee requests, to contest or allow such Lessee to contest such claim. If any Finance Lease Event of Default shall have occurred and be continuing, no contest shall be required, and any contest which has begun shall not be required to be continued to be pursued, unless arrangements to secure the payment of such Lessee's obligations pursuant to this Section 16 hereunder have been made and such arrangements are reasonably satisfactory to the Lessor. The Lessor shall not settle any such claim without such Lessee's consent, which consent shall not be unreasonably withheld.

Defense of any claim referred to in this Section 16 for which indemnity may be required shall, at the option and request of the Indemnified Person, be conducted by the relevant Lessee or the Finance Lease Guarantor, as applicable. Such Lessee or the Finance Lease Guarantor, as the case may be, will inform the Indemnified Person of any such claim and of the defense thereof and will provide copies of material documents relating to any such claim or defense to such Indemnified Person upon request. Such Indemnified Person may participate in any such defense at its own expense provided such participation does not interfere with such Lessee's or the Finance Lease Guarantor's assertion of such claim or defense. Each Lessee and the Finance Lease Guarantor agree that no Indemnified Person will be liable to such Lessee or the Finance Lease Guarantor, as applicable, for any claim caused directly or indirectly by the inadequacy of any Vehicle leased hereunder by such Lessee for any purpose or any deficiency or defect therein or the use or maintenance thereof or any repairs, servicing or adjustments thereto or any delay in providing or failure to provide such repairs, servicing or adjustments or any interruption or loss of service or use thereof or any loss of business, all of which shall be the risk and responsibility of such Lessee or the Finance Lease Guarantor. The rights and indemnities of each Indemnified Person hereunder are expressly made for the benefit of, and will be enforceable by, each Indemnified Person notwithstanding the fact that such Indemnified Person is either no longer a party to (or entitled to receive the benefits of) this Agreement, or was not a party to (or entitled to receive the benefits of) this Agreement at its outset. Except as otherwise set forth herein, nothing herein shall be deemed to require any Lessee or the Finance Lease Guarantor to indemnify the Lessor for any of the Lessor's acts or omissions which constitute gross negligence or willful misconduct. This general indemnity shall not affect any claims of the type discussed above which such Lessee or the Finance Lease Guarantor may have against the Manufacturer.

17. ASSIGNMENT.

17.1. Right of the Lessor to Assign this Agreement.

The Lessor shall have the right to finance the acquisition and ownership of Vehicles by selling or assigning, in whole or in part, its right, title and interest in this Agreement, including, without limitation, in moneys due from each Lessee and any third party under this Agreement and in any security therefor; provided, however, that any such sale or assignment shall be subject to the rights and interest of each Lessee in the Vehicles leased by such Lessee hereunder, including but not limited to such Lessee's right of quiet and peaceful possession of such Vehicles as set forth in Section 9 hereof, and under this Agreement.

17.2. Limitations on the Right of the Lessees to Assign this Agreement.

Each Lessee agrees that it shall not, without prior written consent of the Lessor, CRCF and the Trustee and without having satisfied the Rating Agency Consent Condition, assign this Agreement or any of its rights hereunder to any other party; provided, however, that each Lessee may rent the Vehicles leased by such Lessee hereunder under the terms of its normal daily rental programs and/or sublease such Vehicles to Permitted Sublessees pursuant to a Sublease. Any purported assignment in violation of this Section 17.2 shall be void and of no force or effect. Nothing contained herein shall be deemed to restrict the right of any Lessee to acquire or dispose of, by purchase, lease, financing, or otherwise, motor vehicles that are not subject to the provisions of this Agreement.

18. DEFAULT AND REMEDIES THEREFOR.

18.1. Events of Default.

Any one or more of the following will constitute an event of default (a "Finance Lease Event of Default") as that term is used herein:

18.1.1. there occurs (i) a default in the payment of the portion of Monthly Base Rent that relates to the Loan Principal Amount, the Special Default Payments, the Early Termination Payments, Vehicle Purchase Price or Termination Value upon a Standard Casualty or when a Vehicle becomes an Ineligible Vehicle or upon a Vehicle Return Default or any Supplemental Rent (to the extent not included in any of the foregoing) and the continuance thereof for a period of five (5) Business Days or (ii) a default and continuance thereof for five (5) Business Days after notice thereof by the Lessor or the Trustee to the relevant Lessee or the Finance Lease Guarantor in the payment of any amount payable under this Agreement (other than amounts described in clause (i) above);

18.1.2. any unauthorized assignment or transfer of this Agreement by any Lessee or the Finance Lease Guarantor occurs;

18.1.3. the failure, in any material respect, of any Lessee or the Finance Lease Guarantor to maintain, or cause to be maintained, insurance as required in Section 5 or Section 31.3;

18.1.4. the failure of any Lessee or the Finance Lease Guarantor to observe or perform any other covenant, condition, agreement or provision hereof, and such default continues for more than thirty (30) days after the date written notice thereof is delivered by the Lessor or the Trustee to such Lessee or the Finance Lease Guarantor, as applicable;

18.1.5. if any representation or warranty made by any Lessee or the Finance Lease Guarantor herein is inaccurate or incorrect or is breached or is false or misleading in any material respect as of the date of the making thereof or any schedule, certificate, financial statement, report, notice, or other writing furnished by or on behalf of such Lessee or the Finance Lease Guarantor, as applicable, to the Lessor or the Trustee is false or misleading in any material respect on the date as of which the facts therein set forth are stated or certified, and the circumstance or condition in respect of which such representation, warranty or writing was inaccurate, incorrect, breached, false or misleading in any material respect, as the case may be, shall not have been eliminated or otherwise cured for thirty (30) days after the earlier of (x) the date of the receipt of written notice thereof from the Lessor, the Lender or the Trustee to such Lessee or the Finance Lease Guarantor, as applicable, and (y) the date the Finance Lease Guarantor or such Lessee learns of such circumstance or condition;

18.1.6. an Event of Bankruptcy occurs with respect to any Lessee, any Permitted Sublessee or the Finance Lease Guarantor;

18.1.7. a Loan Event of Default occurs;

18.1.8. an AESOP I Operating Lease Event of Default or an AESOP II Operating Lease Event of Default occurs; or

18.1.9. the Pension Benefit Guaranty Corporation or the Internal Revenue Service shall have filed notice of one or more liens against any Lessee or the Finance Lease Guarantor (unless such lien does not purport to cover the Collateral or any amount payable under the Leases), and, in the case of notice filed by the Internal Revenue Service, such notice shall have remained in effect for more than thirty (30) days unless, prior to the expiration of such period, such Lessee or the Finance Lease Guarantor, as applicable, shall have provided the Lessor with a bond in an amount at least equal to the amount of such lien or, in the case of any such lien in an amount less than $1,000,000, such Lessee or the Finance Lease Guarantor, as applicable, shall have established to the reasonable satisfaction of the Lessor that such lien is being contested in good faith and that adequate reserves have been established in respect of the claim giving rise to such lien.

18.2. Effect of Finance Lease Event of Default or Liquidation Event of Default.

If any Finance Lease Event of Default described in Section 18 or any Liquidation Event of Default shall occur, (i) the Lessor may terminate the rights of the Lessees to place Vehicle Orders pursuant to Section 2.1 and to lease additional Vehicles from the Lessor, and (ii) if CRCF has declared the Loan Note under any Loan Agreement to be due and payable pursuant to Section 12.2 of such Loan Agreement, (x) this Agreement shall automatically terminate and any accrued and unpaid Monthly Base Rent, Supplemental Rent and all other payments accrued but unpaid under this Agreement (calculated as if all Vehicles had become a Standard Casualty for the Related Month and the full amount of interest on such Loan Note was then due and payable in full) shall, automatically, without further action by the Lessor or the Trustee, become immediately due and payable and (y) each Lessee shall, at the request of the Lessor, the Lender or the Trustee, return or cause to be returned all Vehicles leased by such Lessee subject to this Agreement (and the Administrator shall deliver or cause to be delivered to the Trustee the Certificates of Title relating thereto) to the Lessor in accordance with the provisions of Section 13.2 hereof.

18.3. Rights of Lessor Upon Finance Lease Event of Default, Limited Liquidation Event of Default or Liquidation Event of Default.

If a Finance Lease Event of Default, Limited Liquidation Event of Default or Liquidation Event of Default shall occur, then the Lessor at its option may:

(i) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessees (or any Lessee(s) against which the Lessor determines to exercise its remedies hereunder) or the Finance Lease Guarantor of the applicable covenants and terms of this Agreement or to recover damages for the breach hereof calculated in accordance with Section 18.5; and/or

(ii) by notice in writing to the Lessees (or any Lessee(s) against which the Lessor determines to exercise its remedies hereunder) and the Finance Lease Guarantor, terminate this Agreement in its entirety and/or the right of possession hereunder of the Lessees (or in respect only of the applicable Lessee(s)) of Vehicles leased hereunder, and the Lessor may direct delivery by the Lessees (or in respect only of the applicable Lessee(s)) or the Finance Lease Guarantor of documents of title to the Vehicles leased hereunder, whereupon all rights and interests of the Lessees (or the applicable Lessee(s)) to such Vehicles will cease and terminate (but the Lessees (or the applicable Lessee(s)) and the Finance Lease Guarantor will remain liable hereunder as herein provided; provided, however, that their liability will be calculated in accordance with Section 18.5); and thereupon, the Lessor or its agents may peaceably enter upon the premises of the applicable Lessee(s), or other premises where such Vehicles may be located (including, without limitation, the premises of any Permitted Sublessee) and take possession of them and thenceforth hold, possess and enjoy the same free from any right of the Lessees (or the applicable Lessee(s)), or their successors or assigns, to use such Vehicles for any purpose whatsoever, and the Lessor will, nevertheless, have a right to recover from the Lessee(s) or the Finance Lease Guarantor any and all amounts which under the terms of this Section 18.3 (as limited by Section 18.5 of this Agreement) as may be then due. The Lessor will provide the applicable Lessee(s) with written notice of the place and time of the sale at least five (5) days prior to the proposed sale, which shall be deemed commercially reasonable, and any Lessee may purchase such Vehicle(s) at the sale. Each and every power and remedy hereby specifically given to the Lessor will be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law, in equity or in bankruptcy and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Lessor; provided, however, that the measure of damages recoverable against the Lessee(s) or the Finance Lease Guarantor will in any case be calculated in accordance with Section 18.5. All such powers and remedies will be cumulative, and the exercise of one will not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Lessor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder will impair any such power or remedy or will be construed to be a waiver of any default or any acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Lessees (or the applicable Lessee(s)) or the Finance Lease Guarantor will not otherwise alter or affect the Lessor's rights or the obligations hereunder of such Lessee(s) and the Finance Lease Guarantor. The Lessor's acceptance of any payment after it will have become due hereunder will not be deemed to alter or affect the Lessor's rights hereunder with respect to any subsequent payments or defaults therein; and/or

(iii) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by any Permitted Sublessee of the applicable covenants and terms of the related Sublease or to recover damages or any other amounts payable under such Sublease; and/or

(iv) by notice in writing to the Lessees (or any Lessee(s) against which the Lessor determines to exercise its remedies hereunder), terminate the Power of Attorney.

18.4. Rights of Lender and Trustee Upon Liquidation Event of Default, Limited Liquidation Event of Default and Non-Performance of Certain Covenants.

(i) If a Liquidation Event of Default or a Limited Liquidation Event of Default shall have occurred and be continuing, the Lender and the Trustee, to the extent provided in the Indenture, shall have the rights against the Finance Lease Guarantor, the Lessees, and the AESOP I Finance Lease Loan Collateral provided in the Base Indenture upon a Liquidation Event of Default or a Limited Liquidation Event of Default, as the case may be, including the right to take possession of all or a portion of the Vehicles leased hereunder immediately from the Lessee(s) or a Permitted Sublessee.

(ii) If the Finance Lease Guarantor or any Lessee shall default in the due performance and observance of any of its obligations under Sections 31.3, 31.4, 31.5(iv), 31.10, 32.3 or 32.4 hereof, and such default shall continue unremedied for a period of thirty (30) days after notice thereof shall have been given to such Lessee and the Finance Lease Guarantor by the Lessor, the Lender or the Trustee, the Trustee, as assignee of the Lessor's rights hereunder, shall have the ability to exercise all rights, remedies, powers, privileges and claims of any Lessee, the Finance Lease Guarantor or the Intermediary against the Manufacturers under or in connection with the Manufacturer Programs with respect to (i) Program Vehicles leased hereunder that the Lessee thereof has determined to turn back to the Manufacturers under such Manufacturer Programs (excluding Relinquished Vehicles) and (ii) whether or not the Lessee thereof shall then have determined to turn back such Program Vehicles, any Program Vehicles leased hereunder for which the applicable Repurchase Period will end within one week or less.

(iii) Upon a default in the performance (after giving effect to any grace periods provided herein) by the Finance Lease Guarantor or any Lessee of its obligations hereunder to keep the Vehicles leased hereunder free of Liens (other than Permitted Liens) and to maintain the Trustee's first-priority perfected security interest in the AESOP I Finance Lease Loan Collateral, the Lessor or the Trustee shall have the right to take actions reasonably necessary to correct such default with respect to the subject Vehicles including the execution of UCC financing statements with respect to Manufacturer Programs and other general intangibles and the completion of Vehicle Perfection and Documentation Requirements on behalf of the Finance Lease Guarantor or such Lessee, as applicable.

(iv) Upon the occurrence of a Liquidation Event of Default or a Limited Liquidation Event of Default, each Lessee shall return or cause to be returned any Program Vehicles leased by such Lessee hereunder to the related Manufacturer in accordance with the instructions of the Lessor. To the extent any Manufacturer fails to accept any such Program Vehicles under the terms of the applicable Manufacturer Program, the Lessor shall have the right to otherwise dispose of such Program Vehicles and to direct the Lessee thereof to dispose of such Program Vehicles in accordance with its instructions. Upon the occurrence of a Liquidation Event of Default or a Limited Liquidation Event of Default, each Lessee shall dispose of any such Non-Program Vehicles leased hereunder in accordance with the instructions of the Lessor. To the extent any Lessee fails to so dispose of any such Non-Program Vehicles, the Lessor shall

have the right to otherwise dispose of such Non-Program Vehicles. In addition, following the occurrence of a Liquidation Event of Default or a Limited Liquidation Event of Default, the Lessor shall have all of the rights, remedies, powers, privileges and claims vis-à-vis the Finance Lease Guarantor or any Lessee, necessary or desirable to allow (a) the Lender to exercise the rights, remedies, powers, privileges and claims given to the Lender pursuant to Section 12.3 of the AESOP I Finance Lease Loan Agreement, and each of the Finance Lease Guarantor and the Lessees acknowledges that it has hereby granted to the Lessor all of the rights, remedies, powers, privileges and claims granted by the Lessor to the Lender pursuant to Article 7 of the AESOP I Finance Lease Loan Agreement and that, under certain circumstances set forth in the AESOP I Finance Lease Loan Agreement, the Lender may act in lieu of the Lessor in the exercise of such rights, remedies, powers, privileges and claims and (b) the Trustee to exercise the rights, remedies, powers, privileges and claims given to the Trustee pursuant to Sections 3.3 and 9.2 of the Base Indenture, and each of the Finance Lease Guarantor and the Lessees acknowledges that (x) it has hereby granted to the Lessor all of the rights, remedies, powers, privileges and claims granted by the Lender to the Trustee pursuant to Article 3 of the Base Indenture and that, under the circumstances set forth in the Base Indenture, the Trustee may act in lieu of the Lessor in the exercise of such rights, remedies, powers, privileges and claims and (y) under certain circumstances the Trustee may act in lieu of the Lessor in the exercise of the rights, remedies, powers, privileges and claims of the Lessor hereunder.

18.5. Measure of Damages.

If a Finance Lease Event of Default, a Limited Liquidation Event of Default or a Liquidation Event of Default occurs and the Lessor, the Lender or the Trustee exercises the remedies granted to the Lessor, the Lender or the Trustee under this Article 18, the amount that the Lessor shall be permitted to recover shall be equal to:

(i) all Monthly Base Rent, all Supplemental Rent and all other payments payable under this Agreement (calculated as provided in Section 18.2); plus

(ii) any damages and expenses, including reasonable attorneys' fees and expenses (but excluding net after-tax losses of federal and state income tax benefits to which the Lessor would otherwise be entitled as a result of this Agreement), which the Lessor, the Lender or the Trustee will have sustained by reason of the Finance Lease Event of Default, Limited Liquidation Event of Default or Liquidation Event of Default, together with reasonable sums for such attorneys' fees and such expenses as will be expended or incurred in the seizure, storage, rental or sale of the Vehicles leased hereunder or in the enforcement of any right or privilege hereunder or in any consultation or action in such connection; plus

(iii) interest on amounts due and unpaid under this Agreement at the applicable Lender's Carrying Cost Interest Rate plus 1.0% from time to time computed from the date of the Finance Lease Event of Default, Limited Liquidation Event of Default or Liquidation Event of Default or the date payments were originally due to the Lessor under this Agreement or from the date of each expenditure by the Lessor, the Lender or the Trustee which is recoverable from the Lessees pursuant to this Section 18, as applicable, to and including the date payments are made by the Lessees.

18.6. Vehicle Return Default.

If any Lessee fails to comply with the provisions of (a) Section 13.2 or (b) Section 3.1(b) hereof (each, a "Vehicle Return Default"), and the Vehicle is not redesignated as a Non-Program Vehicle in accordance with Section 2.7, then the Lessor at its option may:

(i) proceed by appropriate court action or actions, either at law or equity, to enforce performance by such Lessee of such covenants and terms of this Agreement or to recover damages for the breach hereof calculated in accordance with Section 18.5 as it relates to such Vehicle; or

(ii) by notice in writing to such Lessee following the occurrence of such Vehicle Return Default, terminate the Agreement with respect to such Vehicle and/or the right of possession hereunder of such Lessee with respect to such Vehicle and the Lessor may direct delivery by such Lessee or the Finance Lease Guarantor of documents of title to such Vehicle, whereupon all rights and interests of such Lessee and the Finance Lease Guarantor to such Vehicle will cease and terminate (but such Lessee and the Finance Lease Guarantor will remain liable hereunder as herein provided; provided, however, that their liability will be calculated in accordance with Section 18.5 as it relates to such Vehicle); and thereupon the Lessor or its agents or assignees may peaceably enter upon the premises of such Lessee or other premises where such Vehicle may be located (including, without limitation, the premises of any Permitted Sublessee) and take possession of it and thenceforth hold, possess and enjoy the same free from any right of such Lessee or the Finance Lease Guarantor or their successors or assigns to use such Vehicle for any purpose whatsoever and the Lessor will nevertheless have a right to recover from such Lessee or the Finance Lease Guarantor any and all amounts which, under the terms of this Agreement may then be due. The Lessor will provide such Lessee with written notice of the place and time of the sale of such Vehicle at least five (5) days prior to the proposed sale, which sale shall be deemed commercially reasonable and such Lessee may purchase the Vehicle at such sale; or

(iii) hold, keep idle or lease to others such Vehicle, as the Lessor in its sole discretion may determine, free and clear of any rights of such Lessee without any duty to account to such Lessee with respect to such action or inaction or for any proceeds with respect to such action or inaction except that such Lessee's obligation to pay Monthly Base Rent for periods commencing after such Lessee shall have been deprived of the use of such Vehicle pursuant to this clause (iii) shall be reduced by the net proceeds, if any, received by the Lessor from leasing such Vehicle to any person other than such Lessee for the same period or any portion thereof; or

(iv) whether or not the Lessor shall have exercised or shall thereafter exercise any of the rights under the foregoing clauses (i), (ii) or (iii), demand by written notice to such Lessee that such Lessee pay to the Lessor immediately, and such Lessee shall so pay to the Lessor as liquidated damages for loss of a bargain and not as a penalty,

any unpaid Monthly Base Rent due through the Payment Date with respect to the Related Month during which such Vehicle is rejected by the Manufacturer or otherwise is not returned to the Manufacturer or on the date such Lessee is required to, but does not, sell, return or otherwise dispose of such Vehicle pursuant to Section 3.1 or 2.6 hereof, any Supplemental Rent then accrued and unpaid, plus whichever of the following amounts the Lessor, in its sole discretion, shall specify in such notice:

(1) an amount equal to the excess, if any, of the Termination Value for such Vehicle over the Market Value of such Vehicle as of (a) the date such Vehicle (if such Vehicle is a Program Vehicle) is rejected by a Manufacturer for not meeting its Manufacturer Program's Vehicle Turn-In Condition guidelines, or (b) the date such Lessee is required to, but does not, sell, return or otherwise dispose of such Vehicle (if such Vehicle is a Non-Program Vehicle) pursuant to Section 3.1 or 2.6 hereof; or

(2) an amount equal to the Termination Value for such Vehicle as of (a) the date such Vehicle is rejected by a Manufacturer for not meeting its Manufacturer Program's Vehicle Turn-In Condition guidelines (if such Vehicle is a Program Vehicle), or (b) the date such Lessee is required to, but does not sell, return or otherwise dispose of such Vehicle (if such Vehicle is a Non-Program Vehicle) pursuant to Section 3.1 or 2.6 hereof, in which event (x) such Lessee shall be entitled to any physical damage insurance proceeds applicable to such Vehicle, and (y) the Administrator shall request the Trustee to cause its Lien to be removed from the Certificate of Title for such Vehicle.

(v) if the Lessor shall have sold any Vehicle pursuant to clause (ii) above, the Lessor in lieu of exercising its rights under clause (iv) above with respect to such Vehicle may, if it shall so elect, demand that the Lessee of such Vehicle pay to the Lessor and such Lessee shall pay to the Lessor on the date of such sale as liquidated damages for loss of a bargain and not as a penalty, any unpaid Monthly Base Rent and Supplemental Rent due through such date of sale plus the amount of any deficiency between the net proceeds of such sale and the Termination Value of such Vehicle computed as of the date of the sale.

18.7. Application of Proceeds.

The proceeds of any sale or other disposition pursuant to Section 18.2, 18.3 or 18.6 shall be applied in the following order: (i) to the reasonable costs and expenses incurred by the Lessor, the Lender or the Trustee in connection with such sale or disposition, including any reasonable costs associated with repairing any Vehicles, and reasonable attorneys' fees in connection with the enforcement of this Agreement, (ii) to the payment of outstanding Monthly Base Rent, (iii) to the payment of any Supplemental Rent, (iv) to the payment of all other amounts due hereunder, and (v) any remaining amounts to the Lessor, or such Person(s) as may be lawfully entitled thereto.

19. MANUFACTURER EVENTS OF DEFAULT.

(a) Upon the occurrence of a Manufacturer Event of Default with respect to any Manufacturer (a "Defaulting Manufacturer"), no Lessee, on behalf of the Lessor, (i) shall any

longer place Vehicle Orders for additional Program Vehicles from such Manufacturer and (ii) shall cancel any Vehicle Order with such Defaulting Manufacturer for any Program Vehicle with respect to which a VIN has not been assigned as of the date such Manufacturer Event of Default occurs.

(b) Upon the occurrence of a Manufacturer Event of Default, each Lessee agrees to (i) act at the direction of the Lessor, the Lender or the Trustee to take commercially reasonable action to liquidate the Program Vehicles subject to a Manufacturer Program with respect to which such Manufacturer Event of Default has occurred or (ii) convert such Program Vehicles to Non-Program Vehicles in accordance with Section 2.7 hereof and subject to the limitations set forth therein.

(c) Upon the occurrence of a Manufacturer Event of Default, each Lessee shall be liable for any failure by the Lessor to recover all or any portion of the Repurchase Price with respect to any Program Vehicles leased by it subject to the Manufacturer Program of the Defaulting Manufacturer or any Non-Program Vehicle returned to a Defaulting Manufacturer under a Manufacturer Program pursuant to Section 2.6(b). Any Lessee may satisfy its obligation hereunder by purchasing the Program Vehicles of the Defaulting Manufacturer pursuant to Section 2.5 or by selling such Program Vehicles to a third party; provided, however, that the funds received by the Lessor with respect to such Vehicle shall equal the Termination Value for such Vehicle, together with all Monthly Base Rent and Supplemental Rent with respect to such Vehicle.

20. [RESERVED]

21. [RESERVED]

22. CERTIFICATION OF TRADE OR BUSINESS USE.

Each Lessee hereby warrants and certifies, under penalties of perjury, that it intends to use the Vehicles which are subject to this Agreement, in its trade or business or for sublease to a Permitted Sublessee pursuant to a Sublease.

23. SURVIVAL.

In the event that, during the term of this Agreement, any Lessee or the Finance Lease Guarantor becomes liable for the payment or reimbursement of any obligations, claims or taxes pursuant to any provision hereof, such liability will continue, notwithstanding the expiration or termination of this Agreement, until all such amounts are paid or reimbursed by such Lessee or the Finance Lease Guarantor, as applicable.

24. [RESERVED]

25. [RESERVED]

26. FINANCE LEASE GUARANTY.

26.1. Finance Lease Guaranty.

In order to induce the Lessor to execute and deliver this Agreement and to lease Vehicles to the Lessees, and in consideration thereof, the Finance Lease Guarantor hereby (i) unconditionally and irrevocably guarantees to the Lessor the obligations of each of ARAC and BRAC, as Lessees (the "Guaranteed Lessees"), to make any payments required to be made by them under this Agreement, (ii) agrees to cause the Guaranteed Lessees to duly and punctually perform and observe all of the terms, conditions, covenants, agreements and indemnities of the Guaranteed Lessees under this Agreement, and (iii) agrees that, if for any reason whatsoever, any Guaranteed Lessee fails to so perform and observe such terms, conditions, covenants, agreements and indemnities, the Finance Lease Guarantor will duly and punctually perform and observe the same (the obligations referred to in clauses (i) through (iii) above are collectively referred to as the "Guaranteed Obligations"). The liabilities and obligations of the Finance Lease Guarantor under the guaranty contained in this Section 26 (this "Finance Lease Guaranty") will be absolute and unconditional under all circumstances. This Finance Lease Guaranty shall be a guaranty of payment and performance and not merely of collection, and the Finance Lease Guarantor hereby agrees that it shall not be required that the Lessor, the Lender or the Trustee assert or enforce any rights against any Guaranteed Lessee or any other person before or as a condition to the obligations of the Finance Lease Guarantor pursuant to this Finance Lease Guaranty.

26.2. Scope of Finance Lease Guarantor's Liability.

The Finance Lease Guarantor's obligations hereunder are independent of the obligations of the Guaranteed Lessees, any other guarantor or any other Person, and the Lessor may enforce any of its rights hereunder independently of any other right or remedy that the Lessor may at any time hold with respect to this Agreement or any security or other guaranty therefor. Without limiting the generality of the foregoing, the Lessor may bring a separate action against the Finance Lease Guarantor without first proceeding against a Guaranteed Lessee, any other guarantor or any other Person, or any security held by the Lessor, and regardless of whether such Guaranteed Lessee or any other guarantor or any other Person is joined in any such action. The Finance Lease Guarantor's liability hereunder shall at all times remain effective with respect to the aggregate of the full amounts due from each such Guaranteed Lessee hereunder, notwithstanding any limitations on the liability of any such Guaranteed Lessee to the Lessor contained in any of the Related Documents or elsewhere. The Lessor's rights hereunder shall not be exhausted by any action taken by the Lessor until all Guaranteed Obligations have been fully paid and performed. The liability of the Finance Lease Guarantor hereunder shall be reinstated and revived, and the rights of the Lessor shall continue, with respect to any amount at any time paid on account of the Guaranteed Obligations which shall thereafter be required to be restored or returned by the Lessor upon the bankruptcy, insolvency or reorganization of any Guaranteed Lessee, any other guarantor or any other Person, or otherwise, all as though such amount had not been paid.

26.3. Lessor's Right to Amend this Agreement, Etc.

The Finance Lease Guarantor authorizes the Lessor, at any time and from time to time without notice and without affecting the liability of the Finance Lease Guarantor hereunder, to: (a) alter the terms of all or any part of the Guaranteed Obligations and any security and guaranties therefor including without limitation modification of times for payment and rates of interest; (b) accept new or additional instruments, documents, agreements, security or guaranties in connection with all or any part of the Guaranteed Obligations; (c) accept partial payments on the Guaranteed Obligations; (d) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Guaranteed Obligations and any security or guaranties therefor, and apply any such security and direct the order or manner of sale thereof (and bid and purchase at any such sale), as the Lessor in its discretion may determine; (e) release any Guaranteed Lessee, any other guarantor or any other Person from any personal liability with respect to all or any part of the Guaranteed Obligations; and (f) assign its rights under this Finance Lease Guaranty in whole or in part.

26.4. Waiver of Certain Rights by Finance Lease Guarantor.

The Finance Lease Guarantor hereby waives each of the following to the fullest extent allowed by law:

(a) all statutes of limitation as a defense to any action brought by the Lessor against the Finance Lease Guarantor;

(b) any defense based upon:

(i) the unenforceability or invalidity of all or any part of the Guaranteed Obligations or any security or other guaranty for the Guaranteed Obligations or the lack of perfection or failure of priority of any security for the Guaranteed Obligations; or

(ii) any act or omission of the Lessor or any other Person that directly or indirectly results in the discharge or release of any Guaranteed Lessee or any other Person or any of the Guaranteed Obligations or any security therefor; or

(iii) any disability or any other defense of any Guaranteed Lessee or any other Person with respect to the Guaranteed Obligations, whether consensual or arising by operation of law or any bankruptcy, insolvency or debtor-relief proceeding, or from any other cause;

(c) any right (whether now or hereafter existing) to require the Lessor, as a condition to the enforcement of this Finance Lease Guaranty, to:

(i) accelerate the Guaranteed Obligations;

(ii) give notice to the Finance Lease Guarantor of the terms, time and place of any public or private sale of any security for the Guaranteed Obligations; or

(iii) proceed against any Guaranteed Lessee, any other guarantor or any other Person, or proceed against or exhaust any security for the Guaranteed Obligations;

(d) all rights of subrogation, all rights to enforce any remedy that the Lessor now or hereafter has against any Guaranteed Lessee or any other Person, and any benefit of, and right to participate in, any security now or hereafter held by the Lessor with respect to the Guaranteed Obligations;

(e) presentment, demand, protest and notice of any kind, including without limitation notices of default and notice of acceptance of this Finance Lease Guaranty;

(f) all suretyship defenses and rights of every nature otherwise available under New York law and the laws of any other jurisdiction; and

(g) all other rights and defenses the assertion or exercise of which would in any way diminish the liability of the Finance Lease Guarantor hereunder.

26.5. Finance Lease Guarantor to Pay Lessor's Expenses.

The Finance Lease Guarantor agrees to pay to the Lessor, on demand, all costs and expenses, including attorneys' and other professional and paraprofessional fees, incurred by the Lessor in exercising any right, power or remedy conferred by this Finance Lease Guaranty, or in the enforcement of this Finance Lease Guaranty, whether or not any action is filed in connection therewith. Until paid to the Lessor, such amounts shall bear interest, commencing with the Lessor's demand therefor, at the Prime Rate (defined below) plus 1.0%. "Prime Rate" shall mean the rate of interest per annum identified as the "Prime Rate" in the "Money Rates" section of *The Wall Street Journal*; each change in the Prime Rate shall be effective from and including the date such change is published as being effective.

26.6. Reinstatement.

This Finance Lease Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time payment of any of the amounts payable by a Guaranteed Lessee under this Agreement is rescinded or must otherwise be restored or returned by the Lessor, upon an event of bankruptcy, dissolution, liquidation or reorganization of such Guaranteed Lessee or the Finance Lease Guarantor or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, such Guaranteed Lessee or the Finance Lease Guarantor or any substantial part of their respective property, or otherwise, all as though such payment had not been made.

26.7. Pari Passu Indebtedness.

The Finance Lease Guarantor (i) represents and warrants that, as of the date hereof, the obligations of the Finance Lease Guarantor under this Finance Lease Guaranty will rank pari passu with any existing unsecured indebtedness of the Finance Lease Guarantor and (ii) covenants and agrees that from and after the date hereof the obligations of the Finance Lease Guarantor under this Finance Lease Guaranty will rank pari passu with any unsecured indebtedness of the Finance Lease Guarantor incurred after the date hereof.

27. RIGHTS OF LESSOR ASSIGNED.

Notwithstanding anything to the contrary contained in this Agreement, each of the Lessees and the Finance Lease Guarantor acknowledges that the Lessor has assigned all of its rights under this Agreement (other than its right to receive Excluded Payments) to CRCF pursuant to the AESOP I Finance Lease Loan Agreement and CRCF has assigned such rights to the Trustee pursuant to the Base Indenture. Accordingly, each Lessee and the Finance Lease Guarantor agree that:

(i) subject to the terms of the AESOP I Loan Agreement and the Indenture, the Trustee shall have all the rights, powers, privileges and remedies of the Lessor hereunder (other than the right to receive Excluded Payments, which shall be paid to the AESOP I Segregated Account) and the Finance Lease Guarantor's and the Lessees' obligations hereunder (including with respect to the payment of Monthly Base Rent, Supplemental Rent and all other amounts payable hereunder) shall not be subject to any claim or defense which the Finance Lease Guarantor or such Lessee may have against the Lessor or any Lessee (other than the defense of payment actually made) and shall be absolute and unconditional and shall not be subject to any abatement, setoff, counterclaim, deduction or reduction for any reason whatsoever. Specifically, each of the Lessees and the Finance Lease Guarantor agrees that, upon the occurrence of a Finance Lease Event of Default, a Limited Liquidation Event of Default or a Liquidation Event of Default, the Trustee may exercise (for and on behalf of the Lessor) any right or remedy against any Lessee or the Finance Lease Guarantor provided for herein (other than with respect to the right to receive Excluded Payments) and none of the Lessees or the Finance Lease Guarantor will interpose as a defense that such claim should have been asserted by the Lessor;

(ii) upon the delivery by the Trustee of any notice to any Lessee or the Finance Lease Guarantor stating that a Finance Lease Event of Default, a Limited Liquidation Event of Default or a Liquidation Event of Default has occurred, the relevant Lessee or the Finance Lease Guarantor, as the case may be, will, if so requested by the Trustee, treat the Trustee or the Trustee's designee for all purposes (other than with respect to the right to receive Excluded Payments) as the Lessor hereunder and in all respects comply with all obligations under this Agreement that are asserted by the Trustee as the successor to the Lessor hereunder, irrespective of whether such Lessee or the Finance Lease Guarantor has received any such notice from the Lessor; provided, however, that the Trustee shall in no event be liable to any Lessee or the Finance Lease Guarantor for any action taken by it in its capacity as successor to the Lessor other than actions that constitute negligence or willful misconduct;

(iii) each of the Lessees and the Finance Lease Guarantor acknowledges that pursuant to the AESOP I Finance Lease Loan Agreement and the Base Indenture the Lessor has irrevocably authorized and directed each Lessee and the Finance Lease Guarantor to, and each Lessee and the Finance Lease Guarantor shall, make any payments of Monthly Base Rent and Supplemental Rent hereunder (and any other payments hereunder) (other than Excluded Payments, which shall be paid to the AESOP I Segregated Account) directly to the Trustee for deposit in the Collection Account established by the Trustee for receipt of such payments pursuant to the Base Indenture and such payments shall discharge the obligation of each such Lessee and the Finance Lease Guarantor to the Lessor hereunder to the extent of such payments. Upon written notice to the Lessees and the Finance Lease Guarantor of a sale or assignment by the Trustee of its right, title and interest in moneys due under this Agreement to a successor Trustee, each Lessee and the Finance Lease Guarantor, as the case may be, shall thereafter make payments of all Monthly Base Rent and Supplemental Rent (and any other payments hereunder) (other than Excluded Payments, which shall be paid to the AESOP I Segregated Account) to the party specified in such notice;

(iv) upon request made by the Trustee at any time, each of the Lessees and the Finance Lease Guarantor will take such actions as are requested by the Trustee to assist the Trustee in maintaining the Trustee's first-priority perfected security interest in the Vehicles leased hereunder, the Certificates of Title with respect thereto and any other portion of the AESOP I Finance Lease Loan Collateral; and

(v) in the event that the Indenture terminates and all obligations owing under the Indenture have been paid in full, the Lender shall have all rights under this Agreement previously assigned to the Trustee.

28. [RESERVED]

29. MODIFICATION AND SEVERABILITY.

The terms of this Agreement will not be waived, altered, modified, amended, supplemented or terminated in any manner whatsoever unless (i) the same shall be in writing and signed and delivered by the Lessor, the Finance Lease Guarantor and each Lessee and consented to in writing by the Lender and the Trustee, and (ii) the Rating Agency Consent Condition shall have been satisfied. If any part of this Agreement is not valid or enforceable according to law, all other parts will remain enforceable. The Lessor shall provide prompt written notice to each Rating Agency of any such waiver, modification or amendment.

30. CERTAIN REPRESENTATIONS AND WARRANTIES.

Each Lessee represents and warrants to the Lessor and the Trustee as to itself, and the Finance Lease Guarantor represents and warrants to the Lessor and the Trustee as to itself and as to each Lessee, that as of the Restatement Effective Date and as of each Series Closing Date:

30.1. Organization; Ownership; Power; Qualification.

The Finance Lease Guarantor and each of the Lessees is (i) a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, (ii) has the corporate power and authority to own its properties and to carry on its business as now being and hereafter proposed to be conducted, and (iii) is duly qualified, in good standing and authorized to do business in each jurisdiction in which the character of its properties or the nature of its businesses requires such qualification or authorization.

30.2. Authorization; Enforceability.

The Finance Lease Guarantor and each of the Lessees has the corporate power and has taken all necessary corporate action to authorize it to execute, deliver and perform this Agreement and each of the other Related Documents to which it is a party in accordance with their respective terms, and to consummate the transactions contemplated hereby and thereby. This Agreement has been duly executed and delivered by the Finance Lease Guarantor and each of the Lessees and is, and each of the other Related Documents to which the Finance Lease Guarantor or any Lessee is a party is, a legal, valid and binding obligation of the Finance Lease Guarantor and such Lessee, as applicable, enforceable in accordance with its terms.

30.3. Compliance.

The execution, delivery and performance, in accordance with their respective terms, by the Finance Lease Guarantor and each of the Lessees of this Agreement and each of the other Related Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not (i) require any consent, approval, authorization or registration not already obtained or effected, (ii) violate any applicable law with respect to the Finance Lease Guarantor or each such Lessee which violation could result in a Material Adverse Effect, (iii) conflict with, result in a breach of, or constitute a default under the certificate or articles of incorporation or by-laws, as amended, of the Finance Lease Guarantor or each such Lessee, (iv) conflict with, result in a breach of, or constitute a default under any indenture, agreement, or other instrument to which the Finance Lease Guarantor or each such Lessee is a party or by which its properties may be bound which conflict, breach or default could result in a Material Adverse Effect, or (v) result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by the Finance Lease Guarantor or each such Lessee except Permitted Liens.

30.4. Financial Information; Financial Condition.

All balance sheets, all statements of operations, of shareholders' equity and of cash flow, and other financial data (other than projections) which have been or shall hereafter be furnished to the Lessor, the Lender or the Trustee for the purposes of or in connection with this Agreement or the Related Documents have been and will be prepared in accordance with GAAP applied on a consistent basis and do and will present fairly the financial condition of the entities involved as of the dates thereof and the results of their operations for the periods covered thereby. Such financial data include the following financial statements and reports which have been furnished to the Lessor and the Trustee on or prior to the date hereof:

(i) the audited consolidated financial statements consisting of a statement of financial position of the Finance Lease Guarantor and its Consolidated Subsidiaries as of December 31, 2003, and the related statements of operations, stockholder's equity and cash flows of the Finance Lease Guarantor and its Consolidated Subsidiaries for the three-year period ended December 31, 2003; and

(ii) the unaudited condensed consolidated financial statements consisting of a statement of financial position of the Finance Lease Guarantor and its Consolidated Subsidiaries as of March 31, 2004, and the related statements of operations, stockholder's equity and cash flows of the Finance Lease Guarantor and its Consolidated Subsidiaries for the three months ended March 31, 2004.

30.5. Litigation.

Except as set forth in Schedule 30.5 hereto and except for claims as to which the insurer has admitted coverage in writing and which are fully covered by insurance, no claims, litigation (including, without limitation, derivative actions), arbitration, governmental investigation or proceeding or inquiry is pending or, to the best of each of the Finance Lease Guarantor's and any Lessee's knowledge, threatened against the Finance Lease Guarantor or any Lessee which would, if adversely determined, have a Material Adverse Effect.

30.6. Liens.

The Vehicles and all other Collateral are free and clear of all Liens other than (i) Permitted Liens and (ii) Liens in favor of the Lessor, the Lender or the Trustee. The Trustee has obtained, and will continue to obtain, for the benefit of the Secured Parties pursuant to the Base Indenture, a first-priority perfected Lien on all Vehicles leased hereunder and all other Collateral. All Vehicle Perfection and Documentation Requirements with respect to all Vehicles on or after the date hereof have and will continue to be satisfied.

30.7. Employee Benefit Plans.

(a) During the twelve-consecutive-month period prior to the date hereof and prior to any Series Closing Date: (i) no steps have been taken by the Finance Lease Guarantor, any Lessee or any member of the Controlled Group or, to the knowledge of any Lessee or the Finance Lease Guarantor, by any Person, to terminate any Pension Plan; and (ii) no contribution failure has occurred with respect to any Pension Plan maintained by the Finance Lease Guarantor, any Lessee or any member of the Controlled Group sufficient to give rise to a Lien under Section 302(f)(1) of ERISA in connection with such Pension Plan; and (b) no condition exists or event or transaction has occurred with respect to any Pension Plan which could reasonably be expected to result in the incurrence by the Finance Lease Guarantor, any Lessee or any member of the Controlled Group of liabilities, fines or penalties in an amount that could have a Material Adverse Effect.

30.8. Investment Company Act.

Neither the Finance Lease Guarantor nor any Lessee is an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment

Company Act of 1940, as amended, and neither the Finance Lease Guarantor nor any Lessee is subject to any other statute which would impair or restrict its ability to perform its obligations under this Agreement or the other Related Documents, and neither the entering into nor the performance by the Finance Lease Guarantor or any Lessee of this Agreement violates any provision of the Investment Company Act of 1940, as amended.

30.9. Regulations T, U and X.

Neither the Finance Lease Guarantor nor any Lessee is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulations T, U and X of the Board of Governors of the Federal Reserve System). None of the Finance Lease Guarantor, the Lessees, any Affiliates of any of them or any Person acting on their behalf has taken or will take action to cause the execution, delivery or performance of this Agreement or the Loan Note, the making or existence of the Loans or the use of proceeds of the Loans to violate Regulation T, U, or X of the Board of Governors of the Federal Reserve System.

30.10. Records Locations; Jurisdiction of Organization.

Schedule 30.10 lists each of the locations where each of the Lessees and the Finance Lease Guarantor maintains any records; and Schedule 30.10 also lists the legal name and the jurisdiction of organization of each Lessee and the Finance Lease Guarantor.

30.11. Taxes.

Each of the Lessees and the Finance Lease Guarantor has filed all tax returns which have been required to be filed by it (except where the requirement to file such return is subject to a valid extension or such failure relates to returns which, in the aggregate, show taxes due in an amount of not more than $500,000), and has paid or provided adequate reserves for the payment of all taxes shown due on such returns or required to be paid as a condition to such extension, as well as all payroll taxes and federal and state withholding taxes, and all assessments payable by it that have become due, other than those that are payable without penalty or are being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been established, and are being maintained, in accordance with GAAP. As of the date hereof and as of each Series Closing Date, to the best of the Finance Lease Guarantor's or each Lessees' knowledge, there is no unresolved claim by a taxing authority concerning the Finance Lease Guarantor's or such Lessee's tax liability for any period for which returns have been filed or were due other than those contested in good faith by appropriate proceedings and with respect to which adequate reserves have been established and are being maintained in accordance with GAAP.

30.12. Governmental Authorization.

Each of the Lessees and the Finance Lease Guarantor has all licenses, franchises, permits and other governmental authorizations necessary for all businesses presently carried on by it (including owning and leasing the real and personal property owned and leased by it), except where failure to obtain such licenses, franchises, permits and other governmental authorizations would not have a Material Adverse Effect.

30.13. Compliance with Laws.

Except as disclosed in Schedule 30.13 hereto, each of the Lessees and the Finance Lease Guarantor: (i) is not in violation of any law, ordinance, rule, regulation or order of any Governmental Authority applicable to it or its property, which violation would have a Material Adverse Effect, and no such violation has been alleged, (ii) has filed in a timely manner all reports, documents and other materials required to be filed by it with any governmental bureau, agency or instrumentality (and the information contained in each of such filings is true, correct and complete in all material respects), except where failure to make such filings would not have a Material Adverse Effect, and (iii) has retained all records and documents required to be retained by it pursuant to any Requirement of Law, except where failure to retain such records would not have a Material Adverse Effect.

30.14. Eligible Vehicles.

Each Vehicle is or will be, as the case may be, on the Vehicle Finance Lease Commencement Date with respect to such Vehicle, an Eligible Vehicle.

30.15. Supplemental Documents True and Correct.

All information contained in any Vehicle Order or other Supplemental Document which has been submitted, or which may hereafter be submitted by the Finance Lease Guarantor or any Lessee to the Lessor is, or will be, true, correct and complete.

30.16. Manufacturer Programs.

No Manufacturer Event of Default has occurred and is continuing with respect to any Manufacturer of a Program Vehicle.

30.17. Absence of Default.

Each of the Finance Lease Guarantor and the Lessees is in compliance with all of the provisions of its certificate or articles of incorporation and by-laws and no event has occurred or failed to occur which has not been remedied or waived, the occurrence or non-occurrence of which constitutes, or with the passage of time or giving of notice or both would constitute, (i) a Finance Lease Event of Default or a Potential Finance Lease Event of Default or (ii) a default or event of default by the Finance Lease Guarantor or any Lessee under any material indenture, agreement or other instrument, or any judgment, decree or final order to which the Finance Lease Guarantor or any Lessee is a party or by which the Finance Lease Guarantor or any Lessee or any of their properties may be bound or affected that could result in a Material Adverse Effect.

30.18. Title to Assets.

Each of the Finance Lease Guarantor and the Lessees has good, legal and marketable title to, or a valid leasehold interest in, all of its assets, except to the extent no Material Adverse Effect could result. Except for financing statements or other filings with respect to or evidencing Permitted Encumbrances, no financing statement under the UCC of any state, application for a Certificate of Title or certificate of ownership, or other filing which names

the Finance Lease Guarantor or any Lessee as debtor or which covers or purports to cover any of the assets of the Finance Lease Guarantor or such Lessee is on file in any state or other jurisdiction, and neither the Finance Lease Guarantor nor any Lessee has signed any such financing statement, application or instrument authorizing any secured party or creditor of such Person thereunder to file any such financing statement, application or filing other than with respect to Permitted Encumbrances and except, in each case, to the extent no Material Adverse Effect could result.

30.19. Burdensome Provisions.

Neither the Finance Lease Guarantor nor any Lessee is a party to or bound by any Contractual Obligation that could have a Material Adverse Effect.

30.20. No Adverse Change.

Since December 31, 2003, (x) no material adverse change in the business, assets, liabilities, financial condition, results of operations or business prospects of the Finance Lease Guarantor or any Lessee has occurred, and (y) no event has occurred or failed to occur which has had or may have, either alone or in conjunction with all other such events and failures, a Material Adverse Effect.

30.21. No Adverse Fact.

No fact or circumstance is known to the Finance Lease Guarantor or any Lessee, as of the date hereof or as of such Series Closing Date, which, either alone or in conjunction with all other such facts and circumstances, has had or might in the future have (so far as the Finance Lease Guarantor or such Lessee can foresee) a Material Adverse Effect which has not been set forth or referred to in the financial statements referred to in Section 30.4 or 31.5 or in a writing specifically captioned “Disclosure Statement” and delivered to the Lessor prior to such Series Closing Date. If a fact or circumstance disclosed in such financial statements or Disclosure Statement, or if an action, suit or proceeding disclosed to the Lessor, should in the future have a Material Adverse Effect, such Material Adverse Effect shall be a change or event subject to Section 30.20 notwithstanding such disclosure.

30.22. Accuracy of Information.

All data, certificates, reports, statements, opinions of counsel, documents and other information furnished to the Lessor, the Lender or the Trustee by or on behalf of the Finance Lease Guarantor or any Lessee pursuant to any provision of any Related Document, or in connection with or pursuant to any amendment or modification of, or waiver under, any Related Document, shall, at the time the same are so furnished, (i) be complete and correct in all material respects to the extent necessary to give the Lessor, the Lender or the Trustee, as the case may be, true and accurate knowledge of the subject matter thereof, (ii) not contain any untrue statement of a material fact, and (iii) not omit to state a material fact necessary in order to make the statements contained therein (in light of the circumstances in which they were made) not misleading, and the furnishing of the same to the Lessor, the Lender or the Trustee, as the case may be, shall constitute a representation and warranty by each Lessee and the Finance Lease Guarantor made on the date the same are furnished to the Lessor, the Lender or the Trustee, as the case may be, to the effect specified in clauses (i), (ii) and (iii).

30.23. Solvency.

Both before and after giving effect to the transactions contemplated by this Agreement and the other Related Documents, each Lessee and the Finance Lease Guarantor is solvent within the meaning of the Bankruptcy Code and no Lessee or the Finance Lease Guarantor is the subject of any voluntary or involuntary case or proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy or insolvency law and no Event of Bankruptcy has occurred with respect to the Finance Lease Guarantor or any Lessee.

30.24. Payment of Capitalized Cost.

Prior to the Vehicle Finance Lease Commencement Date with respect to each Vehicle leased hereunder, the Capitalized Cost with respect to such Vehicle shall have been paid.

31. CERTAIN AFFIRMATIVE COVENANTS.

Until the expiration or termination of this Agreement, and thereafter until the obligations of the Lessees and the Finance Lease Guarantor under this Agreement and the Related Documents are satisfied in full, each Lessee covenants and agrees as to itself and the Finance Lease Guarantor covenants and agrees as to itself and as to each Lessee that, unless at any time the Lessor, the Lender and the Trustee shall otherwise expressly consent in writing, it will (and, in the case of the Finance Lease Guarantor, will cause each Lessee to):

31.1. Corporate Existence; Foreign Qualification.

Do and cause to be done at all times all things necessary to (i) maintain and preserve the corporate existence of the Finance Lease Guarantor and each Lessee (it being understood that subject to Section 32.1, each Lessee shall remain a direct or indirect Wholly-Owned Subsidiary of the Finance Lease Guarantor); (ii) be, and ensure that each Lessee is, duly qualified to do business and in good standing as a foreign corporation in each jurisdiction where the nature of its business makes such qualification necessary and the failure to so qualify would have a Material Adverse Effect; and (iii) comply with all Contractual Obligations and Requirements of Law binding upon it and its Subsidiaries, except to the extent that the failure to comply therewith would not, in the aggregate, have a Material Adverse Effect.

31.2. Books, Records and Inspections.

(i) Maintain or cause to be maintained by the Administrator complete and accurate books and records with respect to the Vehicles leased by such Lessee under this Agreement and (ii) permit any Person designated by the Lessor, the Lender or the Trustee in writing to visit and inspect any of the properties, corporate books and financial records of the Finance Lease Guarantor and its Subsidiaries and to discuss its affairs, finances and accounts with officers of the Finance Lease Guarantor and its Subsidiaries, agents of the Finance Lease Guarantor and with the Finance Lease Guarantor’s independent public accountants, all at such reasonable times and as often as the Lessor, the Lender or the Trustee may reasonably request.

31.3. Insurance.

Obtain and maintain with respect to all Vehicles that are subject to this Agreement (a) vehicle liability insurance to the full extent required by law and in any event not less than $500,000 per Person and $1,000,000 per occurrence, (b) property damage insurance with a limit of $1,000,000 per occurrence, and (c) excess coverage public liability insurance with a limit of not less than $50,000,000 or the limit maintained from time to time by the relevant Lessee at any time hereafter, whichever is greater, with respect to all passenger cars and vans comprising such Lessee's rental fleet. The Lessor acknowledges and agrees that each Lessee may, to the extent permitted by applicable law, self-insure for the first $1,000,000 per occurrence, or a greater amount up to a maximum of $3,000,000, with the consent of each Enhancement Provider, per occurrence, of vehicle liability and property damage which is otherwise required to be insured hereunder. All such policies shall be from financially sound and reputable insurers, shall name the Lender, the Lessor and the Trustee as additional insured parties and, in the case of catastrophic physical damage insurance on such Vehicles, shall name the Trustee as loss payee as its interest may appear and will provide that the Lender, the Lessor and the Trustee shall receive at least ten (10) days' prior written notice of cancellation of such policies. Each Lessee will notify promptly the Lender, the Lessor and the Trustee of any curtailment or cancellation of such Lessee's right to self-insure in any jurisdiction.

31.4. Manufacturer Programs.

Turn in (or cause to be turned in) the Program Vehicles leased hereunder by such Lessee to the relevant Manufacturer within the Repurchase Period therefor (unless such Lessee purchases such Program Vehicle pursuant to the terms hereof or such Lessee sells such Program Vehicle prior to the end of the Repurchase Period therefor and receives sales proceeds thereof in cash in an amount equal to or greater than the repurchase price under such Manufacturer Program); and comply with all of its obligations under each Manufacturer Program, the Master Exchange Agreement and the Escrow Agreement.

31.5. Reporting Requirements.

Furnish, or cause to be furnished to the Lessor, the Lender and the Trustee and, in the case of item (iv) below, to each Rating Agency:

(i) Audit Report. As soon as available and in any event within one hundred twenty (120) days after the end of each fiscal year of the Finance Lease Guarantor, (a) consolidated financial statements consisting of a statement of financial position of the Finance Lease Guarantor and its Consolidated Subsidiaries as of the end of such fiscal year and a statement of operations, stockholders' equity and cash flows of the Finance Lease Guarantor and its Consolidated Subsidiaries for such fiscal year, setting forth in comparative form the corresponding figures for the preceding fiscal year, certified by and containing an opinion, unqualified as to scope, of independent certified public accountants of recognized standing selected by the Finance Lease Guarantor and

acceptable to the Lessor, the Lender and the Trustee, accompanied by (b) a letter from such accountants addressed to the Lessor, the Lender and the Trustee stating that, in the course of their annual audit of the books and records of the Finance Lease Guarantor, no Potential Finance Lease Event of Default or Finance Lease Event of Default has come to their attention which was continuing at the close of such fiscal year or on the date of their letter, or, if such an event has come to the attention of such accountants and was continuing at the close of such fiscal year or on the date of their letter, the nature of such event, it being understood that such accountants shall have no liability to the Lessor, the Lender or the Trustee by reason of the failure of such accountants to obtain knowledge of the occurrence or continuance of such a Finance Lease Event of Default or Potential Finance Lease Event of Default;

(ii) Quarterly Statements. As soon as available and in any event within forty-five (45) days after the end of each of the first three quarters of each fiscal year of the Finance Lease Guarantor, (a) financial statements consisting of a consolidated statement of financial position of the Finance Lease Guarantor and its Consolidated Subsidiaries as of the end of such quarter and a statement of operations, stockholders' equity and cash flows of the Finance Lease Guarantor and its Consolidated Subsidiaries for each such quarter, setting forth in comparative form the corresponding figures for the corresponding periods of the preceding fiscal year, all in reasonable detail and certified (subject to year-end audit adjustments) by a senior financial officer of the Finance Lease Guarantor as having been prepared in accordance with GAAP applied on a consistent basis, accompanied by (b) a letter from such officer addressed to the Lessor, the Lender and the Trustee stating that no Potential Finance Lease Event of Default or Finance Lease Event of Default has come to his attention which was continuing at the end of such quarter or on the date of his letter, or, if such an event has come to his attention and was continuing at the end of such quarter or on the date of his letter, indicating the nature of such event and the action which the Finance Lease Guarantor proposes to take with respect thereto;

(iii) Amortization Events and Finance Lease Events of Default. As soon as possible but in any event within two (2) Business Days after the occurrence of any Amortization Event, Potential Amortization Event, Finance Lease Event of Default or Potential Finance Lease Event of Default, a written statement of an Authorized Officer describing such event and the action that the Finance Lease Guarantor or such Lessee, as the case may be, proposes to take with respect thereto;

(iv) Manufacturers. Promptly after obtaining actual knowledge thereof, notice of any Manufacturer Event of Default or termination or replacement of a Manufacturer Program;

(v) Interim Financial Statements. Promptly following the Finance Lease Guarantor's receipt thereof, copies of all other financial reports submitted to the Finance Lease Guarantor by independent public accountants relating to any annual or interim audit of the books of the Finance Lease Guarantor, or opinion as to the proper book value of the assets of the Finance Lease Guarantor;

(vi) Reports. Promptly, from time to time, such information with respect to the Subleases, the Vehicles leased hereunder and payments made and owing hereunder as the Lessor may require to satisfy its reporting obligations to the Lender pursuant to Section 9.5 of the AESOP I Finance Lease Loan Agreement; and

(vii) Other. Promptly, from time to time, such other information, documents, or reports respecting the Vehicles leased hereunder or the condition or operations, financial or otherwise, of such Lessee or the Finance Lease Guarantor as the Lessor, the Lender or the Trustee may from time to time reasonably request in order to protect the interests of the Lessor, the Lender or the Trustee under or as contemplated by this Agreement or any other Related Document.

31.6. Payment of Taxes; Removal of Liens.

Pay when due all taxes, assessments, fees and governmental charges of any kind whatsoever that may be at any time lawfully assessed or levied against or with respect to the such Lessee, the Finance Lease Guarantor or their respective property and assets or any interest thereon. Notwithstanding the previous sentence, but subject in any case to the other requirements hereof and of the Related Documents, neither any Lessee nor the Finance Lease Guarantor shall be required to pay any tax, charge, assessment or imposition nor to comply with any law, ordinance, rule, order, regulation or requirement so long as such Lessee or the Finance Lease Guarantor shall contest, in good faith, the amount or validity thereof, in an appropriate manner or by appropriate proceedings. Each such contest shall be promptly prosecuted to final conclusion (subject to the right of the Finance Lease Guarantor or such Lessee to settle any such contest).

31.7. Business.

Such Lessee will engage only in businesses in substantially the same or related fields as the businesses conducted by it on the date hereof and such other lines of business, which, in the aggregate, do not constitute a material part of the operations of such Lessee.

31.8. Maintenance of Separate Existence.

Each of the Finance Lease Guarantor and each Lessee acknowledges its receipt of a copy of that certain opinion letter issued by White & Case LLP dated the date hereof and addressing the issue of substantive consolidation as it may relate to the Finance Lease Guarantor, each Lessee, each Permitted Sublessee, the Lessor, Original AESOP, AESOP Leasing II and CRCF. Each of the Finance Lease Guarantor and the Lessees hereby agrees to maintain in place all policies and procedures, and take and continue to take all action, described in the factual assumptions set forth in such opinion letter and relating to such Person.

31.9. Trustee as Lienholder.

Concurrently with each leasing of a Vehicle under this Agreement, the Administrator shall indicate on its computer records that the Trustee, as assignee of the Lender, is the holder of a Lien on such Vehicle pursuant to the terms of the Base Indenture.

31.10. Maintenance of the Vehicles.

Maintain and cause to be maintained in good repair, working order, and condition all of the Vehicles leased hereunder by such Lessee in accordance with its ordinary business practices with respect to all other vehicles owned by it, except to the extent that any such failure to comply with such requirements does not, in the aggregate, materially adversely affect the interests of the Lessor under this Agreement, the interests of the Lender under the AESOP I Finance Lease Loan Agreement or the interests of the Secured Parties under the Indenture or the likelihood of repayment of the Loans. From time to time the Finance Lease Guarantor and each Lessee will make or cause to be made all appropriate repairs, renewals, and replacements with respect to the Vehicles.

31.11. Enhancement.

If the Enhancement with respect to any Series of Notes is provided by a letter of credit and (i) the short-term debt or deposit rating of the Enhancement Provider of such letter of credit shall be downgraded below the then-current rating of such Series of Notes by the Rating Agencies with respect to such Series of Notes or (ii) such Enhancement Provider shall notify the Lessees that its compliance with any of its obligations under such letter of credit would be unlawful, use its best efforts to obtain a successor institution to act as Enhancement Provider or, in the alternative, to otherwise credit enhance the payments to be made under this Agreement by the Lessees, subject to the satisfaction of the Rating Agency Confirmation Condition and any other requirements set forth in the Related Documents.

31.12. Manufacturer Payments.

Cause each Manufacturer and each auction dealer with respect to such Manufacturer to make all payments made by it under the Manufacturer Programs with respect to Vehicles leased hereunder directly to the Collection Account or a Joint Collection Account. Any such payments from Manufacturers or related auction dealers received directly by the Finance Lease Guarantor or a Lessee, will be, within three (3) Business Days of receipt, deposited into the Collection Account or a Joint Collection Account, as applicable.

31.13. Accounting Methods; Financial Records.

Maintain, and cause each of its material Subsidiaries to maintain, a system of accounting and keep, and cause each of its material Subsidiaries to keep, such records and books of account (which shall be true and complete) as may be required or necessary to permit the preparation of financial statements in accordance with GAAP applied on a consistent basis.

31.14. Disclosure to Auditors.

Disclose, and cause each of its material Subsidiaries to disclose, to its independent certified public accountants in a timely manner all loss contingencies of a type requiring disclosure to auditors under accounting standards promulgated by the Financial Accounting Standards Board.

31.15. Disposal of Non-Program Vehicles.

Dispose of the Non-Program Vehicles leased by such Lessee hereunder in accordance with Section 2.6 (unless such Lessee purchases such Non-Program Vehicle in accordance with the terms hereof).

31.16. Security Interest; Additional Subleases.

Do and cause to be done at all times all things necessary, including, without limitation, filing UCC financing statements and continuation statements, to maintain and preserve the Lessor's first-priority perfected security interest in the Sublease Collateral. Each Lessee shall maintain the effectiveness of each of the financing statements filed against it in accordance with Section 2. Each Lessee shall notify the Lessor and each Rating Agency of the execution of any additional Sublease by it, and each such Lessee shall do and cause to be done all things necessary to perfect the security interest in the additional Sublease Collateral with respect to such Sublease.

32. CERTAIN NEGATIVE COVENANTS.

Until the expiration or termination of this Agreement and thereafter until the obligations of each Lessee and the Finance Lease Guarantor under this Agreement and the Related Documents are satisfied in full, each Lessee covenants and agrees as to itself, and the Finance Lease Guarantor covenants and agrees as to itself and as to each Lessee that, unless at any time the Lessor and the Trustee shall otherwise expressly consent in writing, it will not (and, in the case of the Finance Lease Guarantor, will not permit any Lessee to):

32.1. Mergers, Consolidations.

Merge or consolidate with any Person, except that, if after giving effect thereto, no Potential Finance Lease Event of Default or Finance Lease Event of Default would exist, this Section 32.1 shall not apply to (i) any merger or consolidation; provided that the Finance Lease Guarantor or such Lessee, as applicable, is the surviving corporation of such merger or consolidation, or it is a direct or indirect Wholly-Owned Subsidiary of the Finance Lease Guarantor after such merger or consolidation and (ii) any merger or consolidation of such Lessee with or into another Subsidiary of the Finance Lease Guarantor, provided that the surviving entity executes an agreement of assumption to perform every obligation of such Lessee under this Agreement and that such surviving entity is a direct or indirect Wholly-Owned Subsidiary of the Finance Lease Guarantor.

32.2. Other Agreements.

Enter into any agreement containing any provision which would be violated or breached by the performance of its obligations hereunder or under any instrument or document delivered or to be delivered by it hereunder or in connection herewith.

32.3. Liens.

Create or permit to exist any Lien with respect to any Vehicle leased by such Lessee hereunder now or hereafter existing or acquired, except for Permitted Liens.

32.4. Use of Vehicles.

Use or allow the Vehicles to be used (i) in any manner that would make such Vehicles that are Program Vehicles ineligible for repurchase under an Eligible Manufacturer Program, (ii) for any illegal purposes or (iii) in any manner that would subject the Vehicles to confiscation.

32.5. Termination of Agreement.

Allow this Agreement to terminate prior to the termination of each other Lease.

32.6. Sublease Amendment.

No Lessee shall amend, modify, supplement or waive any provision, or permit the amendment, modification, supplementation or waiver of any provision, of a Sublease without the prior written consent of the Lessor, the Trustee, each Enhancement Provider and the Required Noteholders of each Series of Notes which are entitled to be allocated Collections made under this Agreement following an Event of Bankruptcy in respect of CCRG or any other Lessee.

33. ADMINISTRATOR ACTING AS AGENT OF THE LESSOR.

The parties to this Agreement acknowledge and agree that CCRG shall act as Administrator and, in such capacity, as the agent for the Lessor, for purposes of performing certain duties of the Lessor under this Agreement and the Related Documents. As compensation for the Administrator's performance of such duties, the Lessor shall pay to the Administrator on each Payment Date (i) the portion of the Monthly Administration Fee payable by the Lessor pursuant to the Administration Agreement and (ii) the reasonable costs and expenses of the Administrator incurred by it as a result of arranging for the sale of Vehicles returned to the Lessor in accordance with Section 2.6(b) or as a result of a Vehicle Return Default and sold to third parties; provided, however, that such costs and expenses shall only be payable to the Administrator to the extent of any excess of the sale price received by the Lessor for any such Vehicle over the Termination Value thereof.

34. NO PETITION.

Each of the Finance Lease Guarantor, the Lessees and the Administrator hereby covenants and agrees that, prior to the date which is one year and one day after the payment in full of all of the Notes, it will not institute against, or join any other Person in instituting against, the Lessor, Original AESOP, AESOP Leasing II, Quartx, PVHC, the Intermediary or CRCF any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding (including, without limitation, any such action or proceeding against the Lessor as a result of non-payment (or alleged non-payment) with respect to the Vehicle Purchase Surplus Amount due pursuant to Section 2.8 hereof) under the laws of the United States or any state of

the United States. In the event that the Finance Lease Guarantor, any Lessee or the Administrator takes action in violation of this Section 34, the Lessor agrees, for the benefit of the Secured Parties, that it shall file an answer with the bankruptcy court or otherwise properly contest the filing of such a petition by the Finance Lease Guarantor, such Lessee or the Administrator against the Lessor, Original AESOP, AESOP Leasing II, Quartx, PVHC, the Intermediary or CRCF or the commencement of such action and raise the defense that such Lessee, the Finance Lease Guarantor or the Administrator has agreed in writing not to take such action and should be estopped and precluded therefrom and such other defenses, if any, as its counsel advises that it may assert. The provisions of this Section 34 shall survive the termination of this Agreement.

35. SUBMISSION TO JURISDICTION.

The Lessor and the Trustee may enforce any claim arising out of this Agreement in any state or federal court having subject matter jurisdiction, including, without limitation, any state or federal court located in the State of New York. For the purpose of any action or proceeding instituted with respect to any such claim, each Lessee and the Finance Lease Guarantor hereby irrevocably submits to the jurisdiction of such courts. Each of the Lessees and the Finance Lease Guarantor further irrevocably consents to the service of process out of said courts by mailing a copy thereof, by registered mail, postage prepaid, to such Lessee or the Finance Lease Guarantor, as the case may be, and agrees that such service, to the fullest extent permitted by law, (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall be taken and held to be valid personal service upon and personal delivery to it. Nothing herein contained shall affect the right of the Trustee, the Lender and the Lessor to serve process in any other manner permitted by law or preclude the Lessor, the Lender or the Trustee from bringing an action or proceeding in respect hereof in any other country, state or place having jurisdiction over such action. Each of the Lessees and the Finance Lease Guarantor hereby irrevocably waives, to the fullest extent permitted by law, any objection which it may have or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court located in the State of New York and any claim that any such suit, action or proceeding brought in such a court has been brought in an inconvenient forum.

36. GOVERNING LAW.

THIS AGREEMENT SHALL BE A CONTRACT MADE UNDER AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK. Whenever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement. All obligations of each Lessee and the Finance Lease Guarantor and all rights of the Lessor, the Lender or the Trustee expressed herein shall be in addition to and not in limitation of those provided by applicable law or in any other written instrument or agreement.

37. JURY TRIAL.

EACH PARTY HERETO HEREBY EXPRESSLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT OR ANY OTHER RELATED DOCUMENT TO WHICH IT IS A PARTY, OR UNDER ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION THEREWITH OR ARISING FROM ANY RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT OR ANY RELATED TRANSACTION, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

38. NOTICES.

All notices, requests and other communications to any party hereunder shall be in writing (including facsimile transmission or similar writing) and shall be given to such party, addressed to it, at its address or telephone number set forth on the signature pages below, or at such other address or telephone number as such party may hereafter specify for the purpose by notice to the other party. In each case, a copy of all notices, requests and other communications that are sent by any party hereunder shall be sent to the Trustee and the Lender and a copy of all notices, requests and other communications that are sent by any Lessee or the Finance Lease Guarantor to each other that pertain to this Agreement shall be sent to the Lessor, the Lender and the Trustee. Copies of notices, requests and other communications delivered to the Trustee, the Lender and/or the Lessor pursuant to the foregoing sentence shall be sent to the following addresses:

TRUSTEE: The Bank of New York
c/o BNY Midwest Trust Company
2 North La Salle Street
10th Floor
Chicago, Illinois 60602

Attention: Corporate Trust Officer
Telephone: (312) 827-8569
Fax: (312) 869-8562

LENDER: Cendant Rental Car Funding (AESOP) LLC
c/o Lord Securities Corporation
48 Wall Street
New York, New York 10005

Attention: Benjamin B. Abedine
Telephone: (212) 346-9019
Fax: (212) 346-9012

LESSOR: AESOP Leasing L.P.
c/o Lord Securities Corporation
48 Wall Street
New York, New York 10005

Attention: Benjamin B. Abedine
Telephone: (212) 346-9019
Fax: (212) 346-9012

LESSEES: Cendant Car Rental Group, Inc.
6 Sylvan Way
Parsippany, NJ 07054

Attention: Treasurer
Telephone: (973) 496-5000
Fax: (973) 496-5852

Avis Rent A Car System, Inc.
6 Sylvan Way
Parsippany, NJ 07054

Attention: Treasurer
Telephone: (973) 496-5000
Fax: (973) 496-5852

Budget Rent A Car System, Inc.
6 Sylvan Way
Parsippany, NJ 07054

Attention: Treasurer
Telephone: (973) 496-5000
Fax: (973) 496-5852

FINANCE LEASE GUARANTOR:

Cendant Car Rental Group, Inc.
6 Sylvan Way
Parsippany, NJ 07054

Telephone: (973) 496-5000
Fax: (973) 496-5852

Each such notice, request or communication shall be effective when received at the address specified below. Copies of all notices must be sent by first class mail promptly after transmission by facsimile.

39. TITLE TO MANUFACTURER PROGRAMS IN LESSOR.

Each Lessee, by its execution hereof, acknowledges and agrees that (a) its right, title and interest in and to the Manufacturer Programs have been assigned on a nonexclusive basis to the Lessor, (b) in accordance with the Assignment Agreements, such right, title and interest in and to the Manufacturer Programs shall be assigned to the Trustee (except as expressly provided otherwise in any Related Document with respect to Relinquished Vehicles and any related Relinquished Vehicle Property), and (c) each Lessee shall also retain right, title or interest in such Manufacturer Programs (provided, however, that in no event may any Lessee assign such right, title or interest to any Person other than the Lessor). To confirm the foregoing, each Lessee, by its execution hereof, hereby assigns any rights that it may have in respect of any Manufacturer Programs.

40. HEADINGS.

Section headings used in this Agreement are for convenience of reference only and shall not affect the construction of this Agreement.

41. EXECUTION IN COUNTERPARTS.

This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute one and the same Agreement.

42. EFFECTIVENESS.

This Agreement shall become effective on the Restatement Effective Date when all parties hereto have executed the signature pages attached hereto. Except to the extent amended hereby, the Prior AESOP I Finance Lease is in all respects ratified and confirmed and in full force and effect. From and after the Restatement Effective Date all references in the Related Documents to the AESOP I Finance Lease shall mean such agreement as amended and restated hereby, unless the context otherwise requires.

43. NO RECOURSE.

The obligations of AESOP Leasing under this Agreement are solely the obligations of AESOP Leasing. No recourse shall be had for the payment of any obligation or claim arising out of or based upon this Agreement against any shareholder, partner, employee, officer or director of AESOP Leasing.

44. LIABILITY.

Each Lessee and the Finance Lease Guarantor shall be held jointly and severally liable for all of the obligations of each other hereunder.

IN WITNESS WHEREOF, the parties have executed this Agreement or caused it to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

LESSOR:

AESOP LEASING L.P.

By: AESOP LEASING CORP., its general partner

By: /s/: Orlando Figueroa
Name: Orlando Figueroa
Title: President

LESSEE, ADMINISTRATOR AND FINANCE LEASE GUARANTOR:

CENDANT CAR RENTAL GROUP, INC

By: /s/: Lynn Finker
Name: Lynn Finker
Title: Vice President

LESSEE:

AVIS RENT A CAR SYSTEM, INC.

By: /s/: Gerard J. Kennell
Name: Gerard J. Kennell
Title: Senior Vice President and Treasurer

LESSEE:

BUDGET RENT A CAR SYSTEM, INC.

By: /s/: David Blaskey
Name: David Blaskey
Title: President

Acknowledged and Consented

LENDER:

CENDANT RENTAL CAR FUNDING (AESOP) LLC

By: /s/: Lori Gebron
Name: Lori Gebron
Title: Vice President

TRUSTEE:

THE BANK OF NEW YORK, as Trustee

By: /s/: Mary L. Collier
Name: Mary L. Collier
Title: Agent

COUNTERPART NO. ____ OF TEN (10) SERIALLY NUMBERED MANUALLY EXECUTED COUNTERPARTS. TO THE EXTENT IF ANY THAT THIS DOCUMENT CONSTITUTES CHATTEL PAPER UNDER THE UNIFORM COMMERCIAL CODE, NO SECURITY INTEREST IN THIS DOCUMENT MAY BE CREATED THROUGH THE TRANSFER AND POSSESSION OF ANY COUNTERPART OTHER THAN COUNTERPART NO. 1.

Schedule 30.5

Litigation

[NONE]

SCHEDULE 30.10

Jurisdiction of Organization; Records and Business Locations

Lessee	Jurisdiction of Organization	Records Locations	States in which Conducts Business
Cendant Car Rental Group, Inc.	Delaware	300 Centre Pointe Dr. Virginia Beach, VA 23462 6 Sylvan Way Parsippany, NJ 07054	AZ, AR, CA, CO, CT, DE, DC, FL, GA, HI, ID, IL, IN, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NJ, NM, NY, NC, OH, OK, OR, PA, RI, SC, TN, TX, UT, VT, VA, WA, WV, WI and WY
Avis Rent A Car System, Inc.	Delaware	300 Centre Pointe Dr. Virginia Beach, VA 23462 6 Sylvan Way Parsippany, NJ 07054	AZ, AR, CA, CO, CT, DE, DC, FL, GA, HI, ID, IL, IN, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NJ, NM, NY, NC, OH, OK, OR, PA, RI, SC, TN, TX, UT, VT, VA, WA, WV, WI and WY
Budget Rent A Car System, Inc.	Delaware	300 Centre Pointe Dr. Virginia Beach, VA 23462 6 Sylvan Way Parsippany, NJ 07054	AZ, AR, CA, CO, CT, DE, DC, FL, GA, HI, ID, IL, IN, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NJ, NM, NY, NC, OH, OK, OR, PA, RI, SC, TN, TX, UT, VT, VA, WA, WV, WI and WY

Schedule 30.13

Compliance with Law

[NONE]

ATTACHMENT A

Vehicle Acquisition Schedule and Related Information

1. Principal amount of Loan financing the Vehicle
2. Date of Loan financing the Vehicle
3. Vehicle Finance Lease Commencement Date
4. Vehicle Identification Number (VIN)
5. Summary of Vehicles being financed (including, for Vehicles subject to the GM Repurchase Program, the Designated Period for such Vehicles)
6. Program or Non-Program Vehicle
7. Capitalized Cost (if applicable)
8. Net Book Value (if applicable)

ATTACHMENT B

Form of Power of Attorney

KNOW ALL MEN BY THESE PRESENTS, that AESOP LEASING L.P. does hereby make, constitute and appoint Cendant Car Rental Group, Inc. ("CCRG") its true and lawful Attorney-in-Fact for it and in its name, stead and behalf, (i) to execute any and all documents pertaining to the titling of motor vehicles in the name of CCRG or name of nominee lienholder under the Franchisee Nominee Agreement, (ii) the noting of the lien of The Bank of New York, as trustee (in such capacity, the "Trustee"), as the first lienholder on certificates of title, (iii) the licensing and registration of motor vehicles, (iv) designating c/o CCRG as the mailing address of the Trustee for all documentation relating to the title and registration of such motor vehicles, (v) applying for duplicate certificates of title indicating the lien of the Trustee where original certificates of title have been lost or destroyed and (vi) upon the sale of any such motor vehicle in accordance with the terms and conditions of the Amended and Restated Master Motor Vehicle Finance Lease Agreement, dated as of June 3, 2004, among AESOP Leasing L.P., CCRG as Lessee, as Administrator and as Finance Lease Guarantor, Avis Rent A Car System, Inc., as Lessee and Budget Rent A Car System, Inc., as Lessee, releasing the lien of the Trustee on such motor vehicle by executing any documents required in connection therewith. This power is limited to the foregoing and specifically does not authorize the creation of any liens or encumbrances on any of said motor vehicles.

The powers and authority granted hereunder shall, be effective as of the 3rd day of June, 2004 and unless sooner terminated, revoked or extended, cease eight (8) years from such date.

IN WITNESS WHEREOF, AESOP LEASING L.P. has caused this instrument to be executed on its behalf by its duly authorized officer this 3rd day of June, 2004.

AESOP LEASING L.P.

By: _____

State of _____)

County of _____)

Subscribed and sworn before me, a notary public, in and for said county and state, this __ day of _____, 20__.

_____
Notary Public

My Commission Expires: _____

Exhibit 10.30(b)

FIRST AMENDMENT TO AMENDED AND RESTATED MASTER MOTOR VEHICLE
FINANCE LEASE AGREEMENT

This FIRST AMENDMENT TO THE AMENDED AND RESTATED MASTER MOTOR VEHICLE FINANCE LEASE AGREEMENT (this "Amendment"), dated as of December 23, 2005, amends the Amended and Restated Master Motor Vehicle Finance Lease Agreement (the "Finance Lease"), dated as of June 3, 2004, by and among AESOP LEASING L.P., a Delaware limited partnership, as lessor (the "Lessor"), CENDANT CAR RENTAL GROUP, INC., a Delaware corporation ("CCRG"), as a lessee (in such capacity, a "Lessee"), as administrator (in such capacity, the "Administrator") and as guarantor (in such capacity, the "Finance Lease Guarantor"), AVIS RENT A CAR SYSTEM, INC. ("ARAC"), a Delaware corporation, as a lessee (in such capacity, a "Lessee") and BUDGET RENT A CAR SYSTEM, INC. ("BRAC"), a Delaware corporation, as a lessee (in such capacity, a "Lessee" and together, with CCRG and ARAC, in their capacities as lessees, the "Lessees"). Unless otherwise specified herein, capitalized terms used herein shall have the meanings ascribed to such terms in (i) the Definitions List attached as Schedule I to the Second Amended and Restated Base Indenture, dated as of June 3, 2004, as amended (the "Base Indenture"), between Cendant Rental Car Funding (AESOP) LLC ("CRCF"), as Issuer, and The Bank of New York, as Trustee, as such Definitions List may from time to time be amended in accordance with the terms of the Base Indenture or the Finance Lease, as applicable.

W I T N E S S E T H:

WHEREAS, pursuant to Section 29 of the Finance Lease, the Finance Lease may be amended with an agreement in writing signed by the Lessor, the Finance Lease Guarantor and each Lessee and consented to in writing by CRCF, as lender (in such capacity, the "Lender") and the Trustee;

WHEREAS, the parties desire to amend the Finance Lease to reflect a change in the maximum term certain vehicles may be leased by a Lessee pursuant to the Finance Lease from eighteen (18) to thirty-six (36) months; and

WHEREAS, the Lessor has requested the Trustee and the Lender to, and, upon this Amendment becoming effective, the Lessor, the Lender and the Trustee have agreed to, amend certain provisions of the Finance Lease as set forth herein;

NOW, THEREFORE, it is agreed:

1. Section 2.6(a)(ii) and Sections 3.1(a) and (b) of the Finance Lease are hereby amended such that all references therein to "eighteen (18) months" shall hereby be replaced with "thirty-six (36) months."

2. 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 Finance Lease.

3. This Amendment shall become effective as of the date (the "Amendment Effective Date") on which each of the following have occurred: (i) each of the parties hereto shall have executed and delivered this Amendment to the Trustee, (ii) the Rating Agency Consent Condition shall have been satisfied with respect to this Amendment and (iii) the Trustee and the Lender shall have consented hereto.

4. From and after the Amendment Effective Date, all references to the Finance Lease shall be deemed to be references to the Finance Lease as amended hereby.

5. 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.

6. 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.

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.

AESOP LEASING L.P., as Lessor

By: AESOP LEASING CORP.,
its general partner

By: /s/ Lori Gebron
Name: Lori Gebron
Title: Vice President

CENDANT CAR RENTAL GROUP, INC, as
Lessee, Administrator and Finance Lease Guarantor

By: /s/ Elizabeth R. Cohen
Name: Elizabeth R. Cohen
Title: Vice President and Assistant Treasurer

AVIS RENT A CAR SYSTEM, INC., as Lessee

By: /s/ David Calabria
Name: David Calabria
Title: Assistant Treasurer

BUDGET RENT A CAR SYSTEM, INC., as Lessee

By: /s/ Lynn A. Feldman
Name: Lynn A. Feldman
Title: Vice President and Assistant Secretary

Acknowledged and Consented

CENDANT RENTAL CAR FUNDING (AESOP) LLC, as Lender

By: /s/ Lori Gebron
Name: Lori Gebron
Title: Vice President

THE BANK OF NEW YORK, as Trustee

By: /s/ John Bobko
Name: John Bobko
Title: Vice President

Exhibit 12

Avis Budget Group, Inc.
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(Dollars in millions)

	Year Ended December 31,				
	2006	**2005**	**2004**	**2003**	**2002**
Earnings available to cover fixed charges:					
Income (loss) from continuing operations before income taxes	$(677)	$ (62)	$ 7	$(263)	$(375)
Plus: Fixed charges	693	569	607	644	543
Earnings available to cover fixed charges	$ 16	$507	$ 614	$ 381	$ 168
Fixed charges[a]:					
Interest, including amortization of deferred financing costs [b]	$ 632	$512	$ 553	$ 595	$ 513
Interest portion of rental payment	61	57	54	49	30
Total fixed charges	$ 693	$569	$ 607	644	$ 543
Ratio of earnings to fixed charges [c]	-	-	1.01x	-	-

(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:

	Year Ended December 31,				
	2006	**2005**	**2004**	**2003**	**2002**
Related to the debt under vehicle programs	$361	$313	$263	$270	$213
All other	271	199	290	325	300
	$632	$512	$553	$595	$513

(b) Does not include interest expense from discontinued operations of $87 million, $163 million, $371 million, $268 million and $227 million for the years ended December 31, 2006, 2005, 2004, 2003 and 2002, respectively.

(c) Earnings were not sufficient to cover fixed charges in 2006, 2005, 2003 and 2002.

* * *

Exhibit 21

Subsidiary	Jurisdiction of Incorporation
AB Car Rental Services Inc.	Delaware
Advance Ross Corporation	Delaware
Advance Ross Intermediate Corporation	Delaware
Advance Ross Sub Company	Delaware
AESOP Leasing Corp.	Delaware
AESOP Leasing LP	Delaware
ARAC Management Services, Inc.	Delaware
ARACS LLC	Delaware
Arbitra S.A.	Argentina
Auto Accident Consultants Pty. Limited	Australia
Avis Asia and Pacific, Limited	Delaware
Avis Budget Car Rental, LLC	Delaware
Avis Budget Car Rental Canada ULC	Nova Scotia
Avis Budget Contact Centers, Inc.	Canada
Avis Budget Finance, Inc.	Delaware
Avis Budget Holdings, LLC	Delaware
Avis Budget Rental Car Funding (AESOP) LLC	Delaware
Avis Car Rental Group, LLC	Delaware
Avis Caribbean, Limited	Delaware
Avis Enterprises, Inc.	Delaware
Avis Group Holdings, LLC	Delaware
Avis International Ltd.	Delaware
Avis Leasing Corporation	Delaware
Avis Lube, Inc.	Delaware
Avis Management Pty. Limited	Australia
Avis Management Service, Ltd.	Delaware
Avis Operations, LLC	Delaware
Avis Rent A Car de Puerto Rico Inc.	Puerto Rico
Avis Rent A Car Limited	New Zealand
Avis Rent A Car Sdn. Bhd.	Malaysia
Avis Rent A Car Sdn. Bhd.	Singapore
Avis Rent A Car System, LLC	Delaware
Avis Service, Inc.	Delaware
Avis Services Canada, Inc.	Canada
Aviscar Inc.	Canada
Baker Car and Truck Rental, Inc.	Arkansas
BGI Leasing Inc.	Delaware
Budget Funding Corporation	Delaware
Budget Lease Management (Car Sales) Limited	New Zealand
Budget Locacao de Veiculos Ltda.	Brazil
Budget Rent A Car Australia Pty. Ltd.	Australia
Budget Rent A Car Limited	New Zealand
Budget Rent a Car Operations Pty. Ltd.	Australia
Budget Rent A Car System, Inc.	Delaware
Budget Truck Funding, LLC	Delaware
Budget Truck Rental LLC	Delaware
Budgetcar Inc.	Canada
Camfox Pty. Ltd.	Australia
CCRG Servicos De Automoveis Ltda	Brazil
CD Intellectual Property Holdings LLC	Delaware

Subsidiary	Jurisdiction of Incorporation
Cendant Car Rental Group (NZ) Limited	New Zealand
Cendant Car Rental Group Canada Limited	Canada
Cendant Car Rental Group Pty Limited	Australia
Cendant Car Rental Group Puerto Rico Inc.	Puerto Rico
Cendant Finance Holding Company LLC	Delaware
Chaconne Pty. Limited	Australia
Cherokee Rent A Car De Puerto Rico	Puerto Rico
Constellation Reinsurance Company Limited	Barbados
Global Excess & Reinsurance Ltd.	Bermuda
HFS Truck Funding Corporation	Delaware
Mansions Auto Garage Ltd	Canada
Motorent Inc.	Tennessee
Pathfinder Insurance Company	Colorado
PF Claims Management Ltd.	Delaware
PV Holding Corp.	Delaware
Quartz Fleet Management, Inc.	Delaware
Rent-A-Car Company, Incorporated	Virginia
Servicios Avis S.A.	Mexico
Show Group Enterprises Pty. Ltd.	Australia
Target Rent A Car Ltd.	New Zealand
Team Fleet Financing Corporation	Delaware
Virgin Islands Enterprises, Inc.	Virgin Islands
W.T.H. Fleet Leasing Pty. Limited	Australia
W.T.H. PTY. Limited	Australia
We Try Harder Pty. Limited	Australia
Wizard Co. Inc.	Delaware
WTH Canada, Inc.	Canada
WTH Funding Limited Partnership	Canada

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 33-74066, 33-91658, 333-00475, 333-03237, 33-58896, 33-91656, 333-03241, 33-26875, 33-75682, 33-93322, 33-93372, 33-80834, 333-09633, 333-09637, 333-30649, 333-42503, 333-34517-2, 333-42549, 333-45183, 333-47537, 333-69505, 333-75303, 333-78475, 333-51544, 333-38638, 333-64738, 333-71250, 333-58670, 333-89686, 333-98933, 333-102059, 333-22003, 333-114744, 333-120557, and 333-12495 on Form S-8 of our reports dated March 1, 2007, relating to the financial statements of Avis Budget Group, Inc. (formerly Cendant Corporation) (which expresses an unqualified opinion and includes an explanatory paragraph relating to the Company's classification of certain subsidiaries as discontinued operations and the adoption of the Company's new segment reporting structure) and management's annual report on the effectiveness of internal control over financial reporting appearing in this Annual Report on Form 10-K of Avis Budget Group, Inc. for the year ended December 31, 2006.

/s/ DELOITTE & TOUCHE LLP
New York, New York
March 1, 2007

Exhibit 31.1

CERTIFICATIONS

I, Ronald L. Nelson, certify that:

1. I have reviewed this annual report on Form 10-K 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: March 1, 2007

/s/ Ronald L. Nelson

Chief Executive Officer

Exhibit 31.2

I, David B. Wyshner, certify that:

1. I have reviewed this annual report on Form 10-K 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: March 1, 2007

/s/ David B. Wyshner

Executive Vice President,
Chief Financial Officer and Treasurer

Exhibit 32

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 Annual Report of Avis Budget Group, Inc. (the "Company") on Form 10-K for the period ended December 31, 2006, 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.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

/s/ RONALD L. NELSON

Ronald L. Nelson
Chief Executive Officer
March 1, 2007

/s/ DAVID B. WYSHNER

David B. Wyshner
Executive Vice President, Chief
Financial Officer and Treasurer
March 1, 2007